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The World Bank's former Chief Economist's accusations are eye-popping - including how the IMF and US Treasury fixed the Russian elections

The Globalizer Who Came In From the Cold  
Observer, London  
Wednesday, October 10, 2001

**JOE STIGLITZ: TODAY'S WINNER OF THE NOBEL PRIZE IN ECONOMICS**

by Greg Palast

The World Bank's former Chief Economist's accusations are eye-popping - including how the IMF and US Treasury fixed the Russian elections

"It has condemned people to death," the former apparatchik told me. This was like a scene out of Le Carre. The brilliant old agent comes in from the cold, crosses to our side, and in hours of debriefing, empties his memory of horrors committed in the name of a political ideology he now realizes has gone rotten.

And here before me was a far bigger catch than some used Cold War spy. Joseph Stiglitz was Chief Economist of the World Bank. To a great extent, the new world economic order was his theory come to life.

I "debriefed" Stiglitz over several days, at Cambridge University, in a London hotel and finally in Washington in April 2001 during the big confab of the World Bank and the International Monetary Fund. But instead of chairing the meetings of ministers and central bankers, Stiglitz was kept exiled safely behind the blue police cordons, the same as the nuns carrying a large wooden cross, the Bolivian union leaders, the parents of AIDS victims and the other 'anti-globalization' protesters. The ultimate insider was now on the outside.

In 1999 the World Bank fired Stiglitz. He was not allowed quiet retirement; US Treasury Secretary Larry Summers, I'm told, demanded a public excommunication for Stiglitz' having expressed his first mild dissent from globalization World Bank style.

Here in Washington we completed the last of several hours of exclusive interviews for The Observer and BBC TV's Newsnight about the real, often hidden, workings of the IMF, World Bank, and the bank's 51% owner, the US Treasury.

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And here, from sources unnamable (not Stiglitz), we obtained a cache of documents marked, "confidential," "restricted," and "not otherwise (to be) disclosed without World Bank authorization."

Stiglitz helped translate one from bureaucratese, a "Country Assistance Strategy." There's an Assistance Strategy for every poorer nation, designed, says the World Bank, after careful in-country investigation. But according to insider Stiglitz, the Bank's staff 'investigation' consists of close inspection of a nation's 5-star hotels. It concludes with the Bank staff meeting some begging, busted finance minister who is handed a 'restructuring agreement' pre-drafted for his 'voluntary' signature (I have a selection of these).

Each nation's economy is individually analyzed, then, says Stiglitz, the Bank hands every minister the same exact four-step program.

Step One is Privatization - which Stiglitz said could more accurately be called, 'Briberization.' Rather than object to the sell-offs of state industries, he said national leaders - using the World Bank's demands to silence local critics - happily flogged their electricity and water companies. "You could see their eyes widen" at the prospect of 10% commissions paid to Swiss bank accounts for simply shaving a few billion off the sale price of national assets.

And the US government knew it, charges Stiglitz, at least in the case of the biggest 'briberization' of all, the 1995 Russian sell-off. "The US Treasury view was this was great as we wanted Yeltsin re-elected. We don't care if it's a corrupt election. We want the money to go to Yeltzin" via kick-backs for his campaign.

Stiglitz is no conspiracy nutter ranting about Black Helicopters. The man was inside the game, a member of Bill Clinton's cabinet as Chairman of the President's council of economic advisors.

Most ill-making for Stiglitz is that the US-backed oligarchs stripped Russia's industrial assets, with the effect that the corruption scheme cut national output nearly in half causing depression and starvation.

After briberization, Step Two of the IMF/World Bank one-size-fits-all rescue-your-economy plan is 'Capital Market Liberalization.' In theory, capital market deregulation allows investment capital to flow in and out. Unfortunately, as in Indonesia and Brazil, the money simply flowed out and out. Stiglitz calls this the "Hot Money" cycle. Cash comes in for speculation in real estate and currency, then flees at the first whiff of trouble. A nation's reserves can drain in days, hours. And when that happens, to seduce speculators into returning a nation's own capital funds, the IMF demands these nations raise interest rates to 30%, 50% and 80%.

"The result was predictable," said Stiglitz of the Hot Money tidal waves in Asia and Latin America. Higher interest rates demolished property values, savaged industrial production and drained national treasuries.

At this point, the IMF drags the gasping nation to Step Three: Market-Based Pricing, a fancy term for raising prices on food, water and cooking gas. This leads, predictably, to Step-Three-and-a-Half: what Stiglitz calls, 'The IMF riot.'

The IMF riot is painfully predictable. When a nation is, "down and out, [the IMF] takes advantage and squeezes the last pound of blood out of them. They turn up the heat until, finally,

the whole cauldron blows up," as when the IMF eliminated food and fuel subsidies for the poor in Indonesia in 1998. Indonesia exploded into riots, but there are other examples - the Bolivian riots over water prices last year and this February, the riots in Ecuador over the rise in cooking gas prices imposed by the World Bank. You'd almost get the impression that the riot is written into the plan.

And it is. What Stiglitz did not know is that, while in the States, BBC and The Observer obtained several documents from inside the World Bank, stamped over with those pesky warnings, "confidential," "restricted," "not to be disclosed." Let's get back to one: the "Interim Country Assistance Strategy" for Ecuador, in it the Bank several times states - with cold accuracy - that they expected their plans to spark, "social unrest," to use their bureaucratic term for a nation in flames.

That's not surprising. The secret report notes that the plan to make the US dollar Ecuador's currency has pushed 51% of the population below the poverty line. The World Bank "Assistance" plan simply calls for facing down civil strife and suffering with, "political resolve" - and still higher prices.

The IMF riots (and by riots I mean peaceful demonstrations dispersed by bullets, tanks and teargas) cause new panicked flights of capital and government bankruptcies. This economic arson has it's bright side - for foreign corporations, who can then pick off remaining assets, such as the odd mining concession or port, at fire sale prices.

Stiglitz notes that the IMF and World Bank are not heartless adherents to market economics. At the same time the IMF stopped Indonesia 'subsidizing' food purchases, "when the banks need a bail-out, intervention (in the market) is welcome." The IMF scrounged up tens of billions of dollars to save Indonesia's financiers and, by extension, the US and European banks from which they had borrowed.

A pattern emerges. There are lots of losers in this system but one clear winner: the Western banks and US Treasury, making the big bucks off this crazy new international capital churn. Stiglitz told me about his unhappy meeting, early in his World Bank tenure, with Ethiopia's new president in the nation's first democratic election. The World Bank and IMF had ordered Ethiopia to divert aid money to its reserve account at the US Treasury, which pays a pitiful 4% return, while the nation borrowed US dollars at 12% to feed its population. The new president begged Stiglitz to let him use the aid money to rebuild the nation. But no, the loot went straight off to the US Treasury's vault in Washington.

Now we arrive at Step Four of what the IMF and World Bank call their "poverty reduction strategy": Free Trade. This is free trade by the rules of the World Trade Organization and World Bank, Stiglitz the insider likens free trade WTO-style to the Opium Wars. "That too was about opening markets," he said. As in the 19th century, Europeans and Americans today are kicking down the barriers to sales in Asia, Latin American and Africa, while barricading our own markets against Third World agriculture.

In the Opium Wars, the West used military blockades to force open markets for their unbalanced trade. Today, the World Bank can order a financial blockade just as effective - and sometimes just as deadly.

Stiglitz is particularly emotional over the WTO's intellectual property rights treaty (it goes by the acronym TRIPS, more on that in the next chapters). It is here, says the economist, that the new

global order has "condemned people to death" by imposing impossible tariffs and tributes to pay to pharmaceutical companies for branded medicines. "They don't care," said the professor of the corporations and bank loans he worked with, "if people live or die."

By the way, don't be confused by the mix in this discussion of the IMF, World Bank and WTO. They are interchangeable masks of a single governance system. They have locked themselves together by what are unpleasantly called, "triggers." Taking a World Bank loan for a school 'triggers' a requirement to accept every 'conditionality' - they average 111 per nation - laid down by both the World Bank and IMF. In fact, said Stiglitz the IMF requires nations to accept trade policies more punitive than the official WTO rules.

Stiglitz greatest concern is that World Bank plans, devised in secrecy and driven by an absolutist ideology, are never open for discourse or dissent. Despite the West's push for elections throughout the developing world, the so-called Poverty Reduction Programs "undermine democracy."

And they don't work. Black Africa's productivity under the guiding hand of IMF structural "assistance" has gone to hell in a handbag. Did any nation avoid this fate? Yes, said Stiglitz, identifying Botswana. Their trick? "They told the IMF to go packing."

So then I turned on Stiglitz. OK, Mr Smart-Guy Professor, how would you help developing nations? Stiglitz proposed radical land reform, an attack at the heart of "landlordism," on the usurious rents charged by the propertied oligarchies worldwide, typically 50% of a tenant's crops. So I had to ask the professor: as you were top economist at the World Bank, why didn't the Bank follow your advice?

"If you challenge [land ownership], that would be a change in the power of the elites. That's not high on their agenda." Apparently not.

Ultimately, what drove him to put his job on the line was the failure of the banks and US Treasury to change course when confronted with the crises - failures and suffering perpetrated by their four-step monetarist mambo. Every time their free market solutions failed, the IMF simply demanded more free market policies.

"It's a little like the Middle Ages," the insider told me, "When the patient died they would say, 'well, he stopped the bloodletting too soon, he still had a little blood in him.'"

I took away from my talks with the professor that the solution to world poverty and crisis is simple: remove the bloodsuckers.

\*

A version of this was first published as "The IMF's Four Steps to Damnation" in The Observer (London) in April and another version in The Big Issue - that's the magazine that the homeless flog on platforms in the London Underground. Big Issue offered equal space to the IMF, whose "deputy chief media officer" wrote:

"... I find it impossible to respond given the depth and breadth of hearsay and misinformation in

[Palast's] report."

Of course it was difficult for the Deputy Chief to respond. The information (and documents) came from the unhappy lot inside his agency and the World Bank.

[www.gregpalast.com/detail.cfm?artid=78&row=1](http://www.gregpalast.com/detail.cfm?artid=78&row=1)

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by mike montagne - PEOPLE For Perfect Economy • *Monday February 04, 2002 at 11:06 AM*  
[mike.montagne@perfecteconomy.com](mailto:mike.montagne@perfecteconomy.com)

Everyone should understand this critical issue. Please visit our page for a more explicit prescription of how to stop the blood-letting. We are a grass roots effort to establish mathematically perfected economy world-wide.

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### **The IMF CONTROL OF FISCAL&MONETARY POLICY**

by COBRA • *Tuesday February 05, 2002 at 10:52 PM*

According to Dr. John Coleman, former MI6 agent in Britain. In 1983 the International Bankers met in Williamsburg, Virginia, to work out a strategy to prepare the United States for a total disintegration of its Banking system. This planned event, The Ditchley Plan, was to stampede the U.S. Senate into accepting

control of our monetary and fiscal policies by the IMF and World Bank. The plan called for IMF and World Bank influence to be broadened so that it could influence Central Banks of all nations, including the U.S and guide them into the hands of a One World Government Bank.

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**did you get Barrick's legal demise's translation?**

by jorge lopehandia • *Friday February 08, 2002 at 10:13 AM*  
[goldchile@shaw.ca](mailto:goldchile@shaw.ca) 604 924 3225

Barrick has lost the largest Gold-Silver mine in the world since 1996, again in 2000-2001-2002 under judicial trials...

And they forgot to mention it to the world as material fact!!! ANOTHER ENRON X 1000.

pLEASE CONTACT ME TO FOLLOW UP.

CELL: 604 781 4232

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Respectfully yours.

Jorge R. Lopehandia

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**referring to "the IMF's Four Steps to Damnation"**

by J Edwin PINK • *Saturday February 23, 2002 at 07:00 AM*  
[pinki@ihug.com.au](mailto:pinki@ihug.com.au) +61 414 853 175 POB 267 Corrimal NSW 2518 Australia

With the BHP Inc. series of colossal frauds the protest movement at last has an opportunity to strike back at the designers of the IMF and World Bank's policies!

BHP Ltd have been involved in \$80 billion (Australian currency) in fraud and these frauds are detailed on the web-site <http://www.BHPstinks.com/swindles.html>

All that needs to occur is for people to ask questions about the BHP Inc. series of colossal frauds to their political representatives the New York, Frankfurt, London and Sydney Stock

Exchanges about BHP's irregular share price - i.e. BHP's catastrophic share-price collapse when they got their mitts on the rights to a very valuable invention. The share-price should have escalated dramatically and this indicates the directors did not disclose properly to the stock exchanges concerned as they are required to do.

Take back our rights by asking about the BHP Inc. series of colossal frauds and ask why they were not detected earlier.

[www.BHPstinks.com](http://www.BHPstinks.com)

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### **Argentina' experience with the IMF**

by Patricia Franco • *Thursday February 28, 2002 at 07:05 PM*

[patfranco@fibertel.com.ar](mailto:patfranco@fibertel.com.ar) Buenos Aires

The IMF and the all the International Organizations have been bloodsucking Latin America for decades. A typical example of what has been depicted in this article is Argentina. Argentina has gone through all the different steps the IMF has directed us to do. We privatized, in other words we gave away our national companies at really low costs, for which we got really bad service, here Menem the president at the time of the privatizations paid and collected billions in bribes. As a matter of fact he is currently one of the wealthiest men in Argentina. The second step was to encourage the free market that is to say the money flowed freely abroad but nothing came in, of course the money from the IMF did at high interest rates.

At present we are going through the third step and bordering the fourth. Riots are common daily occurrence and poverty is everywhere. However, the IMF is condemning us for our, the people mismanagement, while their shortsightedness does not let them see that the politicians they shared the bribes with are the ones that led us to this ordeal.

They have even said that they cannot be firefighters, but they must have bought beautiful mansions with the money they have got from Latin America.

Now my country is tryind to do the homework in order to have another loan from this people. In this case they are being shortsighted, they do not understand that this would be worsst thing that could happen to us. We have to learn to live on our own and not to depend on usary lenders. What we should do is earn the money selling our products to "developed countries" as the most of IMF members like to call themselves.

Perhaps we should lend them a little bit of human bondage and suffering so they learn to handle difficult situations.

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•  
by to wound the autumnal city • *Friday March 01, 2002 at 02:37 PM*

•

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**MR.**

by John Rolls • *Wednesday March 13, 2002 at 01:21 PM*

WE, the people, have pulled our heads out of our butts to late. We are now owned.

[add your comments](#)

**Mr.**

by Phillips • *Thursday March 14, 2002 at 03:25 AM*

Argentina and other non-aligned countries need their own shared currency system - that must Exclude america and exclude major economies or donor countries.

Barter between non-aligned countries to be encouraged to exclude american involvement.

[add your comments](#)

**Mr.**

by Ronald J. Conn • *Sunday April 21, 2002 at 11:32 AM*

Beware of this scam artist, Jorge R. Lopehandia. This was the same line he gave me in a recent collapsed joint venture agreement whereby he claimed to be the legal owner of "Pascua Lama". He left me with worthless stones and took thousands of dollars for the promise of future benefits. Those future benefits have no possibility of happening.

[add your comments](#)

**phillip**

by it's a plan • *Sunday April 21, 2002 at 09:14 PM*

we could do in in communities in the u.s. too. we really could. I know of some communities who have already starting to do it (still on a very small scale but let's get going people). the feds wouldn't be able to stop it if it just started happening.

[add your comments](#)

## **RACISM, THE WEST & THE "THIRD WORLD"**

by a\_\_\_z • Monday April 22, 2002 at 03:08 PM



famin.jpg, JPG image, 429x265

Howard Zinn narrates his observation, on his way to England, on the Queen Mary. Here, on a passenger liner there existed the clearest evidence of an artificially created "Third World", inside the 'First':

"My air crew sailed to England on the Queen Mary. The elegant passenger liner had been converted into a troop ship. There were 16000 men aboard, and 4000 of them were black. The whites had quarters on the deck and just below the deck. The blacks were housed separately, deep in the holds of the ship, around the engine room, in the darkest dirtiest sections. Meals were taken in four shifts (except for the officers, who ate in prewar Queen Mary style, in a chandeliered ballroom- the war was not being fought to disturb class privilege), and the blacks had to wait until three shifts of whites had finished eating." (Zinn 1990:88)

In the late Middle Ages, different regions of the world were almost equally developed (Alexander 1996:17). Then in a course of a few hundred years, Western economic and political domination in the world led to pockets of development and underdevelopment, wealth and poverty, coexisting in close proximity to each other. A clear pattern emerged on a global and local scale.

The emerging dominant philosophy was capitalism, the driving force of which was competition based on ideas similar to Social Darwinism. An ideology of superiority emerged within the ruling elite, an idea that led to the patterned underdevelopment of certain groups of people.

### II. Methodology:

The purpose of this study would be to explain qualitatively using historical and comparative analysis, and empirically using existing aggregate data, the cause of unequal development in the world, controlled by a few dominant nation-states. Qualitative analysis would include tracing

the development of the ghetto in the United States in comparison to the globalization of poverty and the development of the "Third" and now the "Fourth" world. It will focus on historical and comparative research.

Quantitative analysis will focus on aggregate census, World Bank and United Nations data to document development indicators that suggest differentials within the United States and between the developed and underdeveloped world.

### III. Literature Review:

The nation-state was central to Western economic and political domination (Alexander 1996). Nationalism on a global scale can thus be compared to racism within states. Both are driven by an ideology that assumes superiority of one group over another. I explain this linkage by comparing the relationship between the West and the "Third World" to the dominant ideology that determines race relations between white and black communities in the United States. Alexander's book gave insights into this comparison based on the model of the South African apartheid regime.

Once the cause of the problem is identified scientifically, solutions can be better focused for equitable development and less isolation of the "Third World". As nations come together and the concept of a nation-state becomes blurred, the barriers within societies that prevent equitable development have to be overcome as well. If they are not overcome, then visible borders are simply replaced by invisible barriers.

Ideas of race superiority, made moral by a 'white' hierarchical religion, became institutionalized in Western culture once Germanic races gained power by overthrowing the Roman Empire and adopting Christianity. By the 1900s the colonial powers of Europe, together with the U.S, controlled half of the newly discovered areas of the world, and over a third of its population (Delavignette 1964:1). Historical analysis by Griffin, Delavignette, Alexander and other arrive at the same conclusion.

This idea of superiority led to the "race-specific" Atlantic slave trade in which over 40 million people were killed. A similar idea led to the genocide of the American Indians, over 50 million "savages" were killed by the "civilized" West (Zinn 1990:1). American "National security" guised by an idea about "our superior way of life," led to the civilian bombings of Vietnam and Cambodia by orders of Harvard educated elite, killing millions again. South Africa similarly used "national sovereignty," as an excuse to protect its apartheid regime. The fate of the Australian Aborigines, persecuted, killed and forced on reservations was another racially motivated national act, as was the dropping of the atomic bomb on Japan and not on white Germany. "Turning the other cheek", pulling out peacekeepers, and not stopping the genocide when 800,000 Tutsis were killed by the Hutu militia in Rwanda, at the rate of 10,000 per day, in 1994, provides further evidence of non-Western lives being unimportant, to the elite and their "democratic" system.

Colonization and the artificial drawing of borders displaced and killed millions of poverty stricken people in India. The drawing of arbitrary borders, similar to neighborhood displacement within the developed world, cut the lifelines of many groups and communities. European wars among themselves, the First and the Second World War similarly destroyed millions and plundered the earth. This is the nature of racism. Under the cloak of nationalism it has killed and caused suffering to more people in the course of a few hundred years than any other single factor.

Terms and their use: Let me clarify my use of the word "West" and "Third World" in this paper. When I say "West", I mean the white- male elite, (of European origin) who command decisions in the world (Mills 1956) and not the masses of the white world. Contrary to that, when "Third World" is mentioned, the masses are referred to and not the elite that supposedly rule over these countries. The elite in most of these countries are a part of the "second-tier" West, a legacy of colonialism, intermediaries that translate the Western cause in perpetuating "Third World" Poverty. They are as far removed from their people, as the culture of the ghetto is from suburban America.

"Internal Colonialism" signifies the network of "coercive legal, political and economic constraints imposed on racial ethnic minorities and indigenous peoples in settler societies....Key to internal colonialism is a set of features that facilitate the exploitation of minorities as workers-segmented labor markets, separate wage scales and state and employer-imposed discriminatory practices" (Ed. Stasiulis et al 1995:12).

It operates within the communities just like neo-colonialism operates on a global scale.

#### Theoretical Background:

The "West" (also called the North or the "core"-), traditionally signified European Christian nations. The term nowadays has expanded to include the United States, the industrial states of Western Europe and Japan. Until 1990, the Soviet Union and its Eastern European colonies were excluded from the "First World" and became an intermediate division. The term "Third World"(also called the South or the periphery) was invented to signify underprivileged countries, mainly Asian and African, as against the first two (Fieldhouse 1999).

Wallerstein (1974) the person who first formulated the World Systems Theory suggested that since the 16th century, with the rise of capitalism, the world market was purposefully transformed into a group of core countries (those who were former colonizers and who control capital and material wealth in the world) and a set of peripheral countries (the rest of the world). Until Japan entered the group of core nations recently, white male elite controlled the world almost exclusively in the postcolonial era as they did in colonial times.

The peripheral countries in order to become part of the global economic system, which was deliberately designed to serve the core nations, had to become dependant on them and their provision of developmental resources. The core exploits the periphery for cheap resources, which are exchanged for either expensive military goods or overpriced capital. Political instability and poverty is concentrated in the periphery to keep this global order intact. This ensures that the periphery remains in its subordinate position. In short, this was the reason for the birth of a few affluent nations, controlled by white male elite, surrounded by a poverty stricken "Third World", a world where almost everyone is non-white.

The World Systems Theory can be extended to include segregation and sub-urbanization within the United States as well. In the U.S from 1920 through the 1960s, sub-urbanization continued unabated (Weeks 2000:419), America is now predominantly suburban and the suburbs are predominantly white. Suburbs are the "core" where edge cities have led to the replacement of the central city's dominant position. The central city has become the periphery where minorities, especially African Americans are concentrated. This has led to the development of the ghetto and the birth of the "underclass."

In recent times with the rise of the so-called Asian Tigers and the oil rich countries of the Middle

East a new group, the "semi-peripheral" countries have entered the World System. These countries are linked to the core but have loose (mostly labor) connections with the majority "peripheral" world. They are part of what Marx would call the petty bourgeoisie. They serve the core in keeping the periphery poor, having aspirations of entering the "core" status by such service. A similar phenomenon was seen in the development of the ghetto in the United States. Massey and Denton (1993) state

: "The rise of the ghetto, more than anything else, brought about the eclipse of the old elite of integrationist blacks who dominated African American affairs in the northern cities before 1910...the (profit) interest of these "New Negroes" economic and political leaders were tied to the ghetto and its concerns (Massey & Denton 1993:40)."

This hierarchical classification signifies a grouping of states that are similar to each other and superior to the countries beneath them, the "Third World" countries. The "West" or the "First World" is similar in terms of the Christian religion and being white (for the most part), and the "Third World" is predominantly non-white and thus considered inferior and uncivilized. It is implicitly acknowledged and "politely" enforced by the West that white Christian nations are superior to all others and so are God-appointed leaders, "the white man's burden". This ideology has its history in the fall of the Roman Empire, and the subsequent success Europeans had in dividing the world among themselves. The moral justification to subjugate people was provided by the Bible.

Max Weber stated:

Behind all ethnic diversities, there is somehow naturally the notion of a 'chosen people'...the idea of a chosen people derives its popularity from the fact that it can be claimed to an equal degree by any and every member of the mutually despising groups (Ed. Vanhorne 1997:116)

Recognizing this group tendency, the elite exploited it through moral reinforcement, which over time became "institutionalized" in Western thought, to an extent that in modern times it has become an almost unconscious group response. Carl Jung, the analytical psychologist, described it as the "Collective unconscious". Cultural transmission by the West, through its export of media, to the "Third World", has ensured that this idea of superiority of the West gains acceptance among the poor masses in the "Third World" as well-(3).

The most effective "power" is the one where the oppressor can get the oppressed to voluntarily work for their advantage through institutional legitimization. Thus the oppressed deem that they are doing 'good' even though they are working against their own interests. The Koran accurately described such "social construction" of reality centuries back:

"[Can anyone be more misled] than them, the harmful nature of whose deeds is made fair-seeming to them so that they deem them good (Koran 35:8)."

According to this Western ideology, all non-white races (as such the "Third World") are inferior and need to be led, controlled and kept in servitude. Civil rights legislation that attacks the effects of such prejudice and not the cause have thus failed to significantly alter race relations in the world. The example of America should suffice as evidence. Except for an extremely small group of elite African Americans (the "semi-periphery"), most have not gained from nearly half a century of legislation-based solutions. Problems perpetuated by ideology require a shift in ideology, without which all legislation is bound to fail.

#### IV. A. Qualitative Findings:

The ideology that led to the invention of the term "Third World" similarly led to the invention of the term 'underclass' in America; a nation otherwise advertised as "classless" (Hadjor 1993:129). The underclass described by the conservative section of society signifies a section completely removed from mainstream America. Here alien and "odd" norms prevail, similar to "Third World" culture, which to many conservatives threatens what is described as "our way of life".

According to them, the members of the "underclass" have a "foreign" or "alien" family structure (The Moynihan Report) with a 'backward' code of the streets, far removed from the "normal" American "way of life". Their language is as "foreign" as Arabic or other "Third World" languages. It is seen as a section of society where chronic poverty, homelessness, crime, drugs, and disease have reached epidemic proportions, similar to and sometimes worse than the "Third World".(4). The people living in such a section of society are not termed "aliens" like people from the "Third World" but are completely alienated from the outside world, like the "Third World" and its problems from the affluent West, and the outside world is completely alienated from them.

If anyone from this part of society were to go to the 'outside' world, to one of the big shopping malls in the affluent white suburbs, 'polite' racism and what can be called "conspicuous supervision" will keep him/her out of public areas. Access is restricted and clearly marked by "borders" of tolerance, similar to borders that separate nations. A few decades back, borders were physically marked by "red-lines" on bank maps. Today, those paper maps have been replaced by "mental mapping". Bank statistics, in poor neighborhoods, reveals that red lining is still alive and well.

"Racial profiling" ensures that these borders are respected and crossing them can lead to swift "justice" like countless "Rodney King" cases, all through the nation. Similarly, for the "Third World", strict visa and immigration laws, to keep the "barbarians" from reaching "the gate", deportations, and detaining people on 'secret-evidence' and 'swift-justice' against 'rogue nations' like Libya, Iraq and Afghanistan, ensures much the same. National security is used as an excuse to curb the de jure civil rights of minorities and to militarily solve economic problems that threaten the hegemony of the core. The capitalist elite, the owners of tobacco and alcohol industries collectively kill over 250,000 American and millions more around the world, yet the system doesn't declare "war" on them.

The appearance and incidence of the geographic region inhabited by the 'underclass' has become an ecological pattern, being found in all major cities in the United States, in contrast to the affluent white suburbs. This is alarmingly similar to the incidence and appearance of poverty in the "Third World" compared to the affluent white "settler societies" like Australia etc. These areas once used to be prosperous business districts and now are urban wastelands like the "Third World" after colonization, due to strategic population and job displacement.

It is a section of society where informal laws bar its assimilation with the mainstream economy on equal terms. The most one can expect is to get a low-paying service job with a similar entry and exit level, when the economy is good, just as the forced-exchange of manufactured goods for scarce raw materials with the "Third World". If the person is lucky, he/she will keep the job at the same level and not face unemployment, debt, homelessness and starvation. In the case of the "Third World", the most that can be expected is the refinancing of debt owed to the West. With multiple digit inflation and unemployment, even keeping at the same level becomes a

challenge that is never overcome.

It is a section where the majorities, if not all the people are non-white (like the "Third World"). An area, the rest of 'civilized' society wants to be separated and protected from, thus leading to brutal policing similar to the "terrorism" hypes that make the West militarily police and economically sanction "rogue nations". The area being talked about is very close to home in urban America. It is the American ghetto. A classic "Third-World" nation within the wealthiest country in the world.

The Roots of Racism in Western Thought:

"The Holy Bible in the White man's hands and his interpretations of it, have been the greatest ideological weapon for enslaving millions of non-white human beings (Malcolm X, as quoted by Alex Haley (1973:241-242))."

Christianity, to the European colonials, together with Biblical passages promoting the mass destruction of "foreign", "heathen" and "strange" elements, gave moral justification to the systematic genocide of millions of non-white people throughout the colonial era. Many lands were claimed, before even setting foot on the shore, "In the name of the Father, Son and the Holy Ghost (Carlyle 1918)."

The propagation of Christianity became the cloak under which pillage and plunder was justified and exonerated. Later, especially by England, it was used to pacify the colonized masses ("give the coat and the cloak"-and then some), by wholesale, metropolitan export of Christian missionaries. The missionaries, themselves under the influence of this superiority complex, employed the tactics of showing the natives their 'superior' Christian religion, based on a 'superior' man-god, Jesus.

Martin Bernal, writing about the history of racism states:

Racism of the modern type only began in the 15th century, when Portuguese ships began to outflank Islamic power by sailing around the coast of West Africa. They started kidnapping anyone they could find and taking them back to Portugal to sell as slaves. Their justification for this was that they were prisoners of a just war, and any war fought by Christians against non-Christians qualified as a just war. Quite soon however a new justification grew up...Africans were claimed to be slavish by nature...The new racists tried to enlist religious backing for their ideological requirements..(Ed. Vanhorne 1997:83)

Since the 1630s in America, a small elite has been manufacturing and reinforcing ideas of "God-given", innate, white racial superiority. This 'power-elite' ensured the socialization of these ideas via the clergy, the intellectuals, the politicians, the academics and the missionaries, all competing for the 'souls' of humanity. Racism thus became a 'religious institution' in America (Griffin 1999:125). Justification in the logic or the pseudo-science of 'color superiority' collapsed over time; the only vehicle that remained to carry it to the present generation was the Bible which was extremely flexible to incorporating the doctrine of innate superiority based on the "chosen" status of the Jewish people presented in the Old Testament.

The relationship between the use by the elite of Christianity and the subjugation of African Americans was well understood by Malcolm X:

"The greatest miracle Christianity has achieved in America is that the black man in white Christian hands has not grown violent. It is a miracle that 22 million black people [now over 30 million] have not risen up against their oppressors- in which they would have been justified by all moral criteria, and even by the democratic tradition! It is a miracle that a nation of black people has so fervently continued to believe in a "turn-the-other-cheek" and "heaven-for-you-after -you-die" philosophy (Haley 1973)."

The Koran, fourteen centuries back, described the use of pseudo-religion by the elite to further their economic desires:

"Woe to those who write the book with their own hands and then say, "This is from God," that they may exchange it for some miserable economic gain. Woe to them for what their hands do write and woe to them for what they earn therewith (Koran 2:79)."

The forced institutionalization of racism through Christianity by the white elite shows up in the distortion of facts for the purpose of indoctrination and the subsequent labels that survive to the present day. Labeling Theory suggests that certain groups in society acquire the power to assign labels to groups. Those labels are then adopted and they might become "self-fulfilling prophecies" of behavior (Schaefer 1998:199).

As a result, derogatory labels "invented" by the West and the white-elite survive to this day and are used by members belonging to the oppressed group, almost unconsciously.

In America, the Indians who were slaughtered by the millions, got labeled as 'savages' while the settlers became the 'Founding Fathers' and claimants to being 'the most civilized nation on earth.'

Ex-slave, Fredrick Douglas, on a Fourth of July speech to a white audience in 1852 stated about the "democracy"of the elite:

"The rich inheritance of justice, liberty, prosperity and independence, bequeathed by your fathers, is shared by you, not by me. The sunlight that brought light and healing to you has brought stripes and death to me. This Fourth of July is yours, not mine. You may rejoice, I must mourn (Zinn 1990:232)."

The fifty-five men, who drew up the Constitution of the United States, were undemocratically picked. There was no representation of over half of the population that were women and over a fifth of the population that were African Americans. Further there was no representation by American Indians, whose land was forcibly taken, in drawing up this document. The roots of what the capitalist elite describe as the "greatest" democracy on earth, therefore are itself undemocratic (Zinn 1990:234). Religion and politics both act as a "tool" of the elite. The constitution itself becomes meaningless to them when it interferes with their economic objectives. Cloaked under the rhetoric of "national security", it is painlessly cast aside. Fear mongering among the masses and the "illusions of fear" spread by their media, act as a catalyst in such efforts to "hijack" the constitution itself.

Max Weber in his writings on power and opposition implies that it would be very difficult (and expensive) for a group to embark on a continuous struggle to control others. If however the position of that group can be institutionalized, opposition becomes muted. Religion served as a vehicle to institutionalize racism. Political scientist, Clarence Stone calls this type of power to institutionalize a group's advantages, ecological power (Abrahamson 1996:27).

"And thus are appointed, in every city, elite ones of its malicious people, and they plot therein....  
(Koran 6:123)

Vilfredo Pareto outlined "elite theory" (centuries after the Koran), inspired by whom, sociologist C. Wright Mills, did his pioneering work, *The Power Elite* (1956). Mills states: "The power elite is composed of men whose positions enable them to transcend the ordinary environments of ordinary men and women: they are in positions to make decisions having major consequences (Mills 1956:3-4)."

The elite targets their "persuasion" resources specifically towards existing influential institutions, for greater impact. Where religion is influential, the elite use it to legitimize their benefits, sometimes politically institutionalizing a distorted version of it. When Paul politically "Romanized" Christianity by bringing into it concepts of "man-god", "son of God" and "Trinity" etc, membership into this "new" version of Christianity increased but it lost the radical "non-elite" reform goal that Jesus envisioned. Jesus himself was a radical reformer. His actions in the temple with the moneychangers (The Bible, New Testament, Mark 11:14-16) shows that he was well aware of economic exploitation.

With Paul however, not only did membership increase but internal strife and factionalism increased as well. This is exactly what Social Movement Theory (Collective Identity) would predict happens with an "inclusive" ideological shift (Stoecker 1995). Something similar happened to Islam, two hundred years after Muhammad's death. Hadith and other literature were deceitfully introduced as competing canons to the Koran, to boost numbers by making doctrine "inclusive", against the doctrinal "exclusiveness" of the Koran, which resulted in fragmentation and strife, injustice and the replacement of the original goal of universal justice with imperial designs. In small segments, due to such a doctrine shift away from the Koran, pockets of an oppositional culture were born. Similar to the "code of the street" that leads to inner-city crime, this "code of terror", leads to terrorism.

Street crime and terrorism are the offspring of an elite manipulated social and world system. There has been no police solution to inner city crime, similarly there can be no "military" solution to terrorism.

The culture of the elite and the structures created by such a culture are projected upon society in a contradictory manner in order to "legitimize" the norms that help maintain the status quo (Castells 1987:184). Poverty, prostitution and delinquency are structurally perpetuated and implicitly encouraged to display to the masses the consequences of an "alternative" culture. Control of the media and superior access to the masses, by such control of information technology, ensures socialization of this "created" culture. Alienation is unavoidable in such a system.

By strategically displacing jobs and people and concentrating poverty in the inner cities, the elite nourish a "street code", a code that forces people on a social level to adopt it, if they are to survive. Elijah Anderson in his book, *Code of the Street* (1999), states

"It is nothing less than the cultural manifestation of persistent urban poverty. It is a mean adaptation to blocked opportunities and profound lack, a grotesque form of coping by young people constantly undermined by a social system that historically has limited their social options and until recently rejected their claims to full citizenship (Anderson 1999:146-147)."

Those who refuse this subjugation through this "structural" alienation are offered "chemical alienation" through alcohol and drugs (8), which chemically produce temporary bouts of "anomie", i.e. normlessness and alienation (9). As a result of this "created" culture, a "real world" much removed from the actual real world is projected. A world that traps people in a cycle, the so-called "culture of poverty", from which escape becomes almost impossible:

"Their example is as a mirage in a desert. The thirsty one supposes it to be water till he comes unto it and finds nothing...or as shadows upon a sea obscure: there covers them a wave, above which is a wave, above which are clouds; layer upon layer of darkness. When they hold out their hands, they almost cannot see them (Koran 24:39-40)"

This is the reality of existence for a majority of humankind. What we consider "real" and "natural" are at times artificially engineered and socially constructed illusions, perpetuated by institutions designed by the elite to serve their economic and political aims.

Alexander (1996) notes:

"The most important decisions in the world are made by relatively few people -the top echelons of a dozen ruling parties, a few hundred massive corporations and finance companies. They in turn are served-and influenced-by senior civil servants, policy analysts, editors and a few thousand lobbyists, pressure groups and think tanks...less than 0.03% of the people in the West. Each country has a different power structure...but their elites have more in common with each other than with their fellow citizens (1996:209)."

Similar to the 'liberation' of the colonies, the 'liberation' of slaves in America was accomplished because it was economically 'useful' to the white male elite in the North. "Chattel" slavery and indentured servitude, was replaced by "wage" slavery for blacks and poor whites, which continues to this day among the masses. "Wage" slavery results in a bigger market and greater profits for capitalists than does "Chattel" slavery.

Talking to a delegation of freed blacks, Lincoln, who is widely proclaimed for abolishing slavery, stated:

"On this broad continent, not a single man of your race is made the equal of a single man of ours (as quoted by Alexander 1996:52)."

Since African American life is "cheap" to the elite (similar to the lives of the masses in the "Third World"), they are welcomed to join the Army and fight America's wars. Among all American casualties in Vietnam, 25% were African American compared to their population of 11% at that time (Alexander 1996).

This "dehumanizing" of African Americans began with European voyagers traveling to Africa in the 16th century. They observed, what according to them seemed like 'pathologies' of Africans. Richard Hakluyt, an early English historian wrote:

" They (the Africans) are black, beastly, mysterious, heathenish, libidinous, evil lazy and smelly people who are strangely different to our superior white race (as quoted by Griffin 1999:14). "

How the same images are perpetuated even today, is witnessed in so called "government studies". President Nixon's appointed chair of the "Model Cities Program," commented on the "lower class" city dwellers, who were predominantly black:

"The lower class individual lives from moment to moment...impulse governs his behavior. He is therefore radically improvident. Whatever he can't use immediately, he considers valueless. His bodily needs (especially for sex) and his taste for action take precedence over everything else...He works only as he must to stay alive...(as quoted by Griffin 1999:74)"

It is as if Hakluyt had been resurrected. If we replace the word, "lower-class" with "African", the two descriptions are almost identical. A clarification needs to be made at this point about the "family structure" of African Americans. It is true that single parent, female-headed households are a big problem in African American communities, but the growth rate of "new" cases is lower for African Americans than for white communities (Smith 1998). Whereas the break-up of the family, in the case of African Americans was a direct legacy of slavery, the breakup of the white family may be attributed to a careless attitude towards sex and marriage, the "popular" culture of the "Hollywood" elite. Thus the "morality" issue is forcibly imposed on African Americans instead of on the white 'moral majority'.

"The red stain of bastardy, which two centuries of systematic legal defilement of Negro women had stamped upon his race, meant not only the loss of ancient African chastity, but also the hereditary weight of a mass of corruption from white adulterers, threatening almost the obliteration of the Negro home (W.E.B Dubois 1903: 50)."

Ronald Reagan, one of the most popular presidents in recent history, is well known for his ideological battle with the African American minority. Blaming the poorest, most powerless sections of society for its greatest evils, he drastically cut government funding in public services in the inner cities, leading to a sharp jump in homelessness, inner city riots and brutal police crackdowns. In the "Obi wan" style, Regan, based on his white Christian 'superiority' ideology went so far as calling the Soviet Union, an "evil" empire, and used the medieval term "Barbarians" to describe Arabs and Muslims (Heinman 1998:145).

In 1854 Josiah Nott published a book, in which he claimed, based on his pseudo-science, that Caucasians (White) races have the largest brains and the most powerful intellect (Griffin 1999:51). Following in the same tradition, Charles Murray and Richard Herrnstein authored, *The Bell Curve: Intelligence and Class Struggle in American Life* (1994), a few years back. In the book they 'prove' that African Americans are innately (biologically)'less-intelligent' than White Americans and as such are destined to a life of crime and poverty, the 'underclass'. They should therefore be controlled by a police state while "the rest of America goes about its business."(Herrnstein & Murray 1994)

Apart from the fact that Herrnstein and Murray don't have much knowledge of biology, their ideologically manipulated data, comparing IQ to socioeconomic status, has been widely criticized. Ignoring the social legacy of slavery and the subsequent discrimination against blacks as being causal variables, they conclude that innate (biological) intelligence is the cause. This is based on weak correlations of 0.1 [a strong case cannot be made for causation based on correlations alone especially weak correlations]. The cultural bias in the IQ test itself is conveniently ignored (ed Fraser 1994), as are the over-time increasing "group" IQ scores internationally and even locally among immigrant groups.

It is beyond the scope of this paper to go into details with the 'implicit' racism of Murray and Herrnstein, however it is worth mentioning that if such be the acts of 'intelligent' beings, like the whole sale genocide of communities, the 'less intelligent' animal kingdom shows a lot more prudence in its existence. Controlling for factors like "human interference", the animal kingdom might even outlive 'intelligent' humanity.

It can be argued that the cumulative "implicit" cost of the "superior" final product that capitalists so often "preach" about is much higher (due to the wasted resources of all the competitors who were "killed" along the way) than the "inferior" product of a non-competitive system. By literally "squeezing" the life out of the earth, and leading it towards a premature death, capitalism shows a tendency of not being able to sacrifice the present for the future. The conservative right (the torchbearers of capitalism, the likes of Murray & Herrnstein) however, blame the "underclass" for a similar trait (not sacrificing the present for the future). This makes us wonder who the real source of such a "culture of poverty" is. A source similar to the "code of the street" and the "culture of terror".

Colonization: The "Third World" developed the West:

Due to the nature of this paper, the historical formation of the "Third World" will not be traced in detail, however major features that led to the persistence of poverty, and the permanence of the "ghetto" will be discussed briefly. The "Third-World" directly led to the development of the West that we see today and the West directly led to the persistence of poverty in the "Third-World". This claim will be substantiated in the paragraphs to follow.

Analysis of the poor in the United States, reveals the dynamic nature of the group. People keep entering and exiting from the ranks of the poor. The one thing that remains consistent is that the majority of the "persistently poor" in the US are the African Americans. Sociologist Herbert Gans, theorized that poverty is deliberately perpetuated in society among certain segments because the poverty of those segments benefits the elite (Gans 1995:91-102). Here on a local and global scale is empirical evidence for Gans' theory:

The American Ghetto: In the late 1940s and 1950s due to economic prosperity, men and women started marrying early and home construction in the suburbs reached an all time high. Middle class white Americans deserted the inner cities in great numbers, as a result by 1970 suburban residents were a majority in metropolitan USA, while before they had been one third of all metropolitan residents.

American cities were being rapidly transformed, but one feature of them remained the same and that was the black ghetto. White suburbanization and black in-migration to the north led to an increase in the size of the ghetto. Neighborhood racial turnover was carried out in an almost automatic manner based on what sociologists referred to as the "threshold of white tolerance". A few black families would enter the neighborhood and white residents would start abandoning and selling their homes and moving out. Realtors played a major role in lowering this threshold and made big money in the process. This was achieved by what is called "block busting." Agents would go door to door warning white residents of the "invasion" by black folk. They would purchase the home for a low price, divide it up into smaller units and sell at a premium to black settlers.

As a result of this, spatial isolation segregation indices in the northern cities peaked in the 1950s. In the 1970s the average segregation index for African Americans was 70. This means that 70 percent of blacks would have to move out of a neighborhood in order to achieve an even white black population configuration. In most big cities the number was close to 90 percent. The highest segregation index ever recorded for immigrant groups in the US was 56 for Milwaukee Italians in 1910, by 1970 the lowest index of segregation for African Americans was 56 in San Francisco (Massey & Denton 1996).

The US federal government was directly involved in the segregation process. To increase employment in the construction industry and increase home ownership, the Home Owners Loan Corporation (HOLC) was started. The HOLC initiated the process of redlining. Those who resided in the redlined areas almost never got loans and could never move out. How the World Bank and the IMF divides up countries of the world into zones and ratings is alarmingly similar to HOLC practices. By giving a twenty five to thirty five year loan with a 90% guaranteed collateral payment, the FHA (Federal Housing Administration) and VA (Veteran's Administration), during the 1950s and 1960s, encouraged selective out-migration of middle class whites to the suburbs, leading to a decline in the economic base of the city and the expansion of the ghetto. In giving out loans, the FHA determined minimum eligibility requirements for lot size, which effectively eliminated inner city homes, thus forcing those who had got the loan to move out.

Black migration to U.S northern cities during the early 1900s related inversely with the ebb and flow of European migration. When the economy in Europe was booming, European immigrants would move back home creating a shortage of labor in the North. This would boost black migration to the North. In bad times, the inverse would happen. Blacks were also not allowed membership in white unions and as such were used as 'strike breakers' by employers. As the numbers of black migrants increased in northern cities, institutionalized methods were adopted to check the expansion of black settlements. These methods, like red lining, zoning, legalized violence, private contracts etc, made sure that African American populations got concentrated in "ghettos" that were homogeneous, and completely isolated from the main economy (Massey & Denton 1996:31-35).

The similarity between the creation of the ghetto in America and the creation of the "Third World" cannot be overlooked:

1. Colonial powers established trading systems in the colonies to extract much needed resources for the West. These trading systems were controlled by the colonial powers in the case of the "Third World". Higher-level employment was not offered to locals and so there was little transfer of skill (Fieldhouse 1999). This led to "skill mismatch"; similar to what William Julius Wilson discusses as one of the reasons for the development of the "underclass." (Wilson 1996)
2. The primary commodities, and raw materials towards which the "Third-World" economy was forcibly geared were very vulnerable to price fluctuations. This led to the development of a "cyclical" pattern of poverty, similar to the "ebb and flow" leading to black employment in the northern United States, discussed above. The West even today, allows migrant workers when there is a demand at home and expels them when the economy goes down (Alexander 1996).

For 162 years, the Naturalization Law, while allowing various European or "white" ethnic groups to enter the United States and acquire citizenship, specifically denied citizenship to other groups on a racial basis (Takaki 1982).

3.

The local market was forcibly opened to imports of colonial "core-country" products to boost the colonial power's economy thereby destroying the "infant" industries of the "Third World". This is alarmingly similar to the relocation of inner city jobs in America to its white suburbia and the creation of empowerment zones in the inner cities. The zones bring in outside firms that put the local vendors out of business. The big outside firms at best provide a handful of minimum wage jobs to the community, but drain the billions in purchasing power already possessed by it

(Chinyelu 1999).

4. Marketing boards controlled by the colonial powers were set up in these countries and they purchased local produce at prices well below the market, added their markups and sold them to the colonial "core" power. The huge profits they earned were sent to their homes in these "core" countries and not invested in the "Third World" (Fieldhouse 1999). This is very similar to the lack of investment in inner-city infrastructure and employment base building. In most cases, the investment goes to boost tourism and to develop the downtown area, with no money being spent on providing much needed housing and jobs.

5. Currencies of the "Third World" were devalued by force, thus increasing land depletion (desertification) to meet the increased quantity demanded by the "artificially" lowered price. The extra income and profits were either spent on giving big salaries to the European "managers" of these colonies, or the European owned transportation networks, or the European owned marketing boards. Eventually, all this capital was drained from the "Third World" as these Europeans sent the money back home.

Environmental depletion is not only perpetuated in the "Third World" by the West, minorities face similar environments within the rich industrial countries as well. The US General Accounting Office study of hazardous waste landfill siting found a strong relationship between the siting of offsite hazardous-waste landfills and race and socioeconomic status of the communities in which they were located (Bullard 2000:32)

6. Just like the ghetto, the "Third World" economy was completely detached from the one section of its developed economy that serviced exports to the European colonial powers.

The "Third World" led to the development of the West via (Alexander 1996):

1. Under priced raw materials, and the vast capital flows from the "Third World" sustained Europe during the 19th century and led directly to its modern industrial development.
2. Mineral wealth and Gold extracted from the "Third World" laid the foundation of the capital markets in the West.
3. Over 20 million unpaid Africans forcibly enslaved, added to the surplus that drove the industrial engine.
4. Millions of indentured servants provided labor at wages well below subsistence.
5. Markets, like today, were specifically geared to serve optimally the markets of the "core" colonial powers. The surplus was invested in the "core" country and not in the "Third World."
6. Destroying local industry, forcing specialization in products, the prices of which could be easily manipulated to serve the Western market, strengthened markets fed by "Third World" capital. There was thus complete monopsony (one buyer who can set the price at which he buys) in the purchase from the "Third World" of its resources and complete monopoly (one seller who can set the price at which he sells) in the sale of colonial products to the "Third World". (FieldHouse 1999 & Alexander 1996)

Consider the example of Nigeria. Nigeria produces one of the highest-grade oils in the world. This oil, bonnie light crude oil has great demand in the aviation and space programs in the developed world. However, country including the people that live around the oil fields are plagued with unemployment, poverty and lack of health care (Chinyelu 1999).

Quantitative Methodology & Findings:

Charles Glock and Rodney Stark (1967) reported empirical data that showed that Church members that held orthodox beliefs in the Bible were more likely to be anti-Semitic than less orthodox members (as quoted by Babbie 1992:82). In 1963 Lott and Lott provided empirical evidence that the "ethnocentrism" scale is related to the "judgments about the relative superiority of one's own country as compared with another (as quoted by Rosenberg 1968:17)."

Empirical evidence provides overwhelming evidence that nationalism and racism are both linked to "feelings about superiority." Empirical evidence also shows that orthodox Christianity is linked with racism. It is little surprise then that we find Christianity, racism (or white supremacy) and nationalism common features in the old "Apartheid" regime of South Africa, the West and the Ku Klux Klan-(10). The only thing that differs among them is the degree of openness about belief.

In searching for a proximate determinant of racism in the West, Christianity, as a factor precedes- (11) other ideas about white supremacy. It has already been shown how it is correlated with such ideas (this will be replicated below). If a variable precedes another with which it is correlated, "direction of determination" can be demonstrated. Thus, using the criteria of causality in social sciences, elite sponsored Christianity can be termed as a "cause" of racism, or being related to it through some factor of causation (according to Mills' method of concomitant variation).

Martin Bernal writing about the roots of racism in the US stated:

The new racists tried to enlist religious backing for their ideological requirements. There was an emphasis among Christians of the 17th century for the Talmudic interpretation of the (creation) story of Genesis...in which it was Ham the ancestor of the Africans and not Ham's son Canaan who had been cursed by his father Noah and that that curse had consisted of blackness, ugliness and the fate of perpetual slavery (Ed. Vanhorne 1997: 83)

If we analyze data around the world and within white "settler" societies, it provides overwhelming evidence of how this interpretation of the 'prediction' of the Biblical curse has been self-fulfilled by being 'forced' upon African societies, around the globe.

An analysis of census data in the United States shows that the structure of the African American population in the United States resembles populations of the "third-world" more closely than the general population of the society in which they reside. The African American population is younger than the white population having a median age of 30 years compared to 38.1 for whites. Similarly "Third World" populations are consistently younger than the developed world because of higher fertility and mortality. Only 8% of African Americans are over 65 compared to 14% of whites. Life expectancy for black males is 67, while that of white males is 74. Similarly life expectancy in the developed world is consistently higher (in some cases by over 30 years) than in the "Third World".

Infant mortality for white Americans is 6.0 per 1000 live births while that for blacks is 14.3 per 1000. The Median family income for white Americans is \$46737 while that for black Americans is \$29404. The median personal incomes are \$14892 for black males (15 and over), and \$24122 for white males (15 and over).

In the 1940s, blacks made up less than 10% of US population, yet 60% of prisoners executed were black. Unemployment rate for blacks (16 and above) is 11.3% while national unemployment rates have been around 3% nationally in the past few years. Of all people 25 to 34 years of age 14.6% of blacks compared to 29% of whites had a bachelor degree. Private

schools in the United States are almost entirely white. Fifty percent of all private schools had black enrollment of less than 9%, even though almost half of the private school students came from central cities, where minorities aren't even minorities (Ed. Wright. 2001).

Murder victims are disproportionately black males. Fifty black males per 100,000 population were murdered in 1995 compared to 7 white males. Black males make less money than white males in similar occupational positions, which require similar levels of skill. The median income of white males with a bachelor's degree is \$43,335, that of a black male with a similar degree \$33,217. 15% of black males in the black labor force are managers compared to 30% of whites in the white labor force. However, 32% of black are laborers compared to only 18% of whites.

Environmental racism is witnessed clearly in the southern United States. Out of the 27 landfills operating in 48 states, a third are located in five southern states. The total capacity of these represents 60% of the nation's total landfill capacity. Blacks make up 20% of the south's population, yet zip codes of minority areas represent over 63% of the total landfill capacity of the south (Bullard 2000:33).

Economic exploitation and detachment from the mainstream society, leads to a profile of African Americans that closely resembles the profile of "Third World" countries. Distribution of diseases also reveals the colonial status of African Americans in the US. African Americans and Hispanics make up around 15% of the US population yet they make up 49% and 20% of all AIDS cases reported among those 13 to 19 (<http://www.icare.to/caucus/health>). Black women are three times more likely to die while pregnant and four times more likely to die at childbirth than white women are.

The mortality stratum for all Africans (Child/adult) is either high or very high while that for all Europeans is low to very low. Only the Russian republics and some countries in the former Eastern European Soviet block have high adult mortality. The American Indian death rate from diabetes is 380% higher than that for the White population (27.8 per 100, 000 compared to 7.3 for Whites). Whites are three times more likely to undergo bypass surgery than non-Whites, improving their probability of survival. Similarly poor urban Black and Hispanic neighborhoods have an average of 24 physicians per 100, 000 people compared to 69 per 100,000 in poor White communities.

The introduction of disease by white settlers that devastated the indigenous population is well documented in history. From the 1770s, venereal disease was introduced among the Maori in New Zealand. In the 1790s influenza and TB entered the population. This devastated the indigenous community, which had no resistance against such "foreign" diseases. Beginning in 1769 when Captain James Cook entered New Zealand, the Maori outnumbered the settlers 40 to 1. By the 1870s the demographic picture of the Maori changed. The settlers outnumbered them 6 to 1. In the 1880s only 30% of Maori girls reached their 30th birthday (Ed.Stasiulis 1995:42).

Stasius and Japphan write about disease and the American Indians:

More devastating to the American Indians than changes wrought by trade were the scourges of disease against which Native peoples had little or no immunity (small pox, influenza, bubonic plague, yellow fever and so on), and the intrusion of Christian missionaries. It is now estimated that 20 waves of pestilence killed as much as 90% of the original population..(Ed Stasiulis 1995:102)

Indigenous people within the so-called white 'settler' societies like Canada, Australia, New Zealand and the United States have suffered fates similar or worse than the creation of the "Third World". For example modern estimates place the pre-Columbus population of North America at 10 to 12 million. By the 1890s, it was reduced to about 300, 000. In Australia, Native/Aboriginal children of mixed-race were forcibly removed from their parent's home and given to adoptive white families. They thus grew up without knowledge of their roots, being termed the "Stolen Generation". The "Stolen Generation" inquiry found that:

"From about 1946, laws and practices which, for the purpose of eliminating indigenous cultures, promoted the removal of indigenous children for rearing in non-indigenous institutions and households were in breach of the international prohibition of genocide (Commission on Human Rights, 56th session).

Consider this 'testimony', by the Indians (based upon the reality of their experience) who seized Alcatraz Island in the San Francisco Bay area in 1969:

We feel that this so called Alcatraz Island is more than suitable for an Indian Reservation as determined by the white man's own standards. By this we mean that this place resembles most Indian reservations in that:

1. It is isolated from modern facilities.
2. It has no fresh running water.
3. It has inadequate sanitation facilities.
4. There are no oil or mineral rights.
5. There is no industry, so unemployment is very great.
6. There are no health care facilities.
7. The soil is rock and non-productive, and the land doesn't support game.
8. There are no educational facilities
9. The population has always exceeded the land base.
10. The population has always been held as prisoners and kept dependant upon others.

Further it would be fitting and symbolic that ships from all over the world, entering the Golden Gate, would first see Indian land, and thus be reminded of the true history of this nation..."(Luhamn & Gilman 1980:189)

Consider the case of Canada. According to some estimates, the unemployment rates for the Native American population in Canada has never gone below 80%, and most of those working are working at projects funded by the government (Powless 1985). In 1970, 24% of Indian males made more than \$6000 per year compared to 52% of Canadian males. The earnings of the average Canadian are 29% higher than those of the Native Indian man. The proportion of Canadian men in professional and technical positions is nearly twice as high as those in the Indian labor force (18% compared to 8.6%).

The average Canadian man earns 35% more than the average native man in the same occupation with the same skill level. In 1969, 80% of the Indian families were below the poverty line. The death rate for Indian people is six times that national average and the infant mortality rates are more than twice the national average. The life expectancy at one year of age is 63.4 years for Indians and 72.8 for the general population.

Suicide among Indians is six times the national average and violent deaths are four to five times the national average. In 1974, 54% of the Indian population was using social assistance

compared to 6% of the non-Indian population. The juvenile delinquency rate for natives is three times that of the national average. In 1979 Native people represented 1.3 percent of the Canadian population yet they were 9.3% of the penitentiary population.

In his report *Native People and Employment: A National Tragedy* (1985), Richard Powless concludes:

The greatest and single most cogent reason for the current situation of Native people in Canada has been this inability to understand and accept the value and legitimacy of other peoples and cultures in Canada. In essence this is racism. Canada's history and system of governance and behavior have institutionalized this racism into current reality (Powless 1985:5)

Australia is another example. Just as the patterned appearance of the ghetto in the inner cities of the United States, the appearance of affluence in close proximity to poverty is found in this 'white' settler state. The life expectancy of indigenous people in Australia is 20 years less than that of the non-indigenous population. Similarly indigenous people account for 31% of all Australians who live in abandoned dwellings or are "homeless" by all real measures. The unemployment rate for the indigenous population is twice that for the non-indigenous white population.

Compare the above data to an almost similar pattern of disparity (table 1) found among the white 'settler' states and the former colonized non-white world. Global poverty is the rule and not the exception. Wages in third-world countries are 80 to 90 percent lower than in the West. Fifteen percent of the world's population (the rich countries of the West) controls over 80 percent of total world income (Chossudovsky 1997:35). Given that roughly 30 percent of the population in those countries controls over 50 percent of their resources, an even smaller group controls the world (Blau 1999:5). Over 85 percent of the world population gets less than 20 percent of total world income. The poorest 20% of the world's population get around 1% of world income (Macionis 1996:189).

The numbers however, are only partially telling. They understate and mask true picture of global poverty, as their provision is based on a relative assessment of poverty. For example, according to the World Bank, the 'upper-poverty' line is defined as a per capita income of \$1 a day. Those that earn more than \$1 a day are defined as non-poor by such a definition. Thus poverty is grossly understated. Compare this to the U.S with a per-capita income of over \$20000 a year; one in five is defined as poor (Chossudovsky 1997:43).

According to Marxian analysis of stratification, economic oppression of minorities in capitalism is necessary. Racism thus becomes a screen, which the capitalist elite uses in order to pit groups of people against each other. If people can be distinguished easily and social consciousness can be molded by use of religion etc, to convince a group of people that 'others' are inferior to them, the emphasis of conflict shifts from its source, the capitalists, to the masses.

Oppression of the minorities serves a dual purpose, being profitable in addition to being a screen. Minorities can be hired for low wages to do the work no one else wants to do. This not only reinforces the stereotype that they are 'inferior' and easily exploited, it provides so called 'empirical' evidence in favor of the 'ideology of superiority' based upon the theoretical construct of Social Darwinism. The real cause, the institutional arrangement of the elite, is thus masked. It is not only the interpretation of religion but also the interpretation of 'science', pseudo-science, that becomes the 'opium of the masses'. As a result stereotypes emerge that are perpetuated by incomplete information and casual/subjective empirical observation that ignores the context

of the situation. Stereotypes thus become a cost-effective "weapon of oppression", employed by the elite for maximum profitability and resource allocation.

Evaluating a list of eight Black stereotypes including "prefer to accept welfare" and have "less native intelligence", 75% of the Whites agreed with one or more and over 50% agreed with two or more, in a recent national survey of the Anti-Defamation League. About 30% or more agreed with four or more. In a 1994 National Opinion Research Center (NORC) survey about the work orientation of Blacks, only 16% listed Blacks as hardworking. Whereas only 7% placed Whites on the "lazy" end of the spectrum, a little under 50% placed Blacks in that category (Feagan-White Racism).

Racialized emotions are an effective way to ensure de-facto that old laws of separation are respected even when they have been made illegal on the books. In a 1990, two-thirds of the Whites said that they would have a negative reaction if a close relative married a Black person. Only 5% said that they would have a positive reaction.

Neocolonization:

W.E.B Dubois, sums up the cumulative effects of slavery on the economic life of African Americans after emancipation (what happened in the "Third World" was an exact parallel in many ways):

"I will not stop to ask whose duty it was, but I insist it was the duty of someone to see that these working men were not left alone and unguided, without capital, without land, without skill, without economic organization, without even the bald protection of law, order and decency, -left in a great land not to settle down to slow and careful internal development, but destined to be thrown almost immediately...in an economic system where every participant is fighting for himself, and too often utterly regardless of the rights or welfare of his neighbor (Dubois 1903:192)."

A modern political scientist, Clarence Stone writes:

"A brutally suppressed community overtime is conditioned to coping with disappointment and frustration. Thus they lose the motivation to develop (Stone 1993:15,1,21)."

In 1881, Cecil Rhodes (using wealth from African Gold and Diamonds) formed a secret society to create a federation of all English-speaking people. This federation became the foundation on which the Council on Foreign Relations (CFR) in America and Royal Institute for International Affairs in Britain were founded. They comprise of the economic and political elite who shape "consistent" Western policy all over the world and who helped create the League of Nations, British Commonwealth, United Nations, Treaty of Rome, NATO and the G-7 (Alexander 1996:206). It is no surprise then that all these organizations have failed to realize world equity.

"There is no good in much of their secret conferences except in them that enjoin charity for goodness and reconciliation among humankind...(Koran 4:114)"

Plans for the perpetuation of poverty were already underway during World War II. In 1944 Britain and the United States met at a conference at Bretton Woods, in the State of New Hampshire. This conference would ensure the subjugation and poverty of the 'Third World' till

the present day and well into the future.

It was realized that it was no longer in the best interest of the West to maintain formal colonies. It would be more cost-effective to "in formalize" the control and ensure the integration of

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