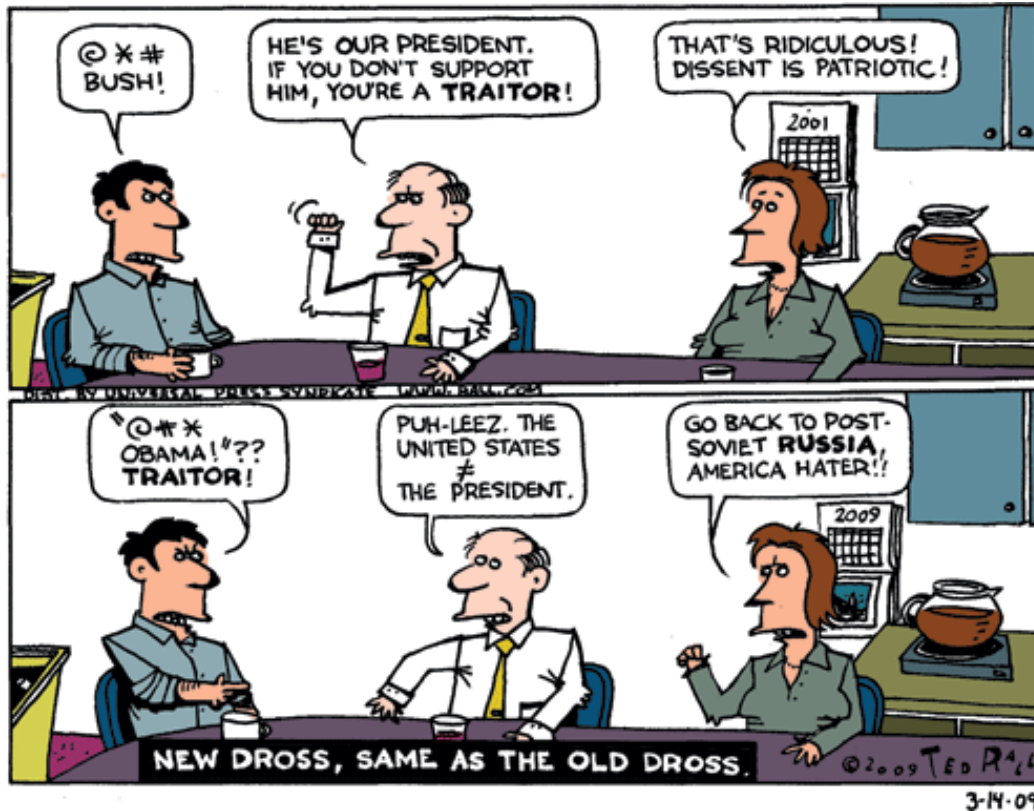


GI SPECIAL 7C18:



**And A Big Fuck You To The
Scum-Sucking Shithead Rats
Responsible For This:
Your Incessant Hysterical
Despicable Lying Bullshit About
How Most Iraq Veterans Come
Home Fucked Up In the Head Has
Paid Off At Last!**

“People Just Frown Upon Us Nowadays, Thinking We're All Flying-Off-The-Handle Crazy Guys” “They Don't Even Give Us A Chance”

[Thanks to SSG N (ret'd) who sent this in.]

3.19.09 By Gregg Zoroya, USA TODAY [Excerpt]

Robert Pearson, 23, of Minneapolis, is a former paratrooper who served in Afghanistan. He says it's hard to find work as a human resources manager in order to use the skills he learned managing soldiers as a combat team leader.

He says he was shocked when a job-placement worker told him that some employers consider a military record almost like having “a felony.”

“People just frown upon us nowadays, thinking we're all flying-off-the-handle crazy guys,” says Pearson, who has a bachelor's degree in business management.

“They don't even give us a chance.”

IRAQ WAR REPORTS

Iraq Mortar Fire Attack Kills Miami Soldier, 22

03.08.09 BY CAROL MARBIN MILLER and JOSE PAGLIERY, The Miami Herald

Pfc. Jessica Y. Sarandrea was mortally wounded when insurgent forces attacked her forward operating base with mortar fire in Mosul.

An official statement from the U.S. government stated that Sarandrea was assigned to the 3rd Brigade Special Troops Battalion, 3rd Heavy Brigade Combat Team, 1st Cavalry Division, Fort Hood, Texas.

Sarandrea, who graduated from Coral Gables High School, was stationed in Mosul, where she worked as a supply specialist performing logistical support for her battalion, said Alejandro "Alex" Sarandrea, her husband. She was walking from her office, perhaps to get her gear, when she was hit by shrapnel from incoming mortar, her husband said.

The shrapnel pierced her liver and severed one of her main arteries, said Sarandrea, of West Miami, who is also 22.

"I know what a wonderful person she was," Sarandrea said. "I will always carry her memory in my heart."

Jessica Sarandrea enlisted in the Army about four years ago, and reenlisted to be with her husband, he said.

The two met in Kuwait during a prior deployment. Sarandrea told the young woman she looked familiar. She said she did not recognize him. But when the two met again, "we started talking. It turned out we were both from Miami, from almost the same region," Sarandrea said.

"We ended up getting married out there," said Sarandrea, who trains soldiers how to defend themselves against biological and chemical attacks.

REALLY BAD PLACE TO BE: ALL HOME NOW



U.S. soldiers secure the site of a bomb attack in Baghdad February 11, 2009. (Bassim Shati/Reuters)

AFGHANISTAN WAR REPORTS

Two Foreign Occupation Soldiers Killed; Nationality Not Announced

22 Mar. 2009 ISAF Public Affairs Office

KABUL, Afghanistan - One International Security Assistance Force (ISAF) service member was killed and another died of wounds after a hostile incident in southern Afghanistan as reported earlier today.

Soldier Patrick A. Devoe II, Of Auburn, Killed In Afghanistan

March 10, 2009 By Sarah Moses, Staff writer, The Post-Standard

An Auburn soldier killed in action Sunday had only recently arrived in Afghanistan, his father said.

Army Pfc. Patrick A. DeVoe II, 27, died when an improvised explosive device hit the vehicle he was driving while on patrol in Kandahar, the Defense Department announced Monday.

"He was a great person," said Patrick DeVoe of his son. The younger DeVoe graduated from Dana L. West High School in Port Byron in 2000 and lived in Auburn, working construction, before joining the Army about a year ago, his father said.

His father said he didn't know his son's reasons for joining the army in January 2008, but he knew his son was happy.

DeVoe had a daughter, who is 16 months old, said Kimberly Harkness, the soldier's aunt.

"He was really kind, smart and funny. He could always make you laugh. No matter what, he could always make you smile," she said.

DeVoe was proud of his decision to join the Army, Harkness said. "He wanted to make a difference," she said.

DeVoe was assigned to the 40th Cavalry Regiment, 4th Brigade Combat Team (Airborne), 25th Infantry Division in Fort Richardson, Alaska. The 3,500-soldier brigade is in the middle of its deployment in Afghanistan. The 40th Cavalry Regiment was the brigade's first unit into Afghanistan, arriving in February.

Rocket Attack On Kandahar Base Kills One Occupation Contractor, Another Wounded

March 21, 2009 Canwest News Service

KANDAHAR, Afghanistan — A civilian contractor was killed and another was injured by a Taliban rocket that was fired into the main NATO base in southern Afghanistan on Friday, an officer serving with the multinational force said late Saturday.

Such attacks on the sprawling base, which is the headquarters and logistical hub for Canada's Task Force Afghanistan and thousands of other NATO troops and civilian contractors, occur quite often. But they almost never cause harm.

Great Moments In U.S. Military History: “The Mayor Of Imam Sahib District, Said The Raid Targeted His House And Killed Two Of His Guards, A Cook, A Driver And Another Man”

Mar. 22 2009 The Associated Press

KABUL -- U.S.-led coalition and Afghan troops killed five suspected militants during a raid in northern Afghanistan on Sunday, the coalition said in a statement.

A local government official in the region said it was his house that was targeted and those killed were not militants.

Abdul Manan, the mayor of Imam Sahib district, said the raid targeted his house and killed two of his guards, a cook, a driver and another man.

Manan said the forces arrived in helicopters, blew open the compound gates and killed the men inside the compound.

Manan said he was hunkered down inside one of the compound rooms with his wife and children. He said there was no contact between the coalition troops and him during the raid.

The coalition statement said “no women or children were present in the targeted attacks.”

Abdul Rahman Akhtash, the deputy provincial police chief, said about 300 people gathered in Imam Sahib later Sunday to protest the raid.

FORWARD OBSERVATIONS



“At a time like this, scorching irony, not convincing argument, is needed. Oh had I the ability, and could reach the nation’s ear, I would, pour out a fiery stream of biting ridicule, blasting reproach, withering sarcasm, and stern rebuke.

“For it is not light that is needed, but fire; it is not the gentle shower, but thunder.

“We need the storm, the whirlwind, and the earthquake.”

Frederick Douglass, 1852

One day while I was in a bunker in Vietnam, a sniper round went over my head. The person who fired that weapon was not a terrorist, a rebel, an extremist, or a so-called insurgent. The Vietnamese individual who tried to kill me was a citizen of Vietnam, who did not want me in his country. This truth escapes millions.

Mike Hastie

**U.S. Army Medic
Vietnam 1970-71
December 13, 2004**

**We stand in a moment of time between the eternal past and the eternal future, content that, for us, all that was before and all that will be cannot exist for us, and yet we exist because all that was before us gave us our moment in time, and we will share the responsibility for all that will exist in the eternal future.
-- Abraham Lincoln**

**“What country can preserve its liberties if its rulers are not warned from time to time that their people preserve the spirit of resistance? Let them take arms.”
Thomas Jefferson to William Stephens Smith, 1787.**

How To Stop A War

From Peace Speaks From The Mirror

By Dennis Serdel, Vietnam 1967-68 (one tour) Light Infantry, Americal Div. 11th Brigade, purple heart, Veterans For Peace 50 Michigan, Vietnam Veterans Against The War, United Auto Workers GM Retiree, in Perry, Michigan

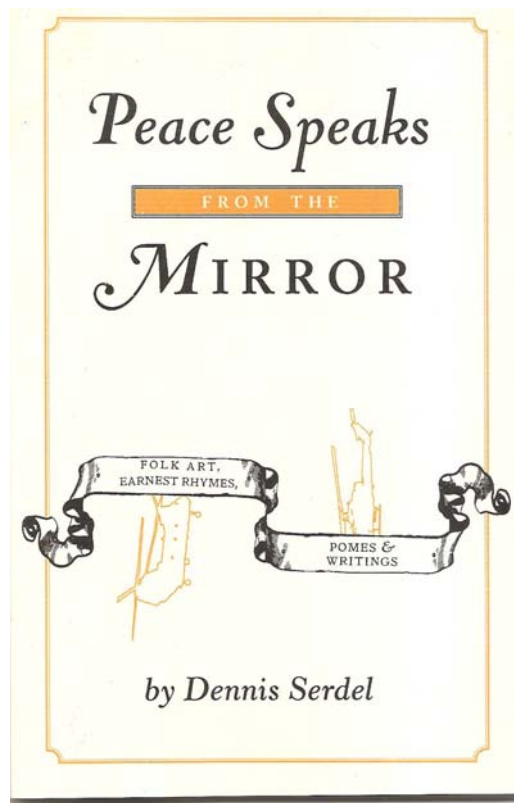
How To Stop A War

**What part of Vietnam did you not understand
Is it the Vietnamese people who preferred Ho Chi Minh
they set booby traps for us to step on
you know the ones that we were supposedly freeing
a war where the Soldiers gave up on winning
When the Vietnam War ended
we all finally said “never again.”
But memories get old and they start to fade,
just another test in High School history class
and all us old Soldiers ask you once more
what part of Vietnam did you not understand
How do you know who’s a civilian or not
and when an IED goes off you kill everyone
you don’t regret it because you hate them all
Us old Vietnam Soldiers, we understand
if the Iraqi people don’t back you
then why are you there
You might as well give up on winning
and end this brain dead crazy war
the majority of Americans are on your side**

and they want all of you back home
Just change the way you see it
just fry to survive, the hell with the flag
“I love the Army I love my Country.”
To hell with everything you are supposed to say,
it’s you who will die,
it’s you who will be wounded
and what the hell for
It’s just another war
that did not need to be fought
The president and politicians have no excuses
just ask them
What part of Iraq do you not understand

MORE:

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Dennis Serdel
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Perry,
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Money Orders sent next day, Personal Checks after 3 days.

Over Seas Orders, please write first and I will send the Postal costs. Let me know if you want USA Postal costs, Western Union Perry Michigan, Money Gram, Fed Ex, Pink Japanese International Money Order.

Or payment can be made by well hidden American dollars in a Registered Mailing.

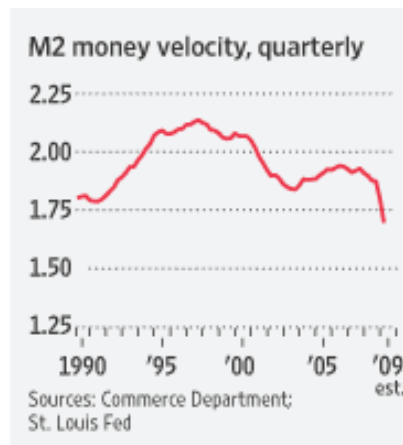
Let me know.

Dennis Serdel

DO YOU HAVE A FRIEND OR RELATIVE IN THE MILITARY?

Forward GI Special along, or send us the address if you wish and we'll send it regularly. Whether in Iraq or stuck on a base in the USA, this is extra important for your service friend, too often cut off from access to encouraging news of growing resistance to the wars, inside the armed services and at home. Send email requests to address up top or write to: The Military Project, Box 126, 2576 Broadway, New York, N.Y. 10025-5657. Phone: 917.677.8057

The Collapse Of The Velocity Of Money



MARCH 20, 2009 By MARK GONGLOFF, Wall St. Journal [Excerpts]

Inflation may be a monetary phenomenon, to paraphrase Milton Friedman, but money is only inflationary if it gets spent quickly.

Right now, it isn't getting spent very quickly at all.

M2 money supply, a measure of money in the system that includes time deposits, such as certificates of deposit, has grown by \$767 billion, or 10%, in the past year, according to Federal Reserve data released Thursday afternoon.

A separate measure compiled by the St. Louis Fed, called MZM, designed to better measure liquidity, has grown even faster, up \$991 billion, or 12%, in the past year.

But the velocity of money -- or the speed with which money is spent -- fell in the fourth quarter to its lowest level since 1991, as measured by the ratio of gross domestic product to M2 money supply.

If GDP shrinks in the first quarter at a 6% annualized rate, as many economists expect, then M2 velocity will be the lowest since 1987, even with a recent acceleration of money-supply growth.

MZM velocity, meanwhile, is at a record low.

So where is all of this money going, if it isn't getting spent? Much is getting parked in personal savings, especially money that has been extracted, bleeding, from the stock market. But a lot is sitting in bank vaults.

Banks have been lending a bit, but they have parked mountains of cash in their reserves, which at last count were nearly \$679 billion, up from about \$45 billion last August.

That increase matches a big portion of the \$728 billion increase in MZM money supply since last August and the \$653 billion by which M2 money supply has increased during that time.

“As long as troubled assets reside on various financial institution balance sheets, the money multiplier will remain broken,” says Deutsche Bank economist Joseph LaVorgna.

MORE:

**About 150 Years Ago, Marx
Explained Why The Velocity Of
Money Falls During Economic
Crisis;
And In A Few Sentences, Pointed Out
Why Today's Foolish Attempts By**

**Bernanke And Geithner To Force
Money Into Circulation Must Fail:
“It Is A Popular Delusion To Ascribe
Stagnation In Production And Circulation
To Insufficiency Of The Circulating
Medium”**

**“Herrenschwand’s Fanciful Notions Amount
Merely To This, That The Antagonism, Which
Has Its Origin In The Nature Of Commodities,
And Is Reproduced In Their Circulation, Can
Be Removed By Increasing The Circulating
Medium”**

[Before stupidity became sanctified at the U.S. Treasury Dept. and the Federal Reserve Bank, and hapless clowns like Bernanke and Geithner turned loose on the world, informed commentators on developments unfolding in the U.S. economy during crisis periods knew the hopelessness of “pushing on a string.”

[This is a shorthand reference to the fact that cutting interest rates and/or trying to dump cash into the financial system in order to stop a recession was useless if ready cash could not be invested at a profit. If demand for commodities is failing, and the economy turning down, what sane capitalist would wish to borrow money to expand production of commodities that can’t be sold in the market? Thus, when cutting interest rates and increasing the money supply, the Fed was said to be “pushing on a string.” T]

K. Marx; “Capitalist Production; Money, or the Circulation of Commodities,” in *Capital*:
[Excerpts]

Just as the currency of money, generally considered, is but a reflex of the circulation of commodities, or of the antithetical metamorphoses they undergo, so, too, the velocity of that currency reflects the rapidity with which commodities change their forms, the continued interlacing of one series of metamorphoses with another, the hurried social interchange of matter, the rapid disappearance of commodities from the sphere of circulation, and the equally rapid substitution of fresh ones in their places.

Hence, in the velocity of the currency we have the fluent unity of the antithetical and complementary phases, the unity of the conversion of the useful aspect of commodities into their value-aspect, and their re-conversion from the latter aspect to the former, or the unity of the two processes of sale and purchase.

On the other hand, the retardation of the currency reflects the separation of these two processes into isolated antithetical phases, reflects the stagnation in the change of form, and therefore, in the social interchange of matter.

The circulation itself, of course, gives no clue to the origin of this stagnation; it merely puts in evidence the phenomenon itself.

The general public, who, simultaneously, with the retardation of the currency, see money appear and disappear less frequently at the periphery of circulation, naturally attribute this retardation, to a quantitative deficiency in the circulating medium.

Footnote 1:

“Money being ... the common measure of buying and selling, every body who hath anything to sell, and cannot procure chapmen for it, is presently apt to think, that want of money in the kingdom, or country, is the cause why his goods do not go off; and so, want of money is the common cry; which is a great mistake. ...

“What do these people want, who cry out for money? ...

“The farmer complains ... he thinks that were more money in the country, he should have a price for his goods. Then it seems money is not his want, but a price for his corn and cattel, which he would sell, but cannot. ...

“Why cannot he get a price? ...

“(1) Either there is too much corn and cattel in the country, so that most who come to market have need of selling, as he hath, and few of buying; or (2) There wants the usual vent abroad by transportation ...;

“or (3) The consumption fails, as when men, by reason of poverty, do not spend so much in their houses as formerly they did; wherefore it is not the increase of specific money, which would at all advance the farmer’s goods, but the removal of any of these three causes, which do truly keep down the market. ...

“The merchant and shopkeeper want money in the same manner, that is, they want a vent for the goods they deal in, by reason that the markets fail” . .

(A nation) “never thrives better, than when riches are tost from hand to hand.”

(Sir Dudley North: “Discourses upon Trade,” London 1691 pp. 1-15, passim.)

Herrenschwand's fanciful notions amount merely to this, that the antagonism, which has its origin in the nature of commodities, and is reproduced in their circulation, can be removed by increasing the circulating medium.

But if, on the one hand, it is a popular delusion to ascribe stagnation in production and circulation to insufficiency of the circulating medium, it by no means follows, on the other hand, that an actual paucity of the medium in consequence, e.g., of bungling legislative interference with the regulation of currency, may not give rise to such stagnation.

Footnote 2:

“When a man is in want of demand, does Mr. Malthus recommend him to pay some other person to take off his goods?” ...

[And that is exactly what the Federal Reserve has elevated into high policy; the idea of paying somebody to take away the rotten, unsalable goods burying Wall St.: the worthless paper IOUs called “toxic waste.” And just as preposterous, the Federal Reserve has at the same time also decided to pay “some other person” itself, by creating money, and passing on the money it creates to the holders of the garbage, so they end up with the cash, and the Federal Reserve will own the worthless garbage.]

[The whole economic fraud promoted by Keynes in the 1930s and brought back from the tomb by Bernanke and Paulson and Geithner was disposed of in a few lines and two footnotes by Marx in Capital, which was a measure that nobody else in his day took the nonsense seriously that has now become the economic policy of the U.S. government. T]

MORE:

**The Crisis Analyzed:
“The Current Recession Is Not
Caused By The Financial Panic;
Rather, It Was The Other Way
Around: The Economic Downturn
Burst The Financial Bubble”
As Governments' Debts Swell To
Ever More Enormous Proportions,**

Confidence Will Become Increasingly Fragile: “The Quantity Of Debt-Notes And Other Money Sloshing Around Will Increasingly Dwarf Their Combined Financial Reserves”

By the time you read this, you will have read or heard countless explanations of this crisis, most of which blame it on capitalist greed, bad management and Anglo-American “neo-liberalism.”

A critique of unfettered free market-capitalism and of the stupidity of giving tax cuts to billionaires is the only narrative left open, if blaming the capitalist system itself is to be avoided. Such “analyses” come mostly from the left of the capitalist spectrum.

Sander; International Perspective, No. 50; Winter 2009 [Excerpts]

The global financial crisis of 2008 is truly a milestone event.

No other since the crash of 1929, and subsequent great depression, has shown so clearly that the capitalist economy, despite its solid façade, can unravel very quickly and collapse.

No other has illustrated so clearly the absurdity, the obsolescence, of letting the needs of capital accumulation determine humankind’s fate.

The sudden panic of capital owners, the sudden disappearance of trillions of dollars, the great difficulties with which the governments of the world have wrestled to get a grip on the situation, cannot but have a great impact on the consciousness of the working population, which now will see its living conditions substantially deteriorate for no other reason than that human needs are subservient to the needs of capital.

Although a total collapse is unlikely in the short term, this event marks the beginning of a period of protracted crisis, from which there will be no escape. There will be temporary recoveries but not a new boom period.

Either the crisis will run its course, which means allowing depression and war to destroy so much value that the conditions for profitable expansion can be purportedly restored, or a global revolution, and the abolition of value production will occur.

By the time you read this, you will have read or heard countless explanations of this crisis, most of which blame it on capitalist greed, bad management and Anglo-American “neo-liberalism.”

Such “analyses” come mostly from the left of the capitalist spectrum.

The right struggled to say anything coherent at all about the mess, and at times even parroted the left (as when John McCain railed against “Wall Street greed”).

It’s clear that at times like this, the left becomes very important for capital.

A critique of unfettered free market-capitalism and of the stupidity of giving tax cuts to billionaires is the only narrative left open, if blaming the capitalist system itself is to be avoided.

It’s not capitalism but bad capitalists that have caused the problem, the left is essentially saying.

The system can be saved through more regulation.

But while capitalist greed is permanent, capitalist crisis is not.

While the bourgeois consensus has now nimbly shifted from “neo-liberalism” to “neo-Keynesianism” (in truth, Keynesianism, as it is commonly understood - state-intervention in the economy and deficit-spending - has never gone away) and yesterday’s guru Greenspan was heaped with scorn and left making mea culpas on TV for having kept interest rates kept too low for too long, thereby allowing the US housing bubble, and its extension to Europe and other parts of the world, to swell, it is conveniently forgotten that this housing bubble, and the consumption it fueled, played an essential role in keeping the global economy humming over the past two decades.

Internationals Perspective predicted this crisis, but we were far from the only ones.

Even some bourgeois economists saw it coming from afar.

You don’t have to be a Marxist to understand that, when financial assets appreciate at a breakneck pace while there is no corresponding growth of the underlying value created in production, the exchange value of these assets will fall.

Its fictitious character will at some point be revealed.

The current recession is not caused by the financial panic; rather, it was the other way around: the economic downturn burst the financial bubble.

The question is why, despite today’s tremendous productivity, the growth of value fell so short of what the credit expansion required.

Or, to turn this around, why this financial expansion occurred in seeming indifference to the much slower pace of real economic growth.

To these questions, the best answer bourgeois commentators can come up with is “human failure”: greed, sloppiness, stupidity, shortsightedness...which with better

leaders, and with more oversight and regulation, will be cured...It's not the system that's at fault...

The system pays them well to say just that.

And they may well believe it.

Only Marx's analysis of the value form and its immanent tendencies allows us to answer the above questions.

Globalization, made possible by information technology and the restructuring of the world economy following the end of the cold war, did give capitalism a new lease on life after the post-World War II boom ended in the 1970's.

Some say that the impressive expansion of the world economy since then was only caused by an expansion of credit, by an accumulation of debt. If that were true, the crash would have come much sooner. The credit expansion was indeed disproportionate, but the fact that it could go on for so long need to be explained. This would not have been possible without a real expansion of value creation; "of productivity," some would say, "resulting from technological innovation."

But if that is all there was to it, why are we in such a deep crisis?

They do not see that a general rise of productivity not only means that more goods are being created, but also that these goods are made with ever less labor and that, the more surplus labor is already taken from that labor, the more difficult it becomes to squeeze more out of it.

The expansion of real value creation took place because the rate of exploitation of labor power increased.

Globalization not only made the capitalist world market more unified and thus wider and more efficient, but it also restructured production on a global assembly line, shifting an ever growing part of industrial production to what used to be backward areas that had barely participated in the global market.

In this way, capital not only could expand the exploitation of cheap labor power but also, because of its very mobility, discourage working class resistance to exploitation everywhere, despite the falling value (labour time) of wages.

Moreover, globalization accelerated a redistribution of value in the market place.

In the global economy, the most developed capitals, with the fastest rate of technological innovation and productivity growth, have a competitive advantage that allows them to sell their goods at a price above their value. In other words, much of the value they realize, is not really in their products, they get it on the global market.

Globalization therefore created huge profits in the most developed parts of the world, which encouraged capitalization under the assumption that their growth would continue unabated.

But, as technological innovation spreads and generalizes, the quantity of labor, and thus of surplus value, in commodities also falls.

Globalization was eating away at the roots of the expansion of profits. What became decisive to obtain then, more than ever, was access to, and dominance of, markets.

Many companies, from shoes to semiconductors, began to spend more on marketing than on production.

It was the hope of capitalism's apologists that globalization would generate its own expanding market.

And indeed, to some extent it did just that, the multiplier effect enriched and expanded the size of middle-income strata in many parts of the world.

That too, encouraged a credit-expansion on the assumption of its continuation.

However, the limit to the expansion of the market, generated by globalization, was revealed in the Asian crisis ten years ago.

It showed that much of the profit resulting from exploitation in low wage countries could not profitably be reinvested in those countries.

The same issue arises today.

Some are saying that countries such as India and China have made a lot of money through globalization. At the same time, the needs are great there. 'Why don't they invest their surpluses in the expansion of their domestic market, which could stimulate the whole world economy?'

Yes, there are huge amounts of capital in places like India and China, and there are hundreds of millions of small peasants and land workers, and unemployed there, who possess nothing.

But they have nothing that Chinese and Indian capital owners want, not even their labor power, unless it can be used to make goods for another, foreign, market.

The Asian financial crisis, which spread to Latin America and Russia, showed that the expansion of the domestic market in the countries recently embraced by globalization is strictly dependent on the expansion of their foreign markets.

It also showed that deflation increasingly becomes the hallmark of the economic picture.

The implosion of financial bubbles, the sharp devaluations and falling prices during and after the Asian crisis event announced the return to center stage of capitalism's insurmountable economic contradictions.

In a context in which just about everywhere both the labor force and the means can be available to make almost anything very cheaply, over-accumulation, and thus prices falling below their value, becomes inevitable.

This touches the weakest competitors with the least access to the global market first. The twin contradictions, each reinforcing the other, of capitalism's incapacity to generate a market that keeps pace with the expansion of its productive capacity, and the tendency of the value of what it produces to fall, first attack their profits and wages.

So owners of capital in the weaker countries, confronted by the limitations of reinvesting their profits at home and by the danger of devaluations, increasingly moved their savings to where they would be safer in a deflation wave.

In 2004, according to the figures of the Morgan Stanley bank, 80 % of the net-savings of the world were flowing to the US.

And there, it was more than welcome.

Even the implosion of the dot-com bubble in 2000, with its trillions of evaporated fortunes, hardly interrupted the stream of capital.

A pattern had developed: the US economy lived, every year a bit more, beyond its means, buying more than selling, paying by printing more dollars, backed by public debt notes bought by the countries who sell more to it than they buy from it.

Neither side can withdraw from this relationship.

A swing to protectionism would plunge the US in depression, but the loss of the American market would be equally devastating for China and Japan.

At the same time, the profits made in the developed countries sought a safe haven where they could maintain and expand their value. After the dot-com- implosion revealed that the value of high tech companies was wildly overrated and with many traditional sectors such as automakers suffering from overcapacity, where could they go?

The combined demand of international capital for safety pushed up the price of all assets in the US, and to a lesser extent elsewhere, that are part of "the hoard": the part of capital that is not directly engaged in creating new value, but that is kept in reserve to move in or out of the productive process, depending on the profits, and the promise of profits.

The rising demand for them in turn pushed up their prices.

Their fast rate of appreciation attracted more capital, which again raised their prices and so on.

The fundamental reason why financial assets expanded so much faster than the real economy is that the demand for them is unlimited while the demand for all other commodities is not.

In a context of global overcapacity and a growing deflationary tendency, the effective demand for cars, computers or any other commodity is severely limited, but the demand for financial capital is not, because while “ ... all commodities are perishable money; losing their value if they are not sold, money is the imperishable commodity.” (Karl Marx, Grundrisse: Foundations of the Critique of Political Economy (Rough Draft), Penguin Books, p. 149.]

The financial sector in the US and beyond was all too happy to accommodate this thirst for assets in which value could be “safely” parked, through the creation of all sorts of new financial commodities.

The appreciation resulting from the rising demand for them seemingly confirmed that they lived up to their safe haven promise.

As in all pyramid schemes, it was essential to keep that demand rising.

The policies of the US, under Democratic as well as Republican administrations, were aimed at just that.

The Feeding Of The Housing Bubble

The feeding of the housing bubble played an essential role in this.

The increased “equity” in property values was used to underpin the exponential rise in both consumer and business debt that kept up global demand and kept deflation at bay in the most developed parts of the world economy.

But to keep the demand for property values rising, the financial sector had to take increasingly desperate measures, such as sub-prime loans to buyers without means.

Although it was clear from the onset that such loans would never be paid back and would be subject to default in the first downturn, there was no alternative to feeding the bubble.

Globalization expanded value creation but value can only remain value if it continues to valorize. Capital that does not mobilize, directly or indirectly, productive forces for the creation of new value, is bound to devalorize.

This crisis shows that there is too much value requiring valorization, that the value of assets in which profits sought refuge is fictitious.

But if the illusion had not been there, where would these profits have found refuge?

The housing bubble postponed the crisis, if only for a few years.

Tens of trillions of dollars, euros, and other currencies, have disappeared since this credit crisis began and it's far from over. This is terrible for those who lost them, but for the conditions of accumulation of capital this is, in itself, beneficial: less capitals crowd each other out, some big ones enrich themselves by swallowing the smaller ones at a bargain price, costs (oil, wages) are falling.

But this isn't enough to stop the unraveling.

It can only be stopped (temporarily) when a massive creation of new debt backed by the lender of the last resort -- the state — props up the debt-saddled financial system and interest rates are lowered.

So the crisis of fictitious capital is “solved”.., by the creation of new fictitious capital.

To the trillions spent to save the financial system will be added trillions in spending to contain the recession and prevent deflation from spreading to the strongest countries.

The approval of Fed Chairman Bernanke to an Obama-type stimulus program shortly before the elections already indicated where we're heading.

The left will clamor for a new “New Deal,” but “stagflation” — the combination of stagnation and dangerously rising inflation that brought the world economy to the brink of collapse in the 1970's -- would be its best possible outcome.

However, there will be increasing public spending to fight deflation. There will be a more direct intervention of the state, more state capitalism.

But in the end, nothing will have changed: more debt will be created to counteract the devalorization of old debt.

This will move the problem from confidence in banks and other financial enterprises to confidence in the lender of last resort, the state.

In many countries that are in the grip of deflation, this confidence is already shredded.

But in stronger countries, with big financial reserves, such as Japan and the US, the anchor and guardian of the global system, it is strengthened, at least in the short term, as capital seeks refuge from the uncertainty of the financial storms in state-backed securities.

Thus, the demand for US treasury notes rose, despite its low yield, and so did the dollar.

But in the somewhat longer term, as state debts swell to ever more enormous proportions, this confidence will become increasingly fragile.

The capacity of the concerted action of governments to stop a collective run for the exit and thus prevent a collapse will become more doubtful, as the quantity of debt-notes and other money sloshing around will increasingly dwarf their combined financial reserves.

The crisis will return and will likely make the present one look like child's play.

Troops Invited:

Comments, arguments, articles, and letters from service men and women, and veterans, are especially welcome. Write to Box 126, 2576 Broadway, New York, N.Y. 10025-5657 or send email contact@militaryproject.org: Name, I.D., withheld unless you request publication. Same address to unsubscribe. Phone: 917.677.8057

DANGER: POLITICIANS AT WORK

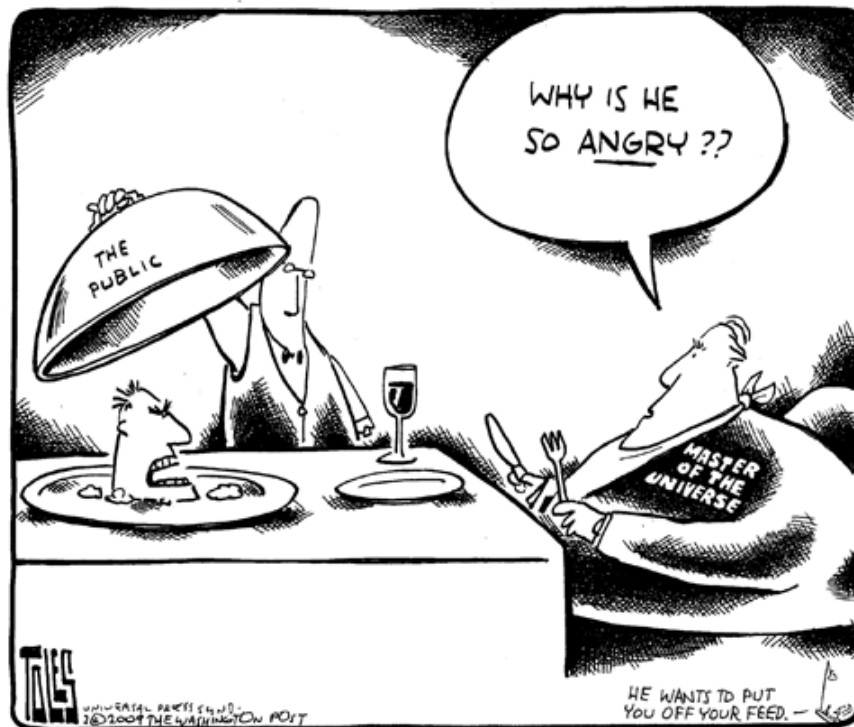
A Katrina Moment



“Obama Administration Is Increasingly Concerned About A

Populist Backlash Against Banks And Wall Street”

“You Have A Free-Floating Economic
Anxiety That Has Expressed Itself In A
Kind Of Lashing Out At Those Being
Bailed Out And People Who Are Bailing
Out”



March 15, 2009 By ADAM NAGOURNEY, New York Times [Excerpts]

WASHINGTON — The Obama administration is increasingly concerned about a populist backlash against banks and Wall Street, worried that anger at financial institutions could also end up being directed at Congress and the White House and could complicate President Obama’s agenda.

“Never underestimate the capacity of angry populism in times of economic stress,” said Robert Reich, a professor of public policy at the University of California, Berkeley, and labor secretary under President Bill Clinton.

“There’s unquestionably a strong populist surge out there,” said Joel Benenson, Mr. Obama’s pollster, citing his own polls and focus groups. “It’s been brewing for close to

four years. For the last two years, Americans were clearly indicating that they believe that one of the biggest obstacles to progress on America's toughest challenges — notably health care and energy independence — was the influence of special interests and corporate interests on the agenda in Washington."

"The change now is you have a free-floating economic anxiety that has expressed itself in a kind of lashing out at those being bailed out and people who are bailing out," Michael Kazin, a professor at Georgetown University who has written extensively on populism. "There's not really a sense of what the solution is."

"I do think there's a potential for a 'damn everybody in power' kind of sentiment," Mr. Kazin said.

**POLITICIANS CAN'T BE COUNTED ON TO HALT
THE BLOODSHED**

**THE TROOPS HAVE THE POWER TO STOP THE
WARS**

CLASS WAR REPORTS



Millions Join One Day General Strike In France: “Why Are They Helping The Rich, The Shareholders, Before The Ordinary People?”

March 20 2009 By Ben Hall and Esther Bintliff in Paris, The Financial Times [Excerpts]

France's trade unions vowed to escalate opposition to President Nicolas Sarkozy after mobilising as many as 3m people yesterday in strikes and protests against his economic policy and reforms.

The protests took a violent turn when a group of protesters clashed with police last night in Place de la Nation in Paris. There were also disturbances in Saint Nazaire, in the west.

The communist CGT union, France's biggest, said up to 3m had taken to the streets in more than 200 marches across the country, whereas the police said 1.2m.

On either measure, the turnout was about a quarter higher than the last nationwide demonstrations on January 29, an indication of growing public discontent with Mr Sarkozy's handling of the economic crisis.

Bernard Thibault, the CGT leader, said there would be more protests if the government refused to implement a further economic stimulus package, a halt to public sector reforms and action to stop companies from shedding jobs.

“It should come as no surprise if the climate gets tougher,” he said.

The one-day stoppage caused moderate disruption to rail, air and local transport and to public services, especially schools.

But it was the scale of the demonstrations - between 85,000 and 350,000 marchers in Paris - that will raise the pressure on the government.

Mass protests seven weeks ago spurred Mr Sarkozy to announce an extra €2.6bn (\$3.5bn, £2.4bn) in welfare payments and tax cuts for low-income families, judged insufficient by the unions.

But François Fillon, the prime minister, ruled out a new stimulus package last night. He said France had already “doubled the public deficit for this year”.

“We can't go beyond that,” he said. “All the French must understand that faced with a crisis this serious, we must rally together not fight among ourselves.”

Demonstrators in Paris vowed to maintain the protest. "We are all marching for the same thing: job security and for the protection of public services," said Marc Amiaud, an information technology worker. "We hope the government will help us. But if it doesn't, we will march again and again."

There was also a perceived injustice of the bank bail-outs compared with a lack of measures to help workers.

"Why are they helping the rich, the shareholders, before the ordinary people?" asked Alain Richard, a retired pharmaceutical company employee. "They are giving so little to us. . . . What about retired people? We need help with our pensions. What about the people who are losing their jobs?"

Rising unemployment and a string of high-profile factory closures have fuelled social tensions.

The 1,100-strong workforce of Continental's tyre and parts factory near Comp-iègne, northern France, which has been ordered to close, led a demonstration of 10,000 people through the streets of the town.

**“Education For Liberation, Not
For Profit”**

**“Students Took The Streets Even
As Police Attempted To Stop
Them”**

**“Keep Walking, Push Through,”
Someone Shouted:**

**“In Seconds, The Students Broke Past
The Officers' Line”**

March 18, 2009 By Chris Kocher, Socialist Worker

SAN FRANCISCO--Under the blaze of a hot California sun, several hundred college students walked out of their schools to protest the state's cuts to the education budget. Their chants echoed those of student marches in the late 1960's that ushered in a new era of student power.

Their banners proclaimed “Education for liberation, not for profit,” “Bailout students, not bankers” and “Shut it down like '68.”

San Francisco State University (SFSU) president Robert Corrigan with his annual salary of some \$280,000 drew special attention from the crowd.

While Corrigan gets rich, his administration is carrying out the education cuts, such as fee hikes for students.

The energy spiked when police attempted to bar students from walking four lanes across as they headed up State Highway 1 to Ocean Ave., where they marched slowed to a crawl as it joined up with students from City College.

But the students took the streets even as police attempted to stop them.

There was a brief period of confusion as the police did manage to slow the march for a while, but morale was strong. “Keep walking, push through,” someone shouted.

“The police can't touch us!”

In seconds, the students broke past the officers' line.

Every few minutes, a honk and a wave sent a cheer through the determined crowd.

Many stopped what they were doing to watch at full attention, as if saluting a fellow soldier in the struggle for justice.

At a local school, throngs of children waved from behind metal fences. “Educate our children!” cheered the marchers. “Do it for our children!”

This drove the message home: our education should not be sacrificed for bailouts and a budget balanced on the backs of working people and students.

**“An End To Dictatorship”
“Razafimahaleo Says He Plans To
Use The Courts To Seize The
Deposed President’s Dairy Empire In
Recompense For \$100m In Unpaid
Taxes And Channel The Money To
Those Who Face Starvation”**

“It Is Precisely The Sort Of Pledge That Has Senior African Policymakers Fretting That The Global Recession Will Swing The Balance Of Power In Favour Of Populists”



A crowd listens to Andry Rajoelina during a ceremony where he was officially invested as transitional president of Madagascar. Rajoelina promised an end to dictatorship and a new era of good governance in Madagascar Saturday in an inaugural speech after a revolution supported by soldiers overthrew a government tied to foreign investors. (AFP/Gregoire Pourtier)

March 20 2009 By Tom Burgis in Antananarivo, Financial Times [Excerpts]

Madagascar's new finance minister's home is hard to find and the pitted road leading to it never improves as it winds into the imposing residences in the hills that ring Antananarivo, the Indian Ocean island's landlocked capital.

But as night falls and a military curfew looms a faint sign is visible on the imposing gate into the white mansion: Villa Carpe Diem.

Inside, between a flurry of phone calls, Benja Razafimahaleo, the former managing director at a French cigarette company who assumed the finance portfolio in the government swept to power in a blaze of gunfire on Tuesday, outlines just how he plans to seize the day.

“First we have to make people eat,” he says.

The putsch that this week brought an end to the rule of Marc Ravalomanana, the yoghurt magnate who became president after winning disputed elections in 2001, has brought international condemnation.

Behind it, however, were long-simmering tensions with members of a frustrated Malagasy elite and an urban poor angry that the president appeared to be giving up precious land for free to lure foreign investors.

Although 70 per cent of Madagascar's budget remains funded by foreign aid, economic growth accelerated and the president attracted Madagascar's first serious foreign investment. Total, the French oil group, is developing what is thought to be among the world's richest reserves of bitumen, or so-called "heavy" crude oil. Rio Tinto, the Anglo-American mining empire, is building an \$800m titanium mine on the island's southern tip.

But, though he won a second term in 2006, popular discontent began to mount over what some saw as his use of political power to serve his own business interests.

A population that scratch out an average income of less than \$400 a year was aghast when the president spent \$60m on a private jet.

"Everything was a monopoly with Ravalomanana," says Naina, a 41-year-old wood chopper in one of the capital's poorest neighbourhoods.

"The country could not develop."

The bombshell that turned the discontent into outright anger and so brought an end to Mr Ravalomanana's rule was news of a deal between the government and Daewoo Logistics.

This envisioned leasing vast tracts of Madagascar's arable land to the South Korean conglomerate to grow crops that would be exported from a country where aid agencies were battling rural starvation.

"It was the news that said Daewoo expected to pay nothing for the land that accelerated the trouble," says one well-connected Malagasy banker who asks not to be named.

Thousands took to the streets, whipped up by the Daewoo deal as the symbol of all that was ill. Scores died as buildings burned.

A rebellion grew from a barracks normally used for the dry business of military administration but which also houses the bulk of ammunition stores.

But Mr Rajoelina's installation as Madagascar's new leader this week may be far from the last chapter.

Tens of thousands of rural peasants continue to suffer from the collapse of the vanilla market on which they depend.

Mr Razafimahaleo says he plans to use the courts to seize the deposed president's dairy empire in recompense for \$100m in unpaid taxes and channel the money to those who face starvation.

While that will strike a chord with the new order's backers, it is precisely the sort of pledge that has senior African policymakers fretting that the global recession will swing the balance of power in favour of populists.



**OCCUPATION ISN'T LIBERATION
ALL TROOPS HOME NOW!**

**IF YOU DON'T LIKE THE RESISTANCE
END THE OCCUPATIONS**

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