

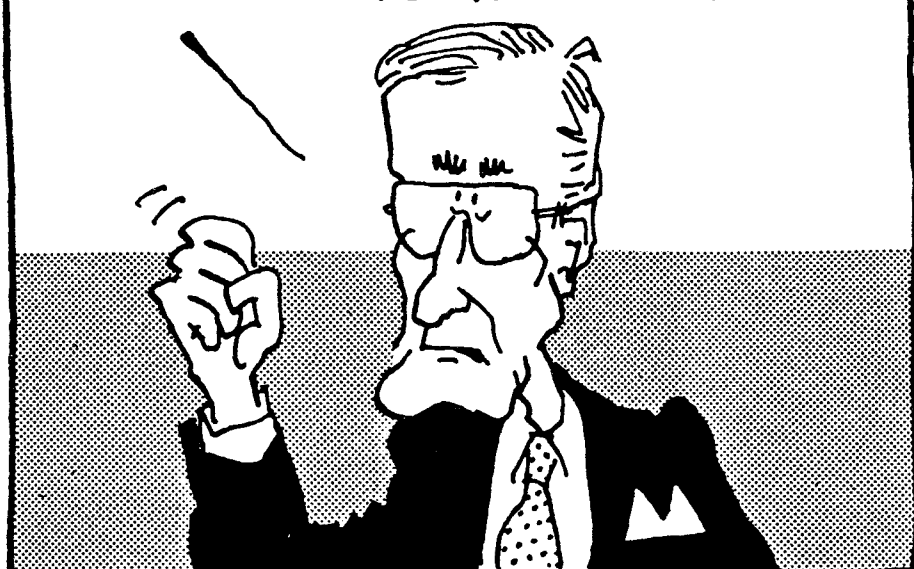
# ASHES & DIAMONDS

By Alexander Cockburn

WE MUST LOWER THE TAX  
ON CAPITAL GAINS



THIS WILL SPUR INDUSTRY,  
INVESTMENT AND INNOVATION



PEOPLE DO BEST WHEN AMPLY  
REWARDED FOR THEIR ENTERPRISE



UNLESS, OF COURSE, WE'RE TALKING  
ABOUT THE MINIMUM WAGE



## George Bush's Republican manifesto

The Republican strategy in this election year has now been unveiled: class war. As expounded by President Bush in his State of the Union address two weeks ago, the agenda could not be more shameless. The rich get a big tax break, the rest get nothing. If the country was populated entirely by people with incomes of more than \$100,000 a year, the campaign would be over.

Set against the economic realities of 1992, there is something awe inspiring about the purblind inequity of the president's proposals. Amid the economic rubble of the Reagan-Bush years three features stand out: the speculative mania that has almost destroyed the financial system; the speculative building boom that has led to record vacancy rates in commercial real estate and imperiled the banks and insurance companies financing such activity; the regulatory surrender that permitted such rampages.

The same three features constitute the drive train of Bush's economic agenda. Bush's proposed cuts in the capital gains tax rates would reward all the vices of the roaring '80s. To a nation still stricken with the consequences of the last building boom,

he promises new breaks for real-estate speculators. And he announces a new war on regulation.

The centerpiece of the Bush program is the president's drive to lower the tax rates on capital gains. In his State of the Union address Bush had the effrontery to claim that this would be a big boom for the little guy, that any benefit to the rich would come almost as an unintended side effect.

This is pure nonsense as even Bush's Treasury officials admit. A cut in the capital gains tax benefits those with capital. Fewer than 10 percent of those with incomes of less than \$50,000 have any capital gains, as opposed to more than half of those with incomes of over \$200,000.

Of course, Bush and his associates do not care to have it put so baldly that the simple purpose of their proposed capital gains tax cut is to give the rich another break. They like to argue that the scheme has a loftier purpose, that the surge in business activity consequent upon such a cut will lead to the sort of growth associated with a huge drop in interest rates.

Let us consider in this light an extraordinary exchange that took place in Congress almost exactly two years ago. The exchange, between Michael Boskin, chairman of the Council of Economic Advisers, and Sen. Paul Sarbanes of Maryland, makes it clear that the White House has known all

along that all lofty claims for the capital gains cut had no basis in fact, that the cut would merely be doing the rich a favor and that was that.

Sarbanes, a Democratic senator, asks Boskin, the president's main economic adviser, if indeed, as the White House claims, the proposed cut is designed to lower interest rates (what economists call "the cost of capital"). Here's the exchange as it took place on January 24, 1990 in the Joint Economic Committee:

Sarbanes: "...The main point of the capital gains tax cut is to reduce the cost of capital. Is that correct? Do you subscribe to that point of view?"

Boskin: "Yes. We have talked about it many times, yes."

Sarbanes: "How much would interest rates have to fall to give the same reduction to the cost of capital as a 30-percent capital gains exclusion?"

Boskin: "A small amount."

Sarbanes: "Am I correct that it would have to fall only .05 of 1 percent?"

Boskin: "I was about to say probably 10 basis points, or something like that, 15."

A basis point is .01 of 1 percent. Jeff Faux, president of the Washington, D.C.-based Economic Policy Institute, who exhumes this amazing confession in the January/February issue of *Challenge*, points out that even with Boskin's optimistic assumptions

the administration's tax cut proposal at that time would have had an effect on investment equivalent to a drop in interest rates from 7 percent to 6.85 percent.

In his latest version Bush now wants to drop the rate as much as 50 percent, which would be the equivalent — on Boskin's computation — of an interest drop of .5 percent. To put this in perspective, the drop in the prime rate offered by commercial banks between October 1990 and October 1991 amounted to almost 250 basis points (7.81 percent to 5.34 percent, a fall far larger than anything claimed by the White House with the capital gains cut), and it still was not enough to crank up investment and turn the recession around.

So when Bush told Congress the other night that a cut in the capital gains tax "increases jobs and helps just about everybody in our country" he was talking drivel, and his own chief economic adviser told him as much more than two years ago.

So much for the Bush program: more speculation, more wealth transferred to the rich, and somewhere soon down the road a tax-payer bail-out of the FDIC. At least the agenda has a certain clarity. The rich are to get richer and the rest get deregulation, meaning a dirtier environment, a more dangerous workplace and in the end, as taxpayers, the privilege of paying for the pig-out at the top of the pyramid. ■



By Bill Bigelow

**S**HORTLY AFTER THE CHRISTOPHER Columbus Quincentenary Jubilee Commission formed several years ago, its first chairman, John Goudie, urged Americans to join the "uncontroversial and universally appealing" 500th anniversary celebration.

Well, John, life doesn't always turn out as we plan, does it? Today, Goudie is no longer commission chairman, having resigned in disgrace amid accusations of cronyism and corruption. More significantly, the Columbus myth itself is beginning to crumble. But a new myth of "encounter" and "exchange" is rising to take its place.

The old myth was an explicit tribute to imperialism. Christopher Columbus — determined, brave, skillful, reverent—leads a mission of discovery and conquest to the uncharted West. While en route to the Indies, he makes a much more important find: America. He claims the land for Spain and Christianity, brings a few natives back to show off and plans future trips to the "New World."

**Silenced majority:** In storybooks and texts, children are led to cheer these acts of imperial arrogance and aggression. The native American people have no consciousness, no feelings, no voice. When acknowledged, "Indian" resistance to the Spaniards is labeled as "unfriendly" acts by "ferocious Caribs." The whole adventure of "discovery" is cause for unquestioned celebration.

Books such as Hans Koning's *Columbus: His Enterprise*, Kirkpatrick Sale's *Conquest of Paradise* and the organized critical response of indigenous groups throughout the Americas have put Columbus boosters on the defensive. The cheerleaders are still around, of course, but they've taken a back seat to the new "academic" Columbus mythmakers. OK, they promise, we won't say Columbus "discovered" America anymore. We'll say he "encountered" it; and, yes, Columbus did take slaves; and, yes, he did mistreat the Indians and many of them died; and, all right, the whole enterprise led to the African slave trade, which was a bad thing. But...

The elaboration of this "but" dominates today's mainstream response. Suddenly it's everywhere: The Smithsonian's "Seeds of Change" exhibit and book, *Newsweek's* "When Worlds Collide" special fall/winter Columbus issue, Berkeley's Lawrence Hall of Science 1492-1992 exhibit, the National Council for the Social Studies' guidelines for teaching about the quincentenary, official and editorial pronouncements—they all play off the same themes.

The ideological terrain is shifting, and we need to be aware lest we continue to attack a largely defeated myth. The new Columbus line, sum-

## New Indian trade rout myth

med up nicely in *Newsweek's* special issue, warns us not to look for "heroes and villains," but to "look at the vast changes that were wrought." This "Columbian Exchange" is even-handed. "They" gave "us" the potato, corn and a great deal of gold. "We" gave "them" the horse, sugar and—regrettably—germs. The new discourse centers on "exchanges" of technology, food, disease, people and even wealth—and how these exchanges revolutionized the world.

**Drawing the line:** A fear of politics underpins the new mythmaking. It's permissible to mention African slavery as a consequence of 1492, but not permissible to suggest that social inequalities in today's world have anything to do with events 500 years ago. It's all right to hint that today's degradation of the Earth is connected to the legacy of 1492, but only so long as "we" are all held equally responsible.

It's fine to point out that the chocolate milkshake is a by-product of the Columbian exchange, but not the imperial premises of the International Monetary Fund. It is acceptable, however, to speak of "biological imperialism," an expression that's become quite fashionable. Death and destruction? Blame it on the germs.

The Columbus of the new myth is "complex"—religious but cruel, a

skillful sailor but an inept administrator. Critics are chided for evaluating Columbus with "contemporary glasses" rather than seeing him as a complicated man of his time. The

### COLUMBUS

new myth, like the old myth, ignores or is contemptuous of other "men of their time" such as Antonio de Montesinos, Pedro de Cordoba or Bartolomé de las Casas, priests who denounced the inhumanity of the Spanish conquest. Also silenced are the Taino Indians, "men—and women—of their time," who resisted the early European invasion with determination and subtlety. This suppression of the voices of protest and defiance in the revised myth teaches people to ignore today's movements for justice.

**A fear of politics underpins the new mythmaking. It is fashionable to speak of "biological imperialism." Hey, blame it on the germs.**

Implied in the new myth and stated explicitly in the *Newsweek* piece is that the "encounter" and its aftermath was inevitable. Why get so upset if, like an earthquake or tornado, the mass extermination of Indians, the African slave trade and all the inequities that followed were bound to happen? If, as the mythmakers hope, the argument succeeds in stifling condemnations of the past, then they can go back to talking about changes in the world's diet and 15th-century navigation techniques.

It's a trap we should avoid, for if we fail to analyze and criticize 500-year-old Spanish imperialism because it was "inevitable," then we disable ourselves from recognizing and denouncing these same tendencies in our own society—we run the risk of seeing these as inevitable as well. Which may, in fact, be a major subtext of the revised Columbus myth: Criticizing a long-ago social system built on controlling other people's land and resources, accompanied at home by vast inequalities of wealth and power, could spawn a similar critique of contemporary U.S. society.

**Unseen underhanded:** There is a nasty teleology lurking beneath the historical inevitability claim: the implication that our society as it is currently structured was meant to be.

It's a page out of the Manifest Destiny credo: This society is what history has led up to; indeed, it is what history was for. The U.S.—militarily supreme, decision-maker for the world—was the intended conclusion of an unseen hand of fate.

The old Columbus myth held that discovery was primarily motivated by curiosity, wanting to prove the world was round, and a desire to spread Christianity. The new myth acknowledges that a quest for profit was more central but links this profit motive with qualities that allegedly make our society great—as *Newsweek* puts it, "a fascination with new ideas, a knack for scientific discovery, an ability to adapt and change." The revised Columbus tale implies that an economic system based on greed is vital for any social improvement.


The new mythmakers have discovered native American cultures. I first noticed this tendency in a long article, "America Before Columbus," in the July 8, 1991 *U.S. News and World Report*—pages and pages on ancient Indian civilizations. This approach offers some political advantages to the Columbian exchange people. Native demands for recognition can be undercut: "We are acknowledging the rich contributions of the first Americans," they can claim.

This ersatz multiculturalism also popularizes grizzly descriptions of aspects of cultures such as the Aztec and Maya, which then can "balance" the atrocities of Columbus, Cortes, Pizarro, et al. At dinner the other evening, a friend said, "I can't feel bad about what happened. The Indians would have done the same thing if they'd had the chance." He'd been reading about Aztec human sacrifices.

But the new mythmaking is more than some cynical capitalist plot. Cynical they may be, but the recent apologetics and scholarship derive from a world view that understands this as the only, if not the best, society possible. Like the conquistadors of old, these folks believe in what they're doing.

And, I suppose, we should be thankful for the more sophisticated arguments. The "Columbus was good/Columbus was bad" debate was awfully limited. A narrow focus on Columbus, proving that he took slaves and massacred untold numbers of Tainos is no longer enough for us—if it ever was. The Columbian exchange crowd may have done the left a favor. If the measured, dispassionate "balance" of the new mythmakers still hides a reactionary agenda, then it's up to us to offer an alternative.

Bill Bigelow is co-editor of *Rethinking Columbus* and wrote the afterword for teachers in the new edition of Hans Koning's *Columbus: His Enterprise*. *Rethinking Columbus* is available for \$6 from Rethinking Schools, 1001 E. Keefe Ave., Milwaukee, WI 53212.



By His EXCELLENCY  
**WILLIAM SHIRLEY, Esq;**  
Captain-General and Governor in Chief, in and over His Majesty's Province of the Massachusetts-Bay, in New-England,  
and Vice-Admiral of the same, and Major-General in His Majesty's Army.

### A PROCLAMATION.

WHEREAS the Indians of Norridgewock, Arrisagun a'wah, Weweenock and St. John's Tribes, and the Indians of the other Tribes inhabiting in the Eastern and Northern Parts of His Majesty's Territories of New-England, the Penobscot Tribe only excepted, have, contrary to their solemn Submission unto His Majesty long since made, and frequently renewed, been guilty of the most perfidious, barbarous and inhuman Murders of divers of His Majesty's English Subjects; and have obtained from all Commerce and Correspondence with His Majesty's English Subjects for many Months past; and the said Indians have fully discovered an inimical, traitorous and rebellious Intention and Disposition;

I have therefore thought fit to issue this Proclamation, and to Declare the Indians of the Norridgewock, Arrisagun a'wah, Weweenock and St. John's Tribes, and the Indians of the other Tribes of New-England, and late inhabiting in the Eastern and Northern Parts of His Majesty's Territories of New-England, and late in Alliance and Confederacy with the above-recited Tribes, the Penobscots only excepted, to be Enemies, Rebels and Traitors to His Most Sacred Majesty: And I do hereby require His Majesty's Subjects of this Province to embrace all Opportunities of pursuing, capturing, killing and destroying all and any of the aforesaid Indians, the Penobscots excepted.

AND WHEREAS the General Court of this Province have voted, That a Bounty or Encouragement be granted and allowed to be paid out of the Publick Treasury to the marching Army that shall be employed for the Defence of the Eastern and Western Frontiers from the Twenty-fifth of this Month of June until the Twenty-fifth of November next;

I have thought fit to publish the same; and I do hereby promise, That there shall be paid out of the Province Treasury to all and any of the said Forces, over and above their Bounty upon Enlistment, their Wages and Subistence, the Premiums or Bounties following, viz.

- For every Male Indian Prisoner above the Age of Twelve Years, that shall be taken and brought to Boston, Fifty Pounds.
- For every Male Indian Scalp, brought in as Evidence of their being killed, Forty Pounds.
- For every Female Indian Prisoner, taken and brought in as aforesaid, and for every Male Indian Prisoner under the Age of Twelve Years, taken and brought in as aforesaid, Twenty-five Pounds.
- For every Scalp of such Female Indian or Male Indian under Twelve Years of Age, brought as Evidence of their being killed, as aforesaid, Twenty Pounds.

GIVEN under my Hand at Boston, in the Province aforesaid, this Twelfth Day of June, 1755, and in the Twenty-eighth Year of the Reign of our Sovereign Lord GEORGE the Second, by the Grace of GOD, of Great-Britain, France, and Ireland, KING, Defender of the Faith, &c.

By His Excellency's Command,  
J. WILLARD, Sec'y.

**GOD Save the KING.**

By the Honourable His Majesty's Council. 1755.

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