

THE NEW ERA

Also by Hamdy El-Rayes

MENTAL WELLNESS: A Spiritual Journey

**Finding Your Own Way to Healing from Depression, Anxiety, and
Addictions**

THE NEW ERA

Returning the U.S. to Democracy and Prosperity

Hamdy El-Rayes, MBA, Ph.D.



GREENVIEW
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The New Era

Returning the U.S. to Democracy and Prosperity

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I salute those brave American activists who stood up to the cruelty of their government and exposed the crimes committed in their name against the innocent, poor, helpless people in the developing countries.

The work in this book is not in any way complete. It is a starting point for dialogue and offers fundamental important issues that need to be addressed. I appreciate those who will comment on the book and volunteer to offer research that addresses other important issues the book did not cover, or need to be addressed.

I appreciate those who will volunteer to lead New Era Community Clubs (NECCs) and go door-to-door, campaigning to invite their neighbors to join and become active participants in the political affairs of their community.

Special thanks to the authors I quoted in this book. Their writings were educational, inspiring, and rewarding. They helped me to deepen my knowledge, understand the current issues, and offer solutions that serve the common good.

Hamdy El-Rayes

Vancouver, B.C.

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Table of Contents

Acknowledgments	iv
Chapter 1 – The American crisis	13
My experience under dictatorship	16
My experience under democracy	18
The Power Triad.....	20
The need for a paradigm shift	24
Chapter 2 – What is wrong with our democracy?	27
What is democracy?	28
Recommendations	35
Chapter 3 – Freedom of the press	39
Mainstream media in a democracy and a dictatorship	41
American culture in the mainstream media.....	44
The advent of the Internet	45
How to read mainstream news	45
Independent media	46
Understanding the pitfalls of alternative media	47
Control of the Internet	49
Recommendations	51
Chapter 4 – Lobbying and campaign finance to control the White House, Congress and economy	53
The Israel Lobby	54
The price Americans pay for supporting Israel.....	56
Corporate lobbying.....	63
The American Legislative Exchange Council.....	66
History of campaign finance	67
Reform of election campaign funding.....	71
Chapter 5 – Corporate domination of the U.S. economy and political system	73
Corporate personhood	73

The corporate search for power and control	75
Corporation battle to restore personhood	79
American corporate control of world resources	85
Ownership of natural resources and the transfer of wealth	86
State-owned corporations and Western capitalism.....	88
Recommendations.....	92
Chapter 6 – The business of war.....	95
Why the U.S. invades other countries	96
Is the business of war good for the American economy?.....	97
The Military Budget	98
Strategy of the Military Industrial Complex.....	101
Victims of the Military Industrial Complex	111
Crimes committed in the name of the American people	113
Torture and human rights violations.....	115
Extraordinary rendition program	117
The National Defense Authorization Act – Section 1021	118
Is standing on the sidelines a betrayal of our country?.....	120
Chapter 7 – China – the upcoming world economic superpower	129
The Chinese Industrial revolution	131
Control of foreign and local corporations.....	132
China’s strategy for mining and oil resources	133
China’s approach to becoming the world superpower	136
China Domination of the world markets	136
Other consequences of shipping America’s manufacturing plants to China	138
Recommendations.....	141
Chapter 8 – The financial crisis.....	143
The Impact on the Economy.....	146
Use of the U.S. dollar as the world reserve currency	148
Are financ`ial crises deliberately created?.....	149

Economy and the national debt	153
The US financial market—a casino	155
Subprime mortgages and the 2008 financial crisis.....	159
The banking system.....	163
The stock market after the financial crisis	167
Recommendations	168
Chapter 9 – Income inequality	175
History of inequality.....	178
Executive compensation packages	179
Effect of Executive compensation on inequality.....	181
Globalization, free markets, and American jobs	182
Inequality and the wealthy tax evasion	183
The missing fortunes	185
What are offshore tax havens?	185
Recommendation.....	185
Chapter 10 – Individual and corporate taxes	195
Tax revenues and GDP.....	196
Capital gains preferential treatment	198
Taxing the dividends	199
Taxing the wealthy	200
Financial market transactions.....	201
Democracy and taxes	202
Taxing the wealthy	204
Recommendation.....	205
Chapter 11 – The New Era Community Clubs – A call to action.....	211
The First Class (the Power Triad)	211
The Second Class (The 99 Percent)	214
The New Era Community Clubs (NECCs)	215
References	221
How to contact the author.....	243

To the unknown activists who give selflessly of themselves to a humanitarian cause to make a difference in this world. You are my heroes.

Never doubt that a small group of thoughtful committed citizens can change the world. Indeed, it is the only thing that ever has.

~ Margaret Mead ~

Chapter 1

The American crisis

The most difficult subjects can be explained to the most slow-witted man if he has not formed any idea of them already; but the simplest thing cannot be made clear to the most intelligent man if he is firmly persuaded that he knows already, without a shadow of doubt, what is laid before him.

~ Leo Tolstoy ~

In the past two decades, the U.S. has gone through one of the most critical periods in its history. While it was once the world's only superpower and the leader of the global economy, the country has been deteriorating because of policies that favor the wealthy, corporations, the defense contractors, and certain special interest groups, rather than the interests of the American people. As a result, wealth has been sucked up to the top of the food chain and inequality has increased to the point where it puts the nation at risk of social and political instability.

After the 9/11 attacks, the Bush Administration indulged in futile wars that significantly contributed to our unprecedented federal debt and a lagging economy. In addition, deregulation of the banking system and corporate greed led to the 2008 economic crisis, but the government did not hold anyone responsible for it. The economic crisis severely hurt low income and middle-class Americans, while some of the wealthiest have even benefited.

The Obama Administration inherited a collapsing economy, but it did not hesitate to bail out those who caused the crisis and is even considering austerity measures in the 2013 fiscal budget, further punishing Americans who are struggling to make ends meet. Indeed, the political powers in the U.S. seem to be working against the common good of the American people.

From this crisis, the Occupy Wall Street movement was born. It was an expression of both despair and hope for change. The movement has been successful in exposing the corruption within the political system and making the wealthy elite understand that the people have reached the end of their rope. Although the issues presented by the Occupy movement were important, the movement would have been more successful had it had a defined leadership and focused on the root cause of the current economic crises, which stems from a dysfunctional political system designed by the elite for the elite. What is lacking in the American democracy is “government of the people, by the people, for the people.”^{2a}

Achieving this goal will resolve the issues the Occupy movement is concerned about, whether related to Wall Street corruption, unemployment, health care, education, inequality, or climate change.

This book is designed to help people individually and collectively, respond to these problems. To do this, it looks at the big picture of the U.S.’s economic crisis to highlight its causes and the strategic mistakes that successive administrations have made during the past century. For example, it compares the economies of the U.S. and China to explain why the U.S. economy has stumbled for decades while China’s economy has grown rapidly and is one of the world’s largest creditor nations. The Organization for Economic Cooperation and Development (OECD), a leading international think tank, says that China will become the globe’s economic leader by the end of 2016.¹

For its part, the U.S. is today the world’s largest debtor nation. The sole superpower that remained after the fall of the Berlin Wall and the end of the Cold War has not been able to maintain its political influence or economic superiority because of its military attempts to control the globe, the beneficiaries of which this book will show. As a result, the U.S. is fast losing its status as a superpower.

The book also offers new ideas for good governance, and solutions to make the world a better place. These are not labeled “socialist” or “capitalist” because labeling them inhibits discussion. Some of them are those the Founding Fathers discussed, while some are outside-the-box solutions designed to explore new venues and free ourselves from

ingrained prejudices and opinions. The current crisis cannot be solved using the same ways of thinking that caused it.

The solutions discussed in this book can be applied to any democratic country, but its focus is on the U.S. because solving its political and economic issues will resolve a major part of the world's issues.

Once the people restore democracy and have a government elected by the people, for the people, many things will change.

Restoring democracy

To restore democracy, first, we need to redefine what we mean by “democracy” because the word is understood differently by many people. Once we rediscover its original meaning, we will be able to look at economic and political issues with a fresh mind because what we have been taught about them is designed to brainwash us into serving the Power Triad of the multinational corporations, the Israel Lobby, and the Military Industrial Complex. Armed with this clarity, we can start behaving like shepherds, not sheep, and help communities to become politically engaged.

Knowledge alone will not change the world. It also requires passion. As Khalil Gibran wrote in his book *The Prophet*,²

“I say that life is indeed darkness save when there is urge [passion],
And all urge is blind save when there is knowledge,
And all knowledge is vain save when there is work,

And all work is empty save when there is love,
And when you work with love, you bind yourself to yourself, and to one another [the will of the people].”

We are blessed with thousands of activist groups and millions of people, who care about the common good, but they are scattered over a huge number of causes, and consequently they are unable to reach critical mass to bring about change.

As we have seen during the “Arab Spring” of 2011, Egyptians demonstrated against the dictator, Hosni Mubarak, at Tahrir Square in Cairo and in other cities all over the country. Mubarak's ruthless security forces attacked them. The security forces killed more than 1,000 people, but the demonstrations remained peaceful and those

involved held on to their sole demand, deposing the dictator. They did not answer police violence with violence. If they had, they would have been massacred and Mubarak and his cronies would have won. The success of the people in defining one goal and staying the course was what made the Egyptian Revolution succeed in deposing Mubarak.

For our activists to succeed, they have to work collectively on one issue at a time. The first challenge is to stop the Power Triad's election funding, the source of most of our problems from health and education to the environment. Once we have successfully addressed the issues that affect the majority of us, we can focus on advocating for our own causes.

My experience under dictatorship

I have lived both in a dictatorship in Egypt and in the North American "democracies." These experiences have enabled me to understand the differences and the similarities between the two systems and realize the difference between the theory and the practice of democracy. I owe a great deal to these countries because they helped me polish my political knowledge.

I wrote this book partly to express my gratitude to these countries and partly to initiate a dialogue that will address important issues. As a freethinking intellectual, I am interested only in the common good, and have no political affiliation.

On warm summer evenings when I was a teenager in a small town at the shore of the Manzala Lake in Egypt, I would listen to the elders discuss the turbulent political affairs of Egypt after the 1952 revolution. At that time, Egypt was under the rule of President Gamal Abdul Nasser, who overthrew Muhammad Naguib, the leader of the military coup that toppled King Farouk I and ended the rule of the Muhammad Ali Dynasty in Egypt and Sudan.

Nasser persecuted anyone who opposed his rule and jailed without trial thousands of members of the Muslim Brotherhood. It saddened me at the time because one of them was my prep school favorite teacher who discovered my gifts as a student and volunteered to help

me move three years ahead of my class. The police took him from his home in the middle of the night for no apparent reason. My exposure to such a traumatic event at this young age taught me to look more deeply into the political issues. I began to realize that the way events appear in the mainstream media could be misleading. Later on, I moved to Cairo at the age of 15 and pursued my undergraduate studies in engineering and my graduate studies in management and economics.

History in both the East and the West shows that people can be oppressed for decades, but they revolt when their basic needs are not being met, and when inequality reaches an intolerable level. In the early 19th century, Muhammad Ali modernized Egypt. Then, the British invaded and occupied the country from 1882 to 1952. During that time, Britain created a class system wherein a few Egyptians owned most of the wealth. Although the Egyptian government was oppressive, the Egyptians did not rebel. Nevertheless, inequality triggered the 1952 military coup, which called for redistribution of wealth and abolition of social classes. Nasser nationalized foreign corporations and confiscated agricultural land from the upper class beyond a specific size (100 acres per family). His government redistributed the confiscated land to the farm workers, used profits from state-owned corporations to subsidize food prices, provided affordable housing, paid for building the infrastructure, and maintained other government services. However, despite their good intentions, Nasser and his government gradually turned into a dictatorship. Power and wealth again became concentrated in the hands of a ruling class—a new upper class that continued to grow stronger over the next 50 years, first under Anwar Sadat, and then Hosni Mubarak.

Then, in 1979, a new influence on Egypt's political system emerged that would change Egypt fundamentally, but not necessarily for the better. To support the peace treaty between Egypt and Israel, signed on March 26, 1979, the U.S. required Egypt to adopt its model of capitalism and "democracy." Both the Republican and Democratic parties in the U.S. spent millions of dollars on non-governmental organizations to set up this system. The International Monetary Fund and World Bank also required Egypt to adopt "free market" and globalization policies. To be part of the global market, the Egyptian

government had to sell the state-owned corporations for a few cents on the dollar to the ruling class and their cronies, and privatized the utility services.

By selling these corporations, the government could not continue to pay for its services or to subsidize necessities for the poor: about 40 percent of Egyptians live on less than \$2 a day. These actions widened inequality and increased inflation to an unaffordable level because food prices were no longer subsidized and the government lost its ability to control commodity prices.

At the same time, the upper class accumulated huge fortunes, while low-income Egyptians could not make ends meet. Then, once again, inequality triggered the February 2011 revolution (known as the Arab Spring) and Mubarak, the dictator who had ruled Egypt for more than 30 years, was overthrown. This time, the people led the revolution. Ironically, the military stood in the way of the revolutionaries and tried to continue to subjugate the people to foreign powers. Had the U.S. not imposed its “democratic system” and its “capitalism model” on Egypt, this revolution might not have happened.

History shows us that “trickle-down” economics has never worked anywhere. It worked neither in a dictatorship like Egypt nor in a democracy like the U.S. It gives false hope to the poor, who end up with the crumbs. It widens the gap of inequality and leads to social unrest. In both economics and politics, the only thing that trickles down is corruption. In Egypt, Nasser and his colleagues corrupted the political system and handed power from one dictator to two others.

My experience under democracy

Like many who live under dictatorships, I aspired to live in a place that espoused values of freedom and democracy. When I moved to the U.S. to obtain my doctorate degree, I was curious about the political process and eager to participate in politics without fear of reprisal. In the U.S., I became an advocate for several causes: protecting the environment, human rights, mental health, world peace, justice, and good governance. When I moved to Canada, I explored the platforms of the existing political parties and discovered the

reality of the political process when I ran as a Green Party candidate in the 2005 provincial elections. I was very disappointed to discover that the political systems of both the dictatorship where I grew up and the “democracy” in North America appeared to be essentially similar. It reminded me of what the U.S. author and poet, Charles Bukowski, wrote, “The difference between a democracy and a dictatorship is that in a democracy, you vote first and take orders later; in a dictatorship you don’t have to waste your time voting.” Since I discovered the flaws in our rigged “democracy,” I have stopped wasting my time voting.

My experience as a candidate at the provincial level and a volunteer for candidates at the federal level made me realize that the wealthy elite and a group of self-interested parties have hijacked our democracy.

In the U.S., these self-interested parties invest their money in lobbying and campaign funding to buy control of the Congress. Their investment is paid back to them hundreds of times in the form of subsidies from the taxpayers either as cash from the government (as in the case for the multinational energy companies), or in new laws that helps these organizations take advantage of the taxpayers, as is the case for the Wall Street banks. They succeeded in creating a dysfunctional democracy for the second time in the past century.

Our democracy became so similar to that of the Egypt’s dictatorship despite superficial differences. For example, in the U.S., it is legal for the wealthy to contribute to election campaigns and lobby for privileges; in Egypt, such financial manipulation is illegal, although both approaches lead to the same results.

I have always believed that a global awakening is only a matter of time because injustice has reached its limit. I also knew that the brutal wars the U.S. has launched since the shocking event of Sept. 11, 2001, would spur its awakening because these wars widened the gap between the rich and the poor and deepened the U.S.’ economic woes.

The Power Triad

Decision making in the U.S. government has been taken away from the American people by the wealthy elite who own or lead three groups of self-interested parties, which I refer to in this book as the Power Triad. These three groups include the Military Industrial Complex, the multinational corporations, and special interest groups. The Triad controls the White House, Congress, and mainstream media, and plays a major role in shaping U.S. foreign policy and the economy, even if such influence is detrimental to the U.S. national interest.

The power of the Triad increased even further in 2010 after the Supreme Court decided that a corporation is a person, money is speech, and organizations can spend unlimited amount of money on funding the elections.³ These decisions created gross inequalities and turned corporations into unelected rulers, capable of imposing their will on the nation to the detriment of the American people.

The Triad members are loosely connected. They may seem to work together because they may use the same strategies to achieve their goals, especially when it comes to foreign policy and the business of war. Depending on the geopolitical area and the interests of the Triad members, the level of effort to influence the U.S. foreign policy varies. In addition, some key individuals may belong to more than one group of the Triad. For example, an individual may be part of a special interest group while occupying a key position in the Military Industrial Complex, a Wall Street bank, a mainstream media corporation, or a multinational corporation.

If elected officials do not support the legislative demands of the Triad in Congress, they can expect to be defeated in the next election. This culture of fear prevents representatives from looking after the interests of the American people.

The Military Industrial Complex (MIC)

President Dwight D. Eisenhower coined the term “Military Industrial Complex” in his farewell address on January 17, 1961: “In the

councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military industrial complex. The potential for the disastrous rise of misplaced power exists and will persist. We must never let the weight of this combination endanger our liberties or democratic processes.” Eisenhower’s warning, though, was in vain.

The MIC refers to the policy and monetary relationship between legislators, the Pentagon, the executive branch, the defense industry, and some individuals. “It includes business organizations or individuals that provide products or services to the Pentagon or the CIA. Products typically include military or civilian aircraft, ships, vehicles, weaponry, and electronic systems. Services can include logistics, technical support and training, and communications support.”⁴ This relationship includes political contributions, election campaign funding, defense spending approval, lobbying, and industry oversight. It is driven in large part by a revolving-door support system between the defense industry and the Pentagon. The defense industry offers retiring high-rank officers generous financial rewards as managers or consultants who then market new projects to their former colleagues at the Pentagon, or as media experts to influence public opinion to support the business of war. In return, the defense industry secures generous contracts and subsidies in the form of open contracts of billions of dollars at cost plus profits. These guarantee the defense industry huge profits, regardless of a project’s success or failure.

In its lobbying efforts, the MIC stifles healthy debate on the military and its involvement in perpetual war. It hires public relation firms to inundate the public with advertisements on public TV, radio, and newspapers and hires consultants to be talking heads on TV and other media outlets. In 2011, the defense industry alone spent \$60 million on lobbying.⁵

The influence of the MIC is also evident in the federal budget. The Department of Defense and other defense related activities today account for more than 56 percent of all tax revenue. The military employs 1.4 million uniformed personnel on active duty, and more than 700,000 full-time civilians. The defense industry employs another three million people. In the past two decades, the U.S. government has had to support the defense industry from money borrowed from China. The military diverts a major portion of the

funds needed to build schools, maintain the aging bridges and highways, improve education, and create new jobs.⁵

Multinational corporations

A multinational corporation, as the name indicates, is an enterprise that establishes its production or service beyond its country of origin. Typically, they are involved in energy, manufacturing, technology, and banking. The relationship of these corporations to the U.S. as its country of origin is parasitic. They ship their operations overseas, and funnel most of their profits to subsidiaries abroad and to tax havens.

U.S. oil multinationals, for example, are interested in controlling the energy and other resources of the Muslim world, as well as the pipelines that flow through their territories. To secure their uninterrupted supply of oil, they help ensure that Muslim populations are oppressed to prevent any popular movement that may threaten the political stability of these countries or access to cheap energy resources. This was evident when the U.S. government supported Saddam Hussein to oppress the Iraqi people as long as he stayed friendly to the U.S. multinationals. They also helped stabilize Libya, during Colonel Gaddafi's rule, and lift the economic sanctions in return for generous contracts with the American oil companies.

Special Interest groups

Political special interest groups are called advocacy groups, lobbying groups, or pressure groups, and may be loosely or tightly organized. More than 1600 organizations participate in the U.S. national politics,⁶ and can be divided into two categories. The first speaks on behalf of public groups. These have a broad social base, address a wide range of issues, and balance members' interests with a strong commitment to the common good.

The second, such as the American Legislative Exchange Council (ALEC), a lobbying organization for corporations, has a narrow social base that concentrates on limited issues to benefit their members solely. Some of these groups have a disproportionate influence on policymaking, depending on their ability to spend on

lobbying, and election campaigns, recruit campaign volunteers, access the White House directly, mobilize grassroots campaigns, and use the media effectively.

The Israel Lobby is of particular interest here because of its unprecedented influence on foreign policy and its role in driving the war in Iraq and the covert wars in Iran, Libya, Syria, Sudan, and Egypt.

In their book, *The Israel Lobby*, John Mearsheimer and Stephen Walt write: “The Israeli government and pro-Israel groups in the U.S. have worked together to shape the administration’s policy towards Iraq, Syria and Iran, as well as its grand scheme for reordering the Middle East. Pressure from Israel and the Lobby was not the only factor behind the decision to attack Iraq in March 2003, but it was critical. The war was motivated in good part by a desire to make Israel more secure.”⁷

The “War on Terror,” served the interests of the Israel Lobby, but deprived Americans of their constitutionally guaranteed rights and freedoms. The invasion of Iraq cost the U.S. more than \$3 trillion⁸ and tens of thousands of lives, as well as hundreds of thousands of crippled soldiers whose lives will never be the same. A pretext for this war had been in the making since the early 1990s, and the 9/11 attack on the World Trade Center was the New Pearl Harbor dreamt of by the neo-conservatives at the Project for the New American Century to launch the war against the Muslim world.⁹ As you will see in Chapter 6, the main objective of the invasion of Iraq was to serve the strategic interests of the Israel Lobby, which has been the dominant member of the Triad over the past four decades.

The Israel Lobby is led by AIPAC and its influential members at political think tanks, the Pentagon, the executive branch, media, and Christian-Zionist groups.⁷ The Lobby coerces the U.S. government to serve Israel’s strategic interests, and this coercion is responsible for global terrorist attacks against the U.S. and the resentment of the world’s 1.3 billion Muslims whose friendship is needed to secure U.S. economic and geopolitical interests.

Iraq was a perfect target for the Triad as it primarily benefited the Israel Lobby, the most powerful member of the Triad, in addition to the rest of the Triad members—Iraq was a strong Arab nationalist

state, which resisted the expansionist policies of Israel in the occupied West Bank and the Golan Heights. It also holds the world's largest proven oil reserves with more than 350 billion barrels.¹⁰

The invasion of Iraq destroyed a major source of resistance to Israel's expansionist policies, and enabled "American" multinational energy companies, defense contractors, and Wall Street banks to improve their bottom line. They succeeded in controlling Iraq's finances, oil exploration rights and national bank, and increased the contracts to manufacture weapons from both the U.S. and the Iraqi governments.¹¹ They left behind a destroyed country devastated by sectarian violence, poverty, and insecurity. In addition, some areas became contaminated with radioactive material from depleted uranium, making them unsafe for at least another two centuries.

The need for a paradigm shift

The liberty of a democracy is not safe if the people tolerate the growth of private power to a point where it becomes stronger than their democratic State itself. That, in its essence, is Fascism—ownership of government by an individual, by a group, or any controlling private power.

~ President Franklin D. Roosevelt ~

To get engaged in the political process, we need to step back, reflect on what has been happening over the past four decades, figure out why things are not working well, and prepare ourselves to make changes in order to bring our economy and political system back on track.

This book will show that our damaged democracy is the underlying cause of most of the global problems. The financial crisis was a wake-up call to take serious action to abolish inequality. Unfortunately, most of us were not aware of the problem until the crisis reached our own backyards.

Neoliberalism is the belief that states ought to abstain from intervening in the economy, leaving it up to individuals participating

in free and self-regulating markets. Globalization and neoliberalism may have led to redistribution of wealth between the developed and the developing nations, but they have also created extremely wealthy individuals who are more powerful than their own countries' governments. Furthermore, majority ownership of multinationals has fallen into foreign hands, especially in Canada and the U.S. Not only do these new owners have no loyalty to our country, but also free market policies allow the multinationals to exploit our financial and taxation systems, without any reciprocal regard for the societies that provide them. Moreover, our political leaders cater to these corporations because of their financial contribution to the election campaigns.

The increasing ownership of American multinational corporations by foreign shareholders has increased these corporations' separation from the U.S. Today, corporations do not care what happens to the U.S. as long as their actions financially benefit their shareholders (see Chapter 5).

In the past, these elites worked behind the scenes. Today, they work openly—emboldened by a sense of entitlement and invulnerability, the elites no longer hesitate to say or do things that used to be considered unacceptable and insulting to the public's intelligence. As Tacitus commented when the Roman Empire started to decline around AD 100: "The worst crimes were dared by a few, willed by more, and tolerated by all."

The economic crisis, which has been painful for millions of people, could become an opportunity to build a better life for our families and ourselves. In fact, the crisis has united working people all over the globe. As it hit the Arab shores, it triggered the Arab Spring, which started in Tunisia, then extended to Egypt and the rest of North Africa. The ripple effects of the Arab Spring have been resonating in Europe, the U.S., and Canada. Like a tsunami, the Arab revolution took us all by surprise, as did the Occupy movement in North America.

To seek shelter from this storm, we need to make drastic changes at the individual as well as the community level. It is evident that what worked well yesterday is not working today, and if we continue to do the same thing, the whole system will collapse.

Since the 2008 financial crisis, the leaders of the developed world have met to address the problems, but their solutions did not help those who have been suffering the most. They have been working on behalf of the wealthy elite. They offered solutions not to get ordinary people out of the hole but to continue to enrich the corporations at our expense. Since we fell into the hole of financial crisis, those leaders simply got us deeper into it.

How you can change the world

Based on previous experiences of Egyptian, American, and Canadian activists in the past two years, we can make a difference if we take these two steps:

Focus activists' efforts

As the Occupy Wall Street movement showed, millions of people were frustrated enough to act, but the message was significantly diluted because too many issues were raised. The movement should have focused on a single issue. Imagine if those millions had focused solely on election campaign funding and achieved that goal, it would have changed not only our country but also the whole world.

Form "The New Era" community clubs

Communities have to be awakened to the importance of participating in politics. It starts with campaigning, and door knocking to invite people to discuss current economic and political issues as described in Chapter 11. When a community becomes well informed and united, it becomes a power to be reckoned with.