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ALEXANDER COCKBURN AND JEFFREY ST. CLAIR

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## Obama's Record: First in a Series

### The "Jobs" Speech Obama and The Economy

By Andrew Cockburn

There are plenty of reasons for presuming that Obama's "jobs plan," as outlined in his speech last week, will prove as ineffectual as his previous rhetorical assaults on the economic depression, the most obvious reason being the ranks of stony-faced Republicans staring up at him in the House chamber. More fundamentally, however, the president gave no sign that he understands, let alone is prepared to address, the fundamental problems facing the economy.

As is now generally accepted, the global financial storm that blew up in 2007 and reached full fury the following year was caused by banks speculating on real estate property loans so wildly

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Looking back on President Obama's record with regard to two of the most damaging legacies of the Bush administration – the existence of the prison at Guantánamo Bay, Cuba, and the use of torture – it is noticeable that the boldest moves were taken within 48 hours of him taking office, in January 2009.

On his second day in office, Obama cared enough about Guantánamo and torture to issue executive orders promising to close Guantánamo and to uphold the absolute ban on torture. He also suspended the system of trials by Military Commission, used by the Bush administration to prosecute prisoners at Guantánamo, which were widely criticized not only for failing to conform to internationally recognized standards of fairness, but also for securing just three convictions throughout their eight-year history.

Other bold moves undertaken by

By Mike Whitney

When Barack Obama took office in January 2009, the economy was a shambles. The workforce was shedding 750,000 jobs per month, the equities markets were plunging, and GDP was contracting at an annual rate of 6 per cent. Exports, retail sales, manufacturing and consumer spending were all falling faster than they had during the Great Depression. Obama had no time to celebrate his victory or ease his way into his new job.

On February 19, 2009, less than a month after he had been inaugurated, Obama launched The American Recovery and Reinvestment Act (ARRA), a \$787 billion fiscal stimulus bill that was designed to lower unemployment, boost growth, and reduce the amount of slack in the economy. By the 4th quarter of

2009, GDP had climbed to 5.0 per cent while unemployment slowly began to retreat from its peak of 10.1 percent. The hemorrhaging of jobs slowed to a trickle, and the economy returned to positive growth in just 6 months.

Unfortunately, the stimulus package was too small to have the long-term effects that many had hoped for, and, by June 2011, unemployment started to rise once again and the economy began to teeter. Liberal economists, like Paul Krugman, Joseph Stiglitz, and Dean Baker, called for a second round of stimulus warning of another slowdown, but Obama just brushed them off. He'd already moved on to other matters, like trimming the deficits and paring back long-term entitlement spending. The

WHITNEY CONTINUED ON PAGE 2

### Guantánamo, Torture and Obama's Surrenders

By Andy Worthington

accountable for their actions, although President Obama had already made clear his belief that, on accountability, "we need to look forward as opposed to looking backward," as he explained to *The New York Times* just before he moved into the White House.

The final bold move of this period was the decision to move a Guantánamo prisoner to New York to face a federal court trial, which took place in May 2009. Ahmed Khalfan Ghailani was a Tanzanian, seized in Pakistan in July 2004, who was held in secret prisons run by the CIA until September 2006, when he was moved to Guantánamo with 13 other men regarded as "high-value detainees" – including Khalid Sheikh

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deepening job crisis, which left 14 million Americans out of work, was put on the back burner, while reducing spending on popular social programs and balancing the budget became the top priority.

For those who follow the financial news closely, Obama's volte-face on fiscal stimulus was not really much of a surprise. In fact, there were indications early on that Obama was not the dyed-in-the-wool liberal his critics had made him out to be. Even his brief stint as a community organizer smacked of political opportunism, as did his vacillating voting record in the U.S. Senate. Obama seemed less attached to any set of principles than he was to the idea that doctrinal flexibility and grandiloquence were the fast track to political stardom. Even so, his supporters still thought of him as a progressive, which is why so many of them were disappointed when he selected his team of economics advisors. Here's a bit of what he said on November 23, 2008:

"We'll need to bring together the best minds in America to guide us. ... And that is what I've sought to do in assembling my economic team. I've sought leaders who could offer both sound judgment and fresh thinking, both a depth of experience and a wealth of bold new ideas – and, most of all, who share my fundamental belief that we cannot have

a thriving Wall Street while Main Street suffers..."

And who were those leaders who would provide "both sound judgment and fresh thinking"? Lawrence Summers and Timothy Geithner. From the moment the announcement was made, it was clear that Obama's promise of "change" was just empty rhetoric. Geithner and Summers were not only trusted allies of Wall Street, they were also steadfast proponents of deregulation and laissez-faire capitalism, the likes of which paved the way to the Crash of 2008.

As Treasury secretary under President Bill Clinton, Summers pushed the Gramm-Leach-Bliley Act through Congress, which repealed parts of the Glass-Steagall Act and removed the firewall between commercial and investment

**Obama would never have picked Geithner and Summers if he was serious about change. This was just more of the same, which is exactly what Wall Street wanted.**

banks. Once those critical safeguards were lifted, the banks were free to use savings deposits in high-risk speculation. Gramm-Leach-Bliley also allowed commercial banks to get into the mortgage-backed securities game, which helped inflate a multitrillion-dollar housing bubble that eventually burst, sending housing prices down more than 30 per cent.

Summers also had a hand in the passing of the Commodity Futures Modernization Act, which deregulated derivatives trading. The CFMA led to an explosion of exotic debt instruments, which suddenly plunged in value in late 2007, when French bank Paribas PNB stopped redemptions on its cache of mortgage-backed assets. That was the incident that sent the dominoes tumbling through the financial system, taking down hundreds of banks and brokerages and wiping out nearly \$50 trillion in capital. If the CFMA had not been passed, then derivatives trading would have been regulated, contracts would have sufficiently capitalized, and the financial crisis would never have happened. While

there's plenty of blame to go around, Summers' role in the meltdown cannot be overstated.

Timothy Geithner's resumé was nearly as bad as Summers. Aside from forcing AIG to keep quiet about billions of dollars of payments that the U.S. Treasury made to several Wall Street banks and helping former Treasury Secretary Henry Paulson put together the vastly unpopular \$700 billion bank-bailout bill (Troubled Asset Relief Program), Geithner was also a key figure in the Lehman Brothers "Repo 105" scandal. As head of the Federal Reserve Bank of New York at the time, Geithner allegedly helped Lehman to conceal \$50 billion in red ink off its balance sheet, in order to mislead investors about the bank's true financial condition.

Obama would never have picked Geithner and Summers if he was serious about change. This was just more of the same, which is exactly what Wall Street wanted, a close-knit group of top presidential advisors who would do their bidding from inside the White House, assisting the big banks whenever possible and subverting reform at every turn.

The influence of Geithner and Summers can be seen in all of Obama's economic decision making, but particularly in his handling of the stimulus. The administration had been warned repeatedly by a number of top-notch economists that the stimulus was not big enough to make up for the gigantic loss in aggregate demand caused by the downturn. They were also cautioned that it would be politically impossible to approve a second round of stimulus because of growing concern over the ballooning budget deficits. That's why it was imperative that they get it right the first time, so they wouldn't have to go back to Congress looking for a second helping.

But Summers wasn't interested in what other economists had to say; he wanted a smaller stimulus package. And, as director of the National Economic Council, he had the final say-so. Thus, the Summers plan was implemented, and, sure enough, two years later, the funds began to run dry just as the economy was showing signs of a rebound. Summers' critics had been right after all: there wasn't enough money for the economy to reach "escape velocity" and shake off the grip of recession. As we know now, nearly \$200 billion of the

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ARRA were earmarked for ineffective tax cuts (demanded by the GOP), while another \$100 billion paid for an extension to the Alternative Minimum Tax. That means the spending component was just \$500 billion spread over two years, barely enough to cover long-term unemployment benefits, food stamps, state assistance, and a few construction projects. But not nearly enough to reduce the output gap, put 14 million people back to work, or put the economy on a path to a self-sustaining recovery.

As the stimulus dwindled in late 2010, the signs of economic weakness began to re-emerge and, by early 2011, the U.S. economy was sliding back toward recession. GDP had dropped to below 1 per cent for the first 6 months of 2011, while unemployment still topped 9 per cent. Businesses stopped hiring, and the economy began to stall.

In June 2011, Summers – who had left the administration some months earlier for a job in the private sector – admitted his mistake in an op-ed in the *Financial Times*, where he called for more stimulus and warned of a “lost decade” if his advice was not heeded. Here’s an excerpt from the article:

“Substantial withdrawal of fiscal stimulus at the end of 2011 would be premature. Stimulus should be continued and, indeed, expanded by providing the payroll tax cut to employers as well as employees ... We averted Depression in 2008/2009 by acting decisively. Now we can avert a lost decade by recognizing economic reality.”

Summers’ comments suggest that he merely miscalculated the amount of support the economy would need to stage a rebound, but that’s not entirely true. As Paul Krugman has pointed out, figuring out how big the stimulus needed to be was pretty straightforward, especially for someone with Summers’ background. As Krugman’s states on his *New York Times* blog, “Conscience of a Liberal”:

“The case for a much bigger stimulus came out of basic textbook macroeconomics, and could be justified by fancier but still standard models as well. The argument for doing much less was, by contrast, based on a combination of seat-of-the-pants intuition and political symbolism: policy makers believed, based on no evidence, that a big stimulus would unnerve the bond market and/or that a temporary boost would be enough to re-

store all-important confidence, or that it was politically crucial that the number be well under the magic \$1 trillion mark. ...

“In other words, wisdom – as perceived – came from rejecting actual economic analysis in favor of feelings, and not waking up to the fact that the analysis was right until a couple of years of massive unemployment later.”

So, Summers knew how much stimulus was needed, but he chose to “go small”. Why? Mainly because the outcome was what he wanted from the onset. Yes, he wanted to avoid another Great Depression, but he also wanted to force cutbacks at the state and federal level, while putting extra pressure on the unions. That would lead to lower labor costs and more privatization of government assets and services, which is exactly what anyone would hope for if they were

## **Obama was a big part of their plan. He was fingered as the pitchman for structural adjustment and belt-tightening.**

advancing a pro-big-business agenda.

As it turns out, Summers never veered from the neoliberal dogma that guided him during the Clinton years, when he preached the three “-ations”: “privatization, stabilization, and liberalization.” The size of the stimulus merely confirms that his calculations were made with different objectives in mind.

Still, that doesn’t mean that the \$787 billion was wasted. Quite the contrary. According to a report in June 2011, by the nonpartisan Congressional Budget Office, the ARRA increased the number of people employed by between 1.2 million and 3.3 million, and lowered the unemployment rate by between 0.6 and 1.8 percentage points in the first quarter of 2011. The stimulus also raised GDP by between 1.1 per cent to 3.1 per cent in the same period.

The reason that Republicans were able to score points by blasting the stimulus was because the economy never returned to the pre-bubble level of activity. But that’s an impossible standard to meet. It would require a massive re-leveraging of the shadow banking system and another asset-price bubble that would allow

working people to borrow \$500 billion a year off the exaggerated value of their assets, as they did during the housing bubble via mortgage-equity withdrawals. That type of bubble-driven profligacy is no longer possible, nor does it create a sustainable growth path for the economy.

The bottom line is that the Obama team saw the stimulus as a means to an end. Summers and Co. didn’t want a strong rebound. What they wanted was an economy that was healthy enough to keep breathing, but too feeble to resist the attacks of Wall Street and big business. And Obama was a big part of their plan. He was fingered as the pitchman for structural adjustment and belt-tightening. He’d use impressive rhetorical skills and power of persuasion to preach the gospel of austerity and to clear the way for slashing entitlement programs.

“Government has to start living within its means, just like families do. We have to cut the spending we can’t afford, so we can put the economy on sounder footing and give our businesses the confidence they need to grow and create jobs,” Obama declared on July 2, 2011.

It was just more “small government” claptrap, the same song the GOP faithful have been singing for 30 years. Obama claimed that cutbacks to Medicare, Medicaid and Social Security would be necessary to restore investor confidence and to keep the bond vigilantes at bay. He said that “everyone must make sacrifices,” knowing full well that working people and retirees would suffer the brunt of the cutbacks, while more money would be diverted to Wall Street.

None of this was new ground for Obama. He’d given similar speeches in the past, but no one cared to listen. They were too enamored with his eloquence, his self-confident demeanor, and his rock-star charisma. But the fact is that Obama had been preaching austerity for a long time, even before he replaced Bush. Here’s an excerpt from a speech he delivered in 2008:

“Our economy is trapped in a vicious cycle: the turmoil on Wall Street means a new round of belt-tightening for families and businesses on Main Street ... [W]e’ll have to scour our federal budget, line by line, and make meaningful cuts and sacrifices as well.”

This speech was given before Obama had even become president. It shows that he had been zeroing in on Medicare,

Medicaid and Social Security from the very beginning, even before the deficits had become an issue. This explains why corporate America and big finance kept his campaign chest overflowing in 2008 – because he was reading from a script that they had written. It also explains why he was so eager to reach an agreement with Republicans on cutting \$4 trillion from the budget over the next decade – because they share a common vision of the future: a future where high-stakes speculators and business tycoons dictate policy, a future where the chasm between the “haves” and “have-nots” gets wider by the day, a future where working people have to fend for themselves in a hostile environment devoid of public assistance or safety nets.

Obama’s dark vision for America is the same as George W. Bush’s. The only difference is that Obama has been able to operate almost entirely under the radar, mainly because his supporters refuse to open their eyes and see what they’re dealing with. CP

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Mohammed, the alleged mastermind of the 9/11 attacks.

Ghailani’s transfer to New York, to face a trial in connection with his alleged involvement in the 1998 U.S. embassy bombings in Africa, was important for establishing, in the face of criticism from mainly Republican supporters of the Military Commissions, that Guantánamo prisoners could be successfully tried in federal court. In Ghailani’s case, there was also a clear connection to how justice had been pursued before the 9/11 attacks, because Ghailani was indicted for his part in the embassy bombings in 1998, and three of his alleged co-conspir-

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ators were tried and convicted in federal court in May 2001, receiving life sentences in October 2001.

In examining Obama’s record, however, it is also noticeable that “hope” and “change,” in any meaningful sense, regarding issues relating to national security only existed until May 21, 2009, when, on the same day that the Justice Department announced that Ghailani had been transferred to New York, Obama delivered a speech at the National Archives, in which he announced that he was reviving the Military Commission trial system, and also revealed that his advisers had told him that some prisoners in Guantánamo were too dangerous to release – even though there was insufficient evidence to put them on trial – and would have to be held indefinitely without charge or trial.

The concessions to Bush’s worldview that were contained in this speech were thoroughly disappointing. Indefinite detention was at the heart of Bush’s War on Terror, and the Commissions had been condemned by conscientious lawyers

throughout their existence. Moreover, this speech shattered any notion that prisoners at Guantánamo would either be released or charged in federal court, as anyone concerned with human rights and the law had hoped.

Since then, the president and his administration have been noteworthy not for their courage and their principles but for their capitulation to criticism, their absolute refusal to hold anyone in the Bush administration accountable for their crimes, and, finally, a paralysis so complete that, without concerted pressure from the American public on their elected officials, Guantánamo may remain open forever. To understand how this retreat took place, it is important to note further details of the context of the National Archives speech. Firstly, it came just days after Obama changed his mind (after criticism from the Pentagon) about complying with another court order, involving the release of photos showing the abuse of prisoners in U.S. custody in Afghanistan and Iraq, and, secondly (and more significantly, in the long term), it also coincided with the president’s decision to scrap a plan that would have contributed enormously to the successful closure of Guantánamo.

This latter plan was conceived by Greg Craig, the White House counsel, who had been largely responsible for the executive orders regarding Guantánamo and torture that were issued when Obama took office. Craig, it seems, understood more clearly than anyone else in the Obama administration how important it was to make a clear and decisive break with the Bush administration’s policies, and his plan, which was close to fruition when it was scrapped by Obama, involved resettling two Uighur prisoners at Guantánamo on the U.S. mainland.

Craig’s plan was conceived in order to break a deadlock involving finding suitable homes for cleared Guantánamo prisoners, who could not be repatriated because they faced the risk of torture. However, it was also designed to send out a clear message to America’s allies that, in closing Guantánamo, the administration was able to acknowledge that the Bush administration had made mistakes, and that, as a result, Obama was calling on other countries to help him rid the world of the stain of Guantánamo by taking other cleared prisoners who could not return home.

The Uighurs – the subject of Greg Craig’s settlement plan – were Muslims from China’s oppressed Xinjiang province, and the 17 Uighurs in Guantánamo at the time had won their habeas corpus petition in a U.S. court in October 2008, after the Bush administration abandoned its claim that they were “enemy combatants.”

Greg Craig secured had support for his plan from Secretary of State Hillary Clinton and Defense Secretary Robert Gates. But Obama quashed it, after Republicans in Congress heard about it and threatened to use their influence to stir up damaging stories about Obama releasing “terrorists” into America’s heartland. The capitulation left the Uighurs stranded (although some were later re-housed in Bermuda, Palau and Switzerland), and also, as Greg Craig knew, made the job of finding new homes for other cleared prisoners in other countries more difficult. Furthermore, Republicans – and members of Obama’s own party – followed up on this successful attempt to intimidate the president by passing a law explicitly preventing him from bringing any cleared prisoner to the U.S. mainland.

Most importantly, however, Obama’s capitulation – especially on the Uighur issue – confirmed that he would succumb to criticism on national security issues, and would not stand up and fight back by pointing out the many crimes and failures of the Bush administration. As a result, capitulation has followed capitulation.

In November 2009, for example, Eric Holder announced that Khalid Sheikh Mohammed and four other “high-value detainees” accused of involvement in the 9/11 attacks would follow Ahmed Khalfan Ghailani to New York, to face a federal court trial. However, when a backlash started, Obama gave in yet again refusing to press the advantage gained by having already moved Ghailani to New York, and refusing to do anything more with KSM and the other men.

Part of the problem was that, when Holder announced the 9/11 trial, he also announced that five prisoners would face trials by Military Commission, leaving an option open for critics of federal court trials that should have never have been allowed to exist. In addition, by refusing to move forward on the 9/11 trial, Obama not only made Holder look like a

man who was not in charge of the Justice Department – as he told Jane Mayer of the *New Yorker* in February 2010 that trying Khalid Sheikh Mohammed in federal court would be “the defining event of my time as attorney general” – but also paving the way for KSM and the four others to be put forward for Military Commission instead, as happened in April this year.

By January 2010, when the hysteria about the proposed 9/11 trial was at its height, Obama’s inability to respond to criticism with anything other than capitulation meant that – when Umar Farouk Abdulmutallab, a Nigerian, was seized after trying and failing to blow up a plane bound for Detroit on Christmas Day 2009, and it was claimed that he had been recruited in Yemen – Obama caved in to outrageous demands that

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no Yemenis should be released from Guantánamo, announcing a moratorium on the release of any Yemenis, which is still in place and shows no sign of being brought to an end.

This proposal was unjust and counter-productive for a number of reasons. In the first place, it essentially contradicted the findings of the Guantánamo Review Task Force, consisting of 60 career officials and lawyers in government departments and the intelligence agencies, who had spent a year reviewing all the Guantánamo cases. The Task Force had just published its final report, recommending that 59 of the Yemenis be transferred to their home country. It was also clearly unjust to suggest that any of these men had any connection with a purported al-Qaeda cell in Yemen.

Obama’s opponents in Congress (who include members of his own party, as well as Republicans) have continued to insist that they have the right to interfere with the president’s plans for the disposition of the Guantánamo prisoners, by passing legislation preventing any prisoner

from being brought to the U.S. mainland for any reason except to face a trial, and, therefore preventing the president from using funds to close Guantánamo by buying a prison in Illinois and moving the prisoners there.

In December last year, lawmakers inserted passages into the annual defense authorization bill that went even further, banning the use of funds to bring any Guantánamo prisoners to the U.S. mainland, even to face trials, and specifically mentioning Khalid Sheikh Mohammed by name – thereby, ensuring that a trial by Military Commission would be the only way for the administration to proceed with the mooted prosecution of KSM and his alleged accomplices.

Lawmakers also reiterated their ban on the use of funds to buy a prison on the U.S. mainland for the Guantánamo prisoners, and prevented the president from releasing any prisoner unless the defense secretary assured Congress that it was safe to do so. This provision was designed specifically to restrict the president’s ability to act freely on the recommendations of the Guantánamo Review Task Force, preventing the release of prisoners to countries regarded by lawmakers as dangerous, including Afghanistan, Pakistan, and – yet again – Yemen.

These passages were an unwarranted and unconstitutional assault on the president’s powers, but Obama once more failed to act, reinforcing his critics to such an extent that, in their most recent discussions, lawmakers announced their intention to attack the president’s right to review prisoners’ ongoing detention without Congressional interference. This referred to an executive order, issued by Obama on March 7, 2011, which authorized periodic reviews of the cases of the Guantánamo prisoners designated by the Task Force for indefinite detention without charge or trial (46 of the remaining 171 prisoners, at the latest count).

Also included in the attacks was, for the first time, a fundamental assault on the president’s right to prosecute foreigners seized in connection with terrorist offences in federal court, which was a particularly alarming development.

While the fallout from these assaults had yet to be decided at the time of writing, elsewhere it was clear that Obama’s other capitulations – which were at least as far-reaching – involved categorically refusing to hold any Bush official

or lawyer accountable for implementing torture. At the start of 2010, a Justice Department “fixer,” David Margolis, was allowed to override the damning conclusion of a four-year internal investigation into John Yoo and Jay S. Bybee, who wrote and approved the 2002 “torture memos,” in which Margolis replaced the report’s conclusion – that both men were guilty of “professional misconduct” – with a mild rebuke for their “poor judgment.”

In the courts, too, Obama has resisted all calls for accountability, invoking the little-known and little-used “state secrets” doctrine to block any attempt to even discuss torture in a U.S. courtroom. The most blatant example of the Obama administration’s blanket misuse of the “state secrets” doctrine is in the case of five men subjected to “extraordinary rendition” and torture, who tried to sue Jeppesen Dataplan, Inc., a Boeing subsidiary responsible for acting as the CIA’s torture travel agent. Although the five men won an appeal to a three-judge panel in the Ninth Circuit Court of Appeals in April 2009, that was overturned by a full panel in September 2010 and by the Supreme Court this year.

In addition, the president has also expanded his abuse of the “state secrets” doctrine to defend two alarming innovations that are entirely his own: a massive increase in drone killings in Pakistan and a decision to endorse the assassination of U.S. citizens anywhere in the world.

In conclusion, Obama’s failures to hold anyone accountable for torture have contributed to continuing acceptance of torture within the U.S.A., and, on the closure of Guantánamo, his inability to insist that some principles are too important to involve compromise, has led to a situation in which he has not only compromised horribly on the 9/11 trial, but also appears to have accepted that he can deflect further criticism of his failure to close the prison by relying on the Authorization for Use of Military Force (AUMF).

Passed by Congress the week after the 9/11 attacks, the AUMF justifies the detention of prisoners at Guantánamo, although it remains a deeply troubling piece of legislation, perpetuating the false notion that the Guantánamo prisoners are neither prisoners of war nor criminal suspects but the “enemy combatants,” invented by the Bush administration. As

such, although they are no longer described as “enemy combatants,” they are still in a unique and uniquely disturbing position, which is still akin to a legal black hole, despite the fact that they were granted constitutionally guaranteed habeas corpus rights by the Supreme Court in June 2008.

If Obama was committed to justice, and to consigning to history the crimes of the Bush administration, he would have sought to repeal the AUMF, as well as either releasing the remaining Guantánamo prisoners or charging them in federal court, and not intervening to prevent calls for Bush administration officials and lawyers to be held accountable for their actions. As it stands, however, it is just one more failure in a litany of failures that display him as a president who failed to stand up to his critics and, time after time, caved in. **CP**

**Andy Worthington** is a freelance investigative journalist. He is the author of *The Guantánamo Files: The Stories of the 774 Detainees in America’s Illegal Prison* and co-director, with Polly Nash, of the documentary film, *Outside the Law: Stories from Guantánamo*.

## Downhill from 2005 A Tale of Two Lefts in Mexico

By Paul Imison

As candidates begin to position themselves for the 2012 Mexican presidential election, it already looks to be less a case of who will win and more a case of who can stop the resurgent Institutional Revolutionary Party (PRI) – the former 71-year “perfect dictatorship” that was supposedly consigned to the dustbin of history in 2000. Yet next year, the so-called dinosaurs of the PRI may well capitalize on both a deeply unpopular National Action Party (PAN) administration and the failure of the main progressive party, the Party of the Democratic Revolution (PRD), to get its house in order. Welcome to 21st century “democratic” Mexico.

It’s a far cry from the summer of 2006, when PRD candidate Andres Manuel Lopez Obrador (aka AMLO) led a progressive coalition that vowed to take on Mexico’s “mafia” – that would be the PAN/PRI hegemony, not the drug traf-

fickers – and likely won the presidency only to see it stolen. Since the 2009 midterms, when the PRI began making its big comeback, the PRD has joined forces with its former nemesis, the right-wing PAN, in some states to hold them off. There’s even been talk of a joint “citizen candidate” for 2012.

In the fallout from that hugely controversial election of 2006 – massive demonstrations in Mexico City, the Federal Electoral Institute (IFE) refusing a full recount, AMLO declaring himself the “legitimate president of Mexico” – conservative forces within the PRD swept up and rebranded the party as one of the pragmatic, “reasonable” Left. No more of that marching-in-the-streets and demanding-your-rights nonsense: time for grown-up, “western-style” democracy.

Although he had the overwhelming support of PRD members and voters, dubious internal elections in 2007 saw

AMLO sidelined by a faction called the “New Left,” led by the new party’s president Jesus Ortega and the man who succeeded AMLO as Mexico City mayor, Marcelo Ebrard. The past four years have seen a power struggle between AMLO and Ebrard for control of the party and, of course, for the 2012 nomination. A national poll will take place before the end of the year to determine who gets the party ticket, but AMLO has vowed to run no matter what happens – something that could split the “Left vote” in two and guarantee a PRI victory.

It says everything about Mexican elites that even in the midst of a sluggish economic recovery, rising unemployment and poverty, and a Drug War that has claimed 40,000 lives, the country’s oligarchy is, once again, above all concerned with keeping the Left out of power. A recent report by the National Council for the Evaluation of Social Development Policy (CONEVAL) shows inequality in Mexico continues to rise. According to the study, the percentage of the population living in poverty has risen from 44.5 to 46.2 per cent (around 52 million people, three million more

than in 2010), while there are 11.7 million living in extreme poverty. Twenty eight million Mexicans cannot cover their daily nutritional needs. Tellingly, poverty has increased most dramatically in the cities which were supposedly the big beneficiaries of NAFTA and its trampling of Mexican agriculture.

The PAN has thus far been coy about an alliance with the PRD next year, certainly until they know which wing of the party they would have to deal with – the “reasonable” or the “unreasonable” one. If it’s the former, don’t rule it out. For his part, AMLO refuses to even recognize the PAN’s Felipe Calderon as president of the republic.

When he ran for the presidency in 2006, AMLO was a genuinely progressive candidate who called for serious and far-reaching social, economic and electoral reforms. He received as many as 17 million votes that year, losing to Calderon by a 0.58 per cent margin with widespread evidence of fraud. From the moment he became mayor of Mexico City in 2000, AMLO had terrified Mexican elites with his slogan “primero los pobres” (“the poor first”) and rallying call to “los abajo” (“those down below”), but he also had middle-class support – notably at his alma mater, the National Autonomous University of Mexico (UNAM), one of the largest and most independent in the Americas.

At the peak of his popularity, AMLO could summon two million people to Mexico City’s Zocalo Square to hear him speak. But it’s precisely this populist grandstanding that alienated him from many moderates, who agree that the country needs change but don’t really like all that browbeating and criticizing of elites. Mexico is a country where the better-off feel culturally and spiritually closer to the United States than to, say, Venezuela or Bolivia, with whom they share historical, cultural and linguistic ties. Many of those who didn’t vote for AMLO were likely swayed by virtually the entire mainstream media portraying him as “the Mexican Chavez,” a rabble-rousing, socialist dictator-in-waiting.

Myths about history loom large in Mexico. For the centenary of the Mexican Revolution last year, images of Emiliano Zapata and Pancho Villa were flashed upon big screens alongside other national heroes, while their modern-day equivalents, the Zapatistas, are officially

regarded as “terrorists.” Many well-off Mexicans bemoan the lack of social equality in the country and admit that the two main parties (PRI and PAN) are “just the same,” yet the likes of AMLO make them uneasy.

But just how “radical” is Andres Manuel Lopez Obrador? The policies he ran on in 2006 included greater democratization of the mass media; taxation of national and multinational corporations (which cough up squat); expansion of public services into the slums; reduction of the nation’s dependence on food imports and revival of Mexican agriculture; cancellation of the NAFTA agreement, which has devastated rural communities; a push for a dignified minimum wage.

In Mexico – home of the telenovela and the even more preposterous Televisa/Azteca TV news monopoly – such plain progressive policies are sold as a threat to “democracy” and “development,” not to mention pandering to the unwashed masses.

AMLO also likes railing against the gringos – admittedly a big vote-winner in Mexico, although in Latin America something that can get you overthrown. As AMLO led the polls in early 2006, two of Mexico’s conservative heavyweights – a leading PAN senator and a cardinal from the Catholic Church – appealed to the U.S. government for assistance in “stopping” him from taking power. It wasn’t necessary, but following Calderon’s premature declaration of victory three days after the election, the Bush Jr. administration threw its support behind the unpopular right-winger.

The new-look PRD is far less likely to offend powerful interests, with the Washington-based Center for Strategic and International Studies (CSIS) suggesting that Marcelo Ebrard would “reduce the most visible signs of cooperation with U.S. authorities, although without the visceral reaction that can be expected from Lopez Obrador.” Naturally, the re-branding of the PRD as the “reasonable” Left only paints AMLO – actually not that much of a radical – as a far-left loon from a bygone era.

To be fair to Ebrard, he has continued the largely successful social policies that AMLO introduced to Mexico City during his tenure as mayor. By far the most liberal city in Mexico – a recent Gay Pride march closed down the main avenue and attracted thousands of well-wishers – the

capital will likely go the way of the PRD, yet again, next year, having done so in every election since 1997. Ebrard doesn’t scare the well-offs like AMLO does, although his social liberalism (gay marriage, abortion on demand, right to die) is anathema to a good part of the country, including the Church.

But even if you favor a more “centrist” Marcelo Ebrard-led PRD – and many progressives here in Mexico do – it’s unlikely we will see the party win the presidency. The concerns of ordinary Mexicans right now focus on the economy and the intense lack of public security – problems for which many will favor the strong hand of experience, and the PRD has never governed Mexico in its 23-year existence. While they and the PAN have so far eschewed talk of an alliance next year, both Ebrard and Felipe Calderon refused to rule out a “citizen candidate,” not tarred by the brush of either party. One name that frequently appears in this regard is Juan Ramon de la Fuente, former president of UNAM and health secretary in the dying days of the PRI.

Some would argue that such pragmatism is the cost when you’re up against the old dinosaur – a party that manipulated Mexican elections for the best part of seven decades and pretty much controls the mainstream media. The PRI’s likely presidential candidate for 2012, Enrique Pena Nieto, is the best-known and most glamorous politician in Mexico, largely thanks to fawning television coverage by networks that the PRI helped establish. Others claim that the PRD has simply sold out. AMLO would concur. From the moment he saw himself marginalized by the party in 2007, he began cultivating ties with smaller parties, hedging his bets for 2012. The Workers’ Party (PT) and the Democratic Convergence (recently renamed the “Citizens’ Movement”) were both part of his “Coalition for the Good of All” in 2006 and will back him again. AMLO’s own nonregistered National Regeneration Movement (MORENA) is currently seeking party status. It’s said that AMLO has a potential 15 million votes in Mexico – certainly enough to win the presidency – as well as a large support base among Mexicans in the U.S.A. The “failure” of many absentee ballots to be registered in time is cited as another reason why he failed to win in 2006.

If the PRI really does return to power,

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perhaps six years under the former dictatorship will spark a revival of the “spirit of 2006”. After all, little in Mexico has changed – or is likely to change with the return of the dinosaurs. Whatever the PRI, PAN, and new-look PRD agree or disagree on, the one common objective is to keep the “unreasonable” Left – the one supported by the majority of the population – out at all costs. You can pick your poison from the rest. **CP**

**Paul Imison** lives in Mexico City.

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**COCKBURN CONT. FROM PAGE 1**

with borrowed money that they went bankrupt. Or, at least they should have gone bankrupt but, with the exception of Lehman Brothers, Goldman, J.P. Morgan, Morgan Stanley, Wells Fargo, etc., were saved by assistance from Washington – a bailout mostly engineered in deep secrecy lest citizens discover what was being done in their name with their money. No banks were restructured, nor were any senior managements fired, still less hauled away in handcuffs.

Thus we live today under the same

system that brought us to disaster four years ago, with an identical team manning the controls. The crash of 2007-08 was initiated when the bankers’ efforts to conceal their losses on mortgage loans (to poor people, at loan-shark rates) fell apart. Though government assistance apparently saved them, their appearance of financial health was underpinned by the pretence that billions of loans, still on their books, were sound, generating interest and profits. But they were not. Some \$500 billion have been written off in worthless loans (i.e., those which generated no income and would never be repaid). But all indications are that a further \$500 billion lurk on the books in the form of loans deemed “sound” by banks and their complaisant accountants, but which are far from that.

Overall, 11 million families are underwater on their mortgages, with an average of \$65,000 in negative equity, and millions of these have simply stopped making their mortgage payments. But this sad state of affairs is not reflected in the banks’ books, where many of the loans are carried as “current,” as there was a feasible hope of repayment, be-

cause to write them off would undermine the banks’ own financial standing – a policy essentially endorsed by the Bush/Obama administrations, as exemplified by Treasury Secretary Timothy Geithner. Conscious of their real and precarious situation, the banks hoard their capital rather than extending credit to worthy borrowers, who might actually give someone a job. So, credit and demand continue to contract, along with employment.

Obama has advanced some feeble efforts on behalf of the hapless debt-burdened homeowner, HAMP, HARP, etc., but at no time has he or anyone else in Washington shown the slightest desire to grasp the nettle and wind up institutions like Bank of America or Citibank, jailing those who committed fraud, write off the bad debts, institute a wholesale policy of principal mortgage-loan reduction, and, thus, relieve the crushing burden of debt that inevitably stifles his own puny economic initiatives. **CP**

**Andrew Cockburn** was co-producer of the documentary, *American Casino*, on the financial crash.