Geithner Gets Morgan-Chase Gravy

Despite the 2008 Wall Street crash and government promises of reform, the old back-scratching ways of special favors and influence are again in vogue – as if they were ever out of style, writes JP Sottile.

By JP Sottile

You've gotta give former U.S. Treasury Secretary Timothy Geithner a lot of credit. That is, of course, ***if*** you can still afford to float an "undisclosed" line of credit at an "undisclosed" interest rate ***after*** the wealth-denuding Crash of 2008. Luckily for the former point-man on all things bailout, some of the financial wizards who blew one of history's biggest speculative bubbles can afford to give him all the credit he could ever want.

According to Bloomberg, that's exactly what JP Morgan Chase just did when it gave Geithner enough credit to buy into a $12 billion equity fund. That "buy-in" will help him leverage "his own position in the fund" so he can reap a potential "20–30%" windfall on his investment. It's a tidy little reward for the man who left the top spot at the New York Federal Reserve in January of 2009 to run the Treasury Department at perhaps the most critical juncture facing Wall Street since the start of the Great Depression.

As a newly-minted Treasury Secretary, Geithner took over at exactly the moment when Wall Street's dodgy business decisions could've been punished, its financial malfeasance should've been prosecuted and taxpayers – who lost $19 trillion in household wealth – would've been bailed out ***if*** Washington's cozy little way-station for future One-Percenters had prioritized ***their needs*** over the banking industry's uninterrupted dreams of avarice.

Now that Geithner is back walking "The Street," he's pursuing his own champagne wishes and caviar dreams as President of private equity firm Warburg Pincus. The fund manages $37 billion in assets and, according to the New York Times, it invests in "energy, health care, financial services, industrial and business services and technology, media and telecommunications." That's quite a smorgasbord of industries that, not coincidentally, have a lot of interaction with Federal regulators and Congressional busybodies.

Perhaps that's why Warburg Pincus spent so generously on lobbying ($1,060,000) and on political contributions ($1,082,460) in the last election cycle. As OpenSecrets.org points out in all-too familiar detail, Warburg Pincus approached the 2014 election like a cautious roulette player. The only difference was the color scheme on the board. In the Congressional casino called Washington, DC, the red and black numbers of Las Vegas and Monte Carlo are replaced with Red

Republicans and Blue Democrats from Knoxville and Passaic. Here’s how the bets were placed:

Recipient	**Total**
Senate Majority PAC	$125,000
National Republican Senatorial Cmte	$119,800
Democratic Senatorial Campaign Cmte	$106,800
Democratic Congressional Campaign Cmte	$95,800
Republican National Cmte	$79,600
Planned Parenthood Votes	$20,000
National Republican Congressional Cmte	$15,000
Booker, Cory	$10,400
Alexander, Lamar	$10,000

From the top of the list all the way down to the tit-for-tat donations to Sen. Cory Booker, D-New Jersey, and Sen. Lamar Alexander, R-Tennessee, the wizards of Warburg did what any good gambler does – they hedged their bets. But that’s only half of Warburg’s – and Wall Street’s – overall strategy for protecting their mounting wealth from the tedious trials of regulatory oversight.

That’s because familiarity is the best insurance of all and few industries have the same level of familiarity with the people who govern them as does the financial industry. The revolving door between the Pentagon and the defense industry is the only other door greased as thickly as the carousel between Wall Street and Washington.

To wit, the comparatively small Warburg employed 38 lobbyists in 2014. And of those lobbyists, OpenSecrets.org found that 33 of them “previously held government jobs.” This is one case where familiarity does not breed contempt.

Warburg and the ever-bigger firms feeding off the unabated financialization of the economy pour $100 million per year into Washington’s well-oiled lobbying machine. They seek the type of familiarity that only comes with working inside regulatory agencies. It’s a valuable and highly saleable commodity for those eager to trade-in their public service chips for an almost guaranteed jackpot in the financialized economy.

And it is also an incentive for private profiteers to leave the burled-walnut walls of “Too Big To Fail” banks to ply their trade in so-called “public service.” The eventual return on investment for those who pass through the revolving door is easily worth two, four or six years making low six-figures inside a Federal agency.

But what if the promise of potential, post-public service riches isn't quite enough to convince a possible appointee to take a plum post at the Treasury Department? The answer is that some of Wall Street's biggest banks offer hefty incentives to their already well-heeled employees if they decide to hop on New York's LaGuardia shuttle down to Washington's Reagan National Airport to take a shot at servicing the public. And that's exactly what current Treasury Secretary Jack Lew got from Citigroup when he took over the top job from Geithner.

Although Lew – who worked at Citigroup with former Treasury Secretary and one-time Geithner mentor Robert Rubin – didn't quite get the "bounty" many initially claimed, it did turn out that his contract with the mortgage manipulating behemoth included an early vesting clause that allowed him to collect $250,000 to $500,000 that would have otherwise been forfeited by leaving his position early. That is, of course, if he wasn't going back into "public service."

As David Dayen pointed out in the New Republic, Lew 's early jump out of Citigroup's executive offices was ultimately cushioned by a fulsome golden parachute worth $1.1 million. According to Dayen, this type of incentive to move through the revolving door is an all-too common practice for the banks that have, thus far, paid north of $204 billion in fines to make their financial "misbehavior" go away like it was nothing more than a traffic ticket.

Perhaps even smarmier than this pattern of "paying away" potential criminal charges to top executives is the unctuous detail that a huge chunk of these fines – including the fees paid to Wall Street's top law firms – are actually tax deductible. It's something Geithner's new lender – JPMorgan Chase – used to soften the blow of its $13 billion, prosecution-free settlement. Apparently, crime does pay … and it's tax deductible.

It is also notable that the person leading the Justice Department when these deals were cut – Attorney General Eric Holder – was himself a denizen of Wall Street legal powerhouse Covington & Burling both ***before*** and ***after*** his stint in "public service." Unsurprisingly, Covington & Burling's client list includes Bank of America, Citigroup, JPMorgan Chase and Wells Fargo, according to Lee Fang of The Intercept.

So, a Wall Street lawyer went to the Justice Department. He cut deals with Wall Street that notably excluded prosecution. And the legal fees those banks spent on Wall Street law firms are largely tax deductible. That's a nice bonus as the bailed-out banks shovel money into elite law firms so they can negotiate with familiar faces serving in the Justice Department.

It all comes full circle when the Wall Street lawyer turned Attorney General leaves after a bevy of deal-making and quickly spins that position into lobbying gold. And, just to make sure the door is greased in the future, Holder became a pitchman for a certain Wall Street-friendly Democratic Presidential hopeful who, as chance would have it, is married to one of his former bosses.

Yes, Holder was Deputy Attorney General for President Bill Clinton from 1997 to 2001. So, Holder's actually made two trips back and forth through the revolving door. He's now worth an estimated $11.5 million.

Same goes for current Treasury Secretary Jack Lew. He worked in the Office of Management and Budget from 1998 to 2001. Unlike Holder, he still hasn't collected on his imminent second pass through the door, but he's in no hurry … thanks to that golden parachute from Citibank. Lew is worth somewhere between $748,000 and $1.7 million, so he's going to have to cope with his current job's $199,700 salary until he can cash-in like other Clinton/Obama White House alums.

Former Clinton Treasury Secretary Lawrence Summers is the living embodiment of the revolving door. Summers served as Deputy Treasury Secretary from 1995 to 1999. He was Treasury Secretary from 1999 to 2001. Then came a controversial tenure as President of Harvard University from 2001 to 2006. It ended badly, but Summers quickly scored a gig with "one of the world's largest hedge funds." That "job" paid him $5.3 million over the course of two years for just one day of "work" per week.

When he returned to "public service" as Director of President Obama's National Economic Council in 2009, Summers was worth somewhere between $7 million and $31 million. Alas, his dream of becoming Chair of the Federal Reserve was scuttled by Sen. Elizabeth Warren, D-Massachusetts, in 2013. Amazingly enough, Summers's net worth has since climbed to $40 million.

And then there is Timothy Geithner's old boss in the Clinton White House, former Treasury Secretary Robert Rubin. That's right. Geithner was Under Secretary of the Treasury for International Affairs during the end of Rubin's tenure. Rubin, who "served" from 1995 to 1999, led the Clinton economic team's push to demolish Glass-Steagall's long-standing barrier between banking and finance. Tearing down that wall led to ever-more financialization of the economy, something he benefited from when he went to Citigroup in 1999.

Rubin was eventually pressured to resign as senior counselor to Citigroup and from its Board of Directors in 2009. The financial crisis he helped to create was exacting a toll on Citigroup's stock price. Luckily, Treasury was being run by his old friend – Treasury Secretary Timothy Geithner.

Citigroup received “$476.2 billion in cash and guarantees” under the TARP bailout plan being administered by his former underling at the Treasury Department. In fact, they were so familiar that Geithner had been tapped to run Citigroup in 2007 when Rubin served as a temporary Chairman and Geithner was earning a mere $411,200 as head of the New York Federal Reserve.

Geithner turned down the job, but those close ties sparked criticism that Geithner “protected” Citigroup during his tenure. Whether he did or not, Rubin, his old boss from the Clinton years certainly came through the crash unscathed. Rubin, the one-time Goldman Sachs employee, momentary Chairman of Citigroup and current Co-Chairman of the Council on Foreign Relations, is now worth $100 million.

Now it’s Geithner’s turn to cash in. The former head of the New York Federal Reserve, former Treasury Secretary and long-time “public servant” in two administrations reportedly choose the less-well-known Warburg Pincus because he “specifically did not want to work for a company that he either directly or indirectly regulated at the Treasury or the Fed.”

Geithner, whose net worth was a comparatively meager “$239,000 to $6 million” when he left office in 2013, was “concerned with worsening the perception of mistrust that many Americans feel toward government and Wall Street,” according to CNBC.

The topic of rising inequality still inspired yucks and backslapping in late 2015 when Geithner got together with Rubin and another former Treasury Secretary – the super-rich Hank Paulson, a former Chairman and Chief Executive Officer of Goldman Sachs. Paulson, who served as the Bush Administration’s Treasury Secretary from 2006-2009, played a key role in looking the other way heading into the crash, and then set the bailout in motion after it.

Like other former Treasury secretaries, Paulson’s profitable pass into public service paid off. He had to liquidate nearly $500 million in Goldman stock to avoid potential conflicts of interest as Treasury Secretary. A tax loophole designed to “incentivize” people leaving business for public service exempted him from paying capital gains taxes on that windfall. He’s now worth $700 million.

It just goes to show that Timothy Geithner as well as current Treasury Secretary Jack Lew and future denizens of the Treasury Department have long and profitable futures ahead of them. Like so many financialized “public servants” before them, they’ll be laughing all the way to the bank … and back again.

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Sleepwalking Toward Catastrophe

Because the mainstream U.S. media remains neocon-dominated, there has been little rational debate about the risks of stumbling into nuclear war with Russia, as James W Carden writes.

By James W Carden

One question that the no-doubt intrepid debate moderators of the forthcoming Republican and Democratic debates might bestir themselves to ask the remaining candidates is: Given the fact that the U.S. and Russia are now circling one another on the Black Sea, in Ukraine, and in the skies over Syria, it is possible that policymakers are not completely alive to the risks inherent in such maneuverings?

The question is well worth asking since the world balance in 2016 is not only dangerous, it carries risks far in excess to the last time the great powers accidentally stumbled, into catastrophe. After all, unlike in the summer of 1914, today, *all* the great world powers have nuclear weapons. A brief consideration of The Great War reveals startling parallels with the situation that obtains today.

In the days immediately following the assassination of Archduke Ferdinand no one could have imagined what was ahead – and this points to a lesson that is still very relevant today: that in international affairs the intentions of other nation-states are essentially unknowable. As such, the pre-war status quo collapsed under the weight of that uncertainty.

What followed stands as a vivid example of what the political scientist Robert Jervis has called “the security dilemma.” This posits that when a state undertakes measures to increase its security, those measures will inevitably be seen as offensive rather than defensive by other states, who will then take counter-measures to increase their own security, and so on. In other words, so-called “defensive” weapons are not seen as “defensive” in the eyes of the states against which they are aimed.

As the eminent scholar of Europe, Professor David Calleo, has written, the

Germans didn’t see themselves as aggressors. “The Imperial Germans,” he writes, “maintained they were waging war for defensive purposes, they were protecting their national unity from the wrath of the French who were determined to undo it.” The Entente Powers saw things differently.

It is also instructive to note the way democratic societies behaved in the run-up to the First World War. Today, well-funded and influential think tanks endlessly promote the idea that the U.S. ought to engage in a crusade to promote democracy abroad because “democracies don’t fight each other.” Yet the Great War puts the lie to that assertion, especially when you consider that the voting franchise in Germany was more inclusive than America’s at the time.

Democratic peace theory also purposefully ignores one of democracy’s principal problems: that when it comes to war, its citizens are prone to fall prey to a mob mentality. And a mob mentality and a war fever is exactly what gripped the democracies in Europe in the run-up to the Great War.

In an editorial published a week before hostilities broke out, *The Nation* magazine reported that: “In Vienna, in Paris, in Berlin, in St Petersburg, there were signs of acute mania affecting large bodies of people. Mob psychology often shows itself in discouraging and alarming forms, but is never so repulsive and appalling as when it is seen in great crowds shouting for war. Lest we forget indeed – about nothing does the mob forget so quickly as about war.”

The editorial went on to conclude: “If one looked only at these surface manifestations, one would be tempted to conclude that Europe was about to become a gigantic madhouse.”

Professor Calleo recounts that after Chancellor of Germany, Bethmann-Hollweg, was deposed, he wrote that he too saw the role of public opinion as “the crucial element – how else to explain the senseless and impassioned zeal which allowed countries like Italy, Rumania, and even America not originally involved in the war, no rest until they too had immersed themselves in the bloodbath?”

Today’s rush, likewise senseless and impassioned, to restart the Cold War is largely a product of the mutual admiration society that has sprung up between the Pentagon, hawkish administration officials, and their unscrupulous admirers in the media.

The propaganda churned out by Washington’s ‘military-media–think tank complex’ would have been all too familiar to the poets Wilfred Owen and Siegfried Sassoon, both of whom served on the front lines of the Great War in France.

Owen’s poem “Dulce et Decorum est” was written at the front in 1917 and describes the death of a fellow soldier who had been gassed by the Germans. In the poem’s final stanza, Owen directly addresses a civilian war propagandist back in England, telling him that if he had seen first-hand the horrors of war:

“My friend, you would not tell with such high zest

To children ardent for some desperate glory,

The old Lie: Dulce et decorum est Pro patria mori

It is sweet and right to die for your country”

Owen was killed at the front a week before the Armistice was signed. His friend Sassoon survived. Unlike Owen, Sassoon lived a long life and produced some of the best known anti-war literature of the day.

At the front he produced what may be his most memorable offering, *Suicide in the Trenches*, in which he too castigated the hearty band of war propagandists cheering from the sidelines:

“You smug faced cowards with kindling eye

Who cheer as soldier lads march by

Sneak home and pray you’ll never know

The Hell where youth and laughter go”

One can’t help but wonder what Owen and Sassoon might have made of the legions of armchair generals and assorted foreign policy hangers-on who make up the ever expanding ranks of the New Cold Warriors in Washington today.

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A Campaign Sinking to New Lows

The Republican presidential campaign has reached new lows for crassness, but Michael Winship sees something more sinister lurking in the ugliness.

By Michael Winship

For a politician or a journalist, there was a time when citing the classics – as long as it wasn't done in a pedantic or pompous manner – was a mark of wisdom and experience. If a candidate or reporter does it today, there's a good chance they'll be trolled and ridiculed for high-handed pretension. Cue Donald Trump shouting, "Loser!"

But in April 1968, there stood presidential candidate Bobby Kennedy, speaking to an inner city crowd at the corner of 17th and Broadway in Indianapolis. He had just told them the horrific news that Martin Luther King, Jr., had been assassinated. People fell to the ground in shock and despair, others angrily shouted for violence and revenge.

Kennedy calmed the spectators. He spoke – without notes – for nearly five minutes. "What we need in the United States is not division," he said. "What we need in the United States is not hatred; what we need in the United States is not violence and lawlessness, but is love, and wisdom, and compassion toward one another, and a feeling of justice toward those who still suffer within our country, whether they be white or whether they be black."

He quoted Aeschylus, the poet and dramatist of ancient Greece:

Even in our sleep, pain which cannot forget

falls drop by drop upon the heart,

until, in our own despair,

against our will,

comes wisdom

through the awful grace of God.

Kennedy concluded, "Let's dedicate ourselves to what the Greeks wrote so many years ago: to tame the savageness of man and make gentle the life of this world. Let us dedicate ourselves to that, and say a prayer for our country and for our people." That night, Indianapolis was one of the American cities that did not erupt in bullets and bloodshed.

Fast-forward to 2016. If, as the saying goes, campaigning is poetry and governing is prose, this year's GOP presidential race has degenerated into a cheesy, dirty limerick. There's Donald Trump insulting the size of Marco Rubio's mouth and ears, and Rubio making fun of Trump's spray tan and small hands. Not exactly the age of Aeschylus, is it?

And here's Trump's on-again, off-again, tepid dismissal of former KKK Grand

Wizard David Duke's support for him. On Friday: "David Duke endorsed me? OK, all right, I disavow, OK?"

Two days later: "Just so you understand, I don't know anything about David Duke, OK? … I don't know anything about what you're even talking about with white supremacy or white supremacists. So I don't know. I don't know — did he endorse me, or what's going on? Because I know nothing about David Duke; I know nothing about white supremacists."

Hard to imagine Trump pulling this off on a street corner before an angry black crowd in Indianapolis. (And remember it's coming from a man who knows damn well who David Duke is; back in 2000, Trump said he abandoned a possible run for president on the Reform Party ticket in part because one of its members was "a Klansman, Mr. Duke.")

It's all enough to make you book the next boat to Nova Scotia. As Evan Osnos writes in the current *New Yorker*, "There may be no better measure of the depravity of this campaign season than the realization that it's not clear whether Trump's overt appreciation for fascism, and his sustained salute to American racists, will have a positive or negative effect on his campaign."

Then this, from hardworking journalist Lee Fang at *The Intercept*: "Les Moonves, the chief executive of CBS, celebrated Donald Trump's candidacy for the second time on Monday, calling it 'good for us economically.' Moonves… described the 'circus' of a presidential campaign and the flow of political advertising dollars, and stated that it 'may not be good for America, but it's damn good for CBS, that's all I got to say.'

"'So what can I say? The money's rolling in, this is fun,' Moonves continued, observing that the debates had attracted record audiences. The CBS media executive also riffed briefly about the type of campaign advertising spending produced by such a negative presidential campaign. 'They're not even talking about issues. They're throwing bombs at each other and I think the advertising reflects that.'

"Moonves added, 'I've never seen anything like this and this is going to be a very good year for us. … It's a terrible thing to say, but bring it on, Donald, go ahead, keep going.'"

Of course, this is not the first time that Moonves has made comments like this; in 2012 he famously said, "Super PACs may be bad for America, but they're very good for CBS." And Lee Fang points out that in February Moonves told investors, "Looking ahead, the 2016 presidential election is right around the corner, and, thank God, the rancor has already begun."

This disintegration of public discourse, egged on by 24/7 news cycle and the media's lust for cash and the provocative sound-bite, is nothing to cheer about. And of course in Moonves's case, there is a perverse irony that as head of CBS he runs a company once praised as the Tiffany Network that, among other pursuits of quality, usually valued the integrity and truth telling of its news division above almighty profit or the pinheaded perspective of a bullying charlatan.

It was that network's Edward R. Murrow who in 1954 took on Joe McCarthy, a troglodytic demagogue not unlike Donald Trump, when few were willing to speak up and warn the republic of imminent peril.

When Murrow went on the air and faced down the spittle-flecked allegations of Sen. Joseph McCarthy, who had ruined lives and careers with false charges of treason, he turned the tables on McCarthy, who in one of his rants had quoted Cassius in Shakespeare's *Julius Caesar*, "Upon what meat does this, our Caesar, feed?"

Murrow responded, "And upon what meat doth Senator McCarthy feed? Two of the staples of his diet are the investigation, protected by immunity, and the half-truth."

Then, at the end of his broadcast Murrow said, "The actions of the junior senator from Wisconsin have caused alarm and dismay amongst our allies abroad, and given considerable comfort to our enemies. And whose fault is that? Not really his. He didn't create this situation of fear; he merely exploited it – and rather successfully." Sound like anyone we know?

Murrow quoted a line from Cassius that came just before the quote McCarthy had chosen: "The fault, dear Brutus, is not in our stars, but in ourselves."

Point that out to Donald Trump or one of his more fervent supporters and maybe you'll be on the receiving end of one of the candidate's own classical rejoinders – a sneer accompanied by a punch in the face.

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Clinton Stalls on Goldman Sachs Speeches

Exclusive: Hillary Clinton has judged that she can wait out public calls for her to release the transcripts of speeches to Goldman Sachs, which earned her $675,000 in 2013, since she expects to soon wrap up the Democratic presidential nomination, as Chelsea Gilmour describes.

By Chelsea Gilmour

One of Bernie Sander's standard attack lines against Hillary Clinton has been to call attention to the hundreds of thousands of dollars in paid-speaking fees and donations that Clinton has received from Wall Street during her career, including $675,000 for three paid speeches to Goldman Sachs (at $225,000 a pop) after she left the State Department in 2013.

Sanders has even taken to keeping track of how long it's been since Clinton vowed to release the transcripts but hasn't. Clinton now claims that she is being held to a different standard than other candidates and will release the speech transcripts only when others do the same, "if everybody does it, and that includes Republicans."

Sanders has responded by noting that he has given no paid speeches to Wall Street banks and thus has no such transcripts to release. So, Clinton's campaign continues to scramble, trying to shield her from the impression that she is too cozy with Wall Street while expecting that she will soon lock up the Democratic presidential nomination and make Sanders's criticism moot.

The backlash Clinton has received over the three Goldman Sachs speeches and her ties to Wall Street has, however, forced Clinton to confront an issue which has dogged her campaign from the outset: Namely, that she is an Establishment candidate with close personal and political ties to Wall Street and Big Business, which compromises her objectivity and accountability as a candidate "for the people," rather than for the corporations.

During a debate in New Hampshire, Clinton claimed Sanders' innuendo amounted to a "very artful smear." Clinton's press secretary Brian Fallon called it "character assassination by insinuation," by implying that Clinton would not be tough on Wall Street because she has financially benefited from them in the past.

So far, Clinton has responded to these criticisms rather unconvincingly. Under intense pressure to release the transcripts of the Goldman Sachs speeches, she has said she would "look into it," though the Wall Street Journal has reported that Mrs. Clinton has the sole right to distribute the transcripts, with Politico asserting, “One thing that is clear is that Clinton could release the Goldman transcripts unilaterally if she chose to do so.”

Political Damage

The real danger in releasing the transcripts is the potential political fodder it would provide Clinton’s opponents, who might seek to use the transcripts as proof that Clinton is in the pocket of, not only Goldman Sachs, but Wall Street as a whole.

But the negative insinuations are already there, as Politico related in the story of an unnamed source who attended one of Clinton’s Goldman Sachs speeches in Arizona. The source related the tone and content of Clinton’s speech that day as a “rah-rah speech,” where Clinton came off sounding more like a “Goldman Sachs managing director.”

Politico reported, “‘It was pretty glowing about us,’” one person who watched the event said. “‘It’s so far from what she sounds like as a candidate now.’”

The Wall Street Journal summarized the speeches as such: “She didn’t often talk about the financial crisis, but when she did, she almost always struck an amicable tone, according to these people.

“In some cases, she thanked the audience for what they had done for the country, the people said. One attendee said the warmth with which Mrs. Clinton greeted guests bordered on ‘gushy.’ …

“She spoke sympathetically about the financial industry, according to an attendee. Asked about the poisoned national mood toward Wall Street, Mrs. Clinton didn’t single out bankers or any other group for causing the 2008 financial crisis.”

So far, Clinton seems to have judged that the damage from continuing to hide the transcripts is preferable to the backlash she might experience if she released them.

According to Politico, “The person who saw Clinton’s Arizona remarks to Goldman said they thought there was no chance the campaign would ever release them.

“It would bury her against Sanders,” this person said. “It really makes her look like an ally of the firm.”

In that case, releasing the transcripts could serve a severe blow to her campaign. Sanders’ campaign would waste no time capitalizing on the opportunity to call-out Clinton as a friend of Wall Street.

Republicans candidates could jump on the attack-train, too, although this would be a bit like the Right holding up a mirror to itself, since every Republican candidate except Trump has been the beneficiary of Wall Street's financial "generosity." (And Trump is arguable. Although he may not receive direct donations from Big Banks & Business, he is certainly an "Established" member of that social circle, so there are questions to be raised of political influence.)

Whose Side Are You On?

Regardless, as it becomes clear that this campaign is breaking down to "Establishment" vs. "Anti-Establishment" candidates, Clinton's ties to her Wall Street and Beltway-Insider past are harming her ability to cultivate broad support amongst a population of voters resentful of Wall Street's insidious influence over Washington.

So what is Clinton saying about all this? Not much. And what she has said has not diminished suspicions that she would be soft on Wall Street, if elected.

Besides vague promises to "look into releasing" her speech transcripts, Clinton has defended her acceptance of the speaking fees in even vaguer terms. Anderson Cooper pressed her at a town hall meeting in New Hampshire, asking, "But did you have to be paid $675,000 [for three speeches to Goldman Sachs]?" Clinton responded to hearty laughter from the crowd, "Well, I don't know. That's what they offered."

She continued, saying she didn't feel the fees represent a conflict of interest since she came back to run for public office, because she had not yet committed to running. She said further, "Anybody who knows me, who thinks that they can influence me, name anything they've influenced me on, just name one thing. I'm out here every day saying, I'm gonna shut them down, I'm going after them, I'm going to jail them if they should be jailed, I'm going to break them up. I mean, they're not giving me very much money now, I can tell you that much. Fine with me. I'm proud to have 90 percent of my donations from small donors and 60 percent, the highest ever, from women, which I'm really, really proud of."

Cooper pushed, "So, just to be clear, that's not something you regret, those three speeches?"

"No, I don't, because I don't feel that I paid any price for it and I'm very clear about what I will do and they're on notice," Clinton asserted.

Clinton has pushed back in other ways, too. For instance, during a New Hampshire debate, Clinton called out what she saw as hypocrisy from Sanders's campaign: "Senator Sanders took about $200,000 from Wall Street firms. Not directly, but through the Democratic Senatorial Campaign Committee. There was nothing wrong with that. It hasn't changed his view! Well, it didn't change my view or my vote either!"

A Flip-Flop

But not everyone is buying it. In an often-cited incident, Sen. Elizabeth Warren, D-Massachusetts, described in 2004 how Hillary Clinton flip-flopped on a credit-card company-sponsored bankruptcy bill under pressure as a New York Senator.

According to Warren, in the late-1990s, then-President Bill Clinton was pursuing signing into law a bankruptcy bill which had been presented to Congress and written by the credit card companies. President Clinton was eager to sign the bill, in order to further promote his free-trade, neoliberal economic policies.

However, after a meeting between Warren and then-First Lady Hillary Clinton, in which Warren explained how the bill would have disproportionately hurt single mothers, Hillary vowed, "Professor Warren, we've got to stop that awful bill." Indeed, Hillary returned to the White House and convinced the President to veto the bill as one of his last acts in office.

But then, once Hillary became Senator for New York, the bill was reintroduced to Congress and she voted in favor of it. Warren explains, "As Senator Clinton, the pressures are very different. It's a well-financed industry. A lot of people don't realize that the industry that gave the most money to Washington over the past few years was not the oil industry, was not pharmaceuticals, it was consumer credit products. Those are the people, the credit card companies, [who] have been giving money and they have influence. … [Hillary Clinton] has taken money from the groups and more to the point, she worries about them as a constituency."

And what about her claim that 90 percent of her donations come from small donors? According to 24/7 Wall Street, which conducted an investigation into each candidate's net worth, "While 69% of Sanders' campaign contributions have come from small individual donations, … only 17% of Clinton's contributions have come from small individual donations."

Another interesting development from this hubbub about Clinton's ties to Wall Street has to do with whom Clinton would appoint as Treasury Secretary, if elected. Sanders's reference during the Jan. 17 debate to the two Goldman Sachs executives who became Treasury Secretaries may have spurred Clinton to address the issue.

At that debate Sanders said, "Goldman Sachs, paying a five billion dollar fine, gives this country in recent history a Republican Secretary of Treasury, a

Democratic Secretary of Treasury."

Sanders's comment referenced the appointment of Robert Rubin, former Goldman Sachs executive, to the position of Treasury Secretary by Bill Clinton after Rubin opened doors to Wall Street donors during Clinton's first Presidential bid.

Rubin was instrumental in crafting "an economic policy – known as Rubinomics – that was applauded by Wall Street but viewed critically by many on the left. When then-first lady Hillary Clinton decided to run for the Senate in New York in 2000, she turned to Rubin and Altman to introduce her to key players on Wall Street," reported the Washington Post.

Who to Name?

Hillary Clinton addressed the Treasury Secretary issue on "Meet the Press," saying, "You have to have a Treasury Secretary who understands the economy … I think there are a lot more places where one can and should look for such a Treasury Secretary."

If Clinton were to make a clear promise not to appoint someone from Wall Street as Treasury Secretary, she could quell some voters' fears. But to be sure, this was not such a promise. The Treasury Secretary issue may also have been identified by the Clinton campaign as an opportunity to strike back at Sanders for what Clinton perceives as his political naivety.

Bloomberg News reported, "On the show, Clinton said Sanders has been less aggressive than she in pursuing abuses in the financial industry, adding that her rival's critique of the banking system and its role in the economy is simplistic."

But there is another issue regarding paid speeches that has yet to be fully addressed by the media, which may prove to be a further thorn in Hillary's side. That is the question of Bill Clinton and the "two-for-one" aspect of the Clinton's political machine.

An article by the Wall Street Journal relates how Hillary Clinton, while Secretary of State in 2009, helped Swiss bank USB with its IRS woes. "Total donations by UBS to the Clinton Foundation grew from less than $60,000 through 2008 to a cumulative total of about $600,000 by the end of 2014, according to the foundation and the bank.

"The bank also joined the Clinton Foundation to launch entrepreneurship and inner-city loan programs, through which it lent $32 million. And it paid former president Bill Clinton $1.5 million to participate in a series of question-and-answer sessions with UBS Wealth Management Chief Executive Bob McCann, making UBS his biggest single corporate source of speech income disclosed since he left the White House."

While this still does not prove a direct link between favors by Hillary and payments received, it further blurs the line of where the Clintons' political activities stop and their personal ventures start.

Earlier in the campaign, I wrote an article analyzing the sum of Hillary's paid speeches during the 14-month interim between Clinton leaving the State Department and before announcing her candidacy for President. That interim spanned January 2014 through March 2015, and resulted in Hillary making 53 paid speeches to the tune of $11.8 million dollars in fees, all while it was widely believed that Clinton would run again for President in 2016. That analysis, however, did not include the $675,000 from Goldman Sachs, as those speeches were delivered in 2013, meaning they occurred before the time period for which she was obligated to publicly disclose her income.

Bill Clinton's Speeches

Further investigation of Hillary Clinton's financial disclosure form shows at least 16 speeches made by Bill Clinton to banks or other financial service industry companies during that 14-month period.

Besides three speeches to USB Wealth Management totaling $675,000 (the same amount Hillary received for her Goldman speeches, by the way), Bill also gave paid speeches to: Bank of America ($500,000), SCIP Capital Management ($250,000), Deutsche Bank AG ($270,000 + *$280,000 to Hillary for her October 7, 2014 speech*), Veritas Capital Fund Management ($250,000), Apollo Management Holdings ($250,000), Texas-China Business Council ($265,000), Affiliated Managers Group ($225,000), Experian ($225,000), Insurance Accounting and Systems Association ($225,000), Centerview Partners ($225,000), Jefferies ($225,000), Citadel ($250,000), and Thomas Lloyd Global Assets Management (Schweiz) ($200,000 via satellite).

That means that Bill Clinton was paid $4,035,000 by the financial sector for 16 appearances over the course of 14 months. Keep in mind, those 14 months represent the interregnum between when Hillary Clinton left State Department and before she officially announced her candidacy (but it was widely speculated she would run).

Regardless of whether Hillary believes (or will admit) that her fees from the financial industry have influenced her polices or not, the fact that campaign finance law requires her to disclose her spouse's income should be a guiding indication of what the rest of us already know: that payments made to one's spouse or close family members can equally represent a conflict of interest, just as if the candidate had been paid directly.

An incisive article by Walter Russell Mead explains how the Clintons have worked this system to build the first "postmodern political machine."

"The Clintons stand where money, influence, and celebrity form a nexus. When Hillary Clinton was running the State Department and Bill Clinton was shaking down contributors to the Foundation, the donors knew, or thought they knew, what they were getting. Now that Hillary is running for President, the donors have an even better idea of what good things might come to them — or what problems and complications could develop if they cut the Clintons off."

Mead calls it "honest graft," quoting Tammany Hall's George Washington Plunkett. "The cash comes from donations and speaking fees. When the husband of the Secretary of State or potential next President calls about a special charity project, most people, even if they happen to be CEOs of major companies or senior government officials, take the call. More than that, there will be times when government and corporate officials will reach out and make the call themselves, rather than waiting passively to hear that the Clinton machine has an ask. The donor proposition is rock solid. … What donors buy, or think they are buying, is influence and face time with two of the most powerful people in the world and their political machine[.]"

One parting thought: Goldman Sachs CEO Lloyd Blankfein, from the same Goldman Sachs who paid Hillary $675,000 for three speeches and produced Bill Clinton's Treasury Secretary, has said Bernie Sanders' critique of Wall Street "has the potential to be a dangerous moment, not just for Wall Street, not just for the people who are particularly targeted, but for anybody who is a little bit out of line."

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Creating Russia/China Bogeymen

Relying on the most unreliable propaganda, Washington's foreign policy establishment is seeking massive new military spending to counter Russian and Chinese "aggression" — when a more sober analysis would show these "threats" to be wildly exaggerated, as Gilbert Doctorow explains.

By Gilbert Doctorow

Where Russia is concerned – and now also China – one can count on *Foreign Affairs* magazine to feature articles presenting the bogeymen in a form that the U.S. security and international affairs establishment prefers, irrespective of whether this particular bogeyman has any basis in real-life facts.

These renditions are preferred because they support policy recommendations – and in particular, defense appropriations – which the establishment wants to see approved by the White House and by Congress.

I do not mean to suggest that all articles fit this generalization because occasionally dissenting views are allowed some space, especially if they are badly argued. But the great majority does fit this mold and the American people are the big losers by this disservice because the public, including the expert community, is deprived of objective examinations of these very important and powerful countries.

In turn, these distorted analyses actually can turn these countries into existential threats to the United States by provoking dangerous reactions to American policy even when Russia or China had no aggressive intent in the first place.

Because of this imbalance within elite policy circles, there is a cluelessness within the U.S. media and among the popular pundits who are given air time and print pages. Because they tend to repeat what the elite "experts" have been writing, the fault for any clash is blamed on the supposedly volatile Russians and enigmatic Chinese. The fuller context is always missing.

If the initial U.S. actions were mentioned or analyzed, the reaction from the Russians and the Chinese would be better understood and might even be modified or forestalled. But instead the reaction is taken as a starting point and then a policy recommendation is developed to neutralize the Russian or Chinese response, thus opening a new action-reaction cycle rather than resolving the existing one. In this way, tensions are escalated to the breaking point, which in our still nuclear age is not very smart and looks more like a death wish.

Whatever the future holds for Russia, the featured specialists in the field also seek to instill in us the certainty that the outcome can only be threatening to world security. Either Russia is getting too strong and thus aggressive and dangerous as it flexes its muscles – or Russia is imploding and therefore behaving aggressively, dangerously and unpredictably to distract the populace by xenophobic nationalism. The guiding editorial line of *Foreign Affairs* – in order to paint Russia in the most frightening tones – is heads I win, tails you lose.

(For purposes of this essay, I have chosen *Foreign Affairs* as a marker for the broad spectrum of U.S. expert publications in international affairs because the magazine has the greatest circulation in its class. But the sins of the magazine's editor Gideon Rose are not his alone, to be sure.)

Collapsing Russia?

A month ago, *Foreign Affairs* published yet another dispatch on the pending ruination of Russia submitted by a repeat offender, Professor Alexander J. Motyl of Rutgers University and Columbia's Harriman Institute. The purple prose title, for which we may surely thank the coy *FA* editors, is "Lights Out for the Putin Regime. The Coming Russian Collapse."

Ever since the onset of the Ukrainian confrontation over Crimea and the Donbass in 2014, Motyl has been riding the whitewater flow of events in the region, his mood alternating between euphoria and deep depression according to the prospects for the heroic Maidan regime at any given moment.

It appears, strangely, that he is now once again celebrating the imminent demise of the Russian government at the very time when the numbers on the Ukraine's economy have hit rock bottom – along with the confidence in Kiev shared by the International Monetary Fund and the European Union. The absurdity of Motyl's essay was well exposed by an article in *Russia Insider* by staff writer and editor Riley Waggaman.

Perhaps to show off a new horse in its stable, *Foreign Affairs* has just published an article about the threat from Russia predicated on its weakness written by a Senior Fellow at the Center for a New American Security, Robert D. Kaplan. His "Eurasia's Coming Anarchy" has the single merit of extending the theory to explain the parallel threat from China, with the subtitle, "The Risks of Chinese and Russian Weakness."

This ambitious attempt to take out two eagles with a single pebble assembles as many trite assumptions about the subject countries as the author could scoop up and dump in one place. Kaplan then surrounds the banalities and fallacies with argumentation that does not stand a test of logic.

Kaplan's article opens with a couple of unexceptional assertions. One is that we are witnessing a historical turning point: "for the first time since the Berlin Wall fell, the United States finds itself in a competition among great powers." The realization that China and Russia represent "great powers" in itself suggests we are dealing with a more realistic author when compared to President Barack Obama and his dismissal of Russia as a "regional power" just two years ago.

Kaplan’s second factual starting point — namely that both countries are experiencing “steadily worsening” economies and “economic turmoil” — also is reasonable. However, from this point on, Kaplan loses his grip on reality.

We are told that the leaders of China and Russia are no doubt suffering “from a profound sense of insecurity, as their homelands have long been surrounded by enemies, with flatlands open to invaders.” Yes, but that’s true of most nations, including many leading European states, and is far less relevant in an age of intercontinental ballistic missiles when similar “insecurity” can be felt by leaders even in countries surrounded mostly by water.

Kaplan then adds that both countries “are finding it harder to exert control over their … immense territories, with potential rebellions brewing in their far-flung regions.” This dubious assertion leads straight into his argument that the “prospect of quasi anarchy in two economically struggling giants” is worrisome.

Here is where the oft-repeated neoconservative reasoning emerges: domestic problems in autocratic regimes translate into belligerence and nationalism. The same charges have been brought in the past by historians and political scientists against all kinds of regimes experiencing hard times, but today’s conventional wisdom is that democratic nations like the United States have robust governance, whereas the authoritarian or autocratic regimes are fragile and more in need of artificial manipulation of public opinion to stay in power.

Moreover, we are told that aggression coming out of strength is easy for other states to interpret whereas aggression coming out of weakness can result in “daring, reactive, and impulsive behavior, which is much harder to forecast and counter.” How convenient that this formulation fits perfectly the description of Russian President Vladimir Putin by nearly all the U.S. media. No doubt it will be soon applied to President Xi and his associates.

But is Kaplan’s supposition true? Much of the international aggression that we have seen in recent decades has come from supposedly strong democratic nations, including the U.S.-led invasion of Iraq (along with Great Britain and other members of the “coalition of the willing”) in 2003 and the U.S.-European “regime change” in Libya in 2011. Weren’t those military invasions “daring” and “impulsive”? Clearly, they weren’t sober and thought-through.

So, as Kaplan reveals his selective approach to reality, the reader is forewarned. Kaplan has no objective grasp of reality and will say whatever he deems useful to bring us to his prescribed conclusion.

Unsubstantiated Untruths

About Russia under Putin, Kaplan offers a sampling from the wild and unproven accusations that litter the popular press. The Russian president’s goal has been clear: “to restore the old empire,” though this has been done not with troops but by building “a Pharaonic network of energy pipelines,” by helping politicians in neighboring countries, by intelligence operations and by getting control of local media.

Apart from those “Pharaonic” pipelines, the toolkit ascribed to Putin rather closely resembles the modus operandi of the American Empire (or for that matter, many other past and present world powers and even regional powers). U.S. officials boast endlessly of America’s “soft power” or what former Secretary of State Hillary Clinton calls “smart power,” a U.S. toolkit that also includes the machinations of the National Endowment for Democracy and similar U.S.-funded groups; financial and economic strangulation of recalcitrant countries; and deployment of the U.S. Navy and American troops when the other techniques don’t succeed. (Just ask countries in Latin America for details.)

Yet, American foreign policy “experts” like Kaplan operate with an extraordinarily myopic view of the world, finding U.S. application of power “good” and anything even remotely similar from an adversary “bad.”

According to Kaplan’s version of events, Putin turned from subterfuge to military force only recently when his domestic economy began to fail. Thus, in Kaplan’s analysis, there were Russian interventions in Georgia in 2008, in Crimea in 2014, and in Syria in 2015 — while he ignores the unique circumstances attached to each incident.

With his broad brush, Kaplan avoided explaining what preceded these alleged “aggressions.” Rather than explaining the roles of other countries — Georgia in attacking South Ossetia, the U.S. supporting a violent coup in Ukraine (and the Crimeans voting overwhelming to join Russia), and Saudi Arabia and other Sunni powers fueling an armed jihadist rebellion in Syria — Kaplan presents the interventions as occurring in a vacuum, explained only by the aggressive motives of a diseased regime in Moscow.

So, for instance, the intervention in support of Syria’s government was “to restore Moscow’s position in the Levant — and to buy leverage with the EU by influencing the flow of refugees to Europe.”

Kaplan also charts Russian “aggression” against an economic crisis associated with falling energy and raw material prices on world markets and Western sanctions. In this thinking, Russia has nothing to sell the world outside of military equipment because its rulers “never built civil institutions or a truly free market.” And for good measure, Kaplan reminds us that “the corrupt, gangster led economy of Russia today exhibits eerie similarities to the old Soviet one."

To keep this failing state together in the face of severe internal problems, Putin uses foreign policy and "nurses historical grudges concerning Russia's place in the world," Kaplan insists. In this Putin is creative, calculating and "even deceptively conciliatory at moments." Hence, Putin's current claims to help the West fight the Islamic State.

But Kaplan argues all of this will ultimately be to no avail since the regime is brittle and overly centralized. Kaplan predicts a possible coup against Putin such as toppled Khrushchev in 1964. Or Russia may simply break up in the midst of chaos, as happened after the 1917 revolutions. The North Caucasus, Siberia and the Far East may loosen their ties. This could end in a "Yugoslavia lite." Then the global jihadist movement would move in.

Alternatively Kaplan presents us with the scenario of the Russian bear attacking Baltic states, a scary dream sequence that is popular at the moment among the NATO general staff. In this scenario, Europe is disunited, NATO is weak, Russia has been sowing discord with its Nord Stream 2 project, European will is being undermined by right-wing and left-wing nationalist movements which were spawned by slow economic growth.

I have cited above many but not all of what passes for nuggets of insight about Russia and Europe in Kaplan's essay. In fact, the building blocks of his essay are off-the-shelf distortions and propaganda that have little or no basis in reality if one pauses to inspect each one separately. Simply put, the author does not know what he is talking about.

Policy Recommendations

In the case of Kaplan, the pre-selected policy recommendation which he peddles is rather innocent and will disappoint those looking for adventure. It is that the United States should exercise caution in dealing with Beijing and Moscow: the "first task should be to avoid needlessly provoking these extremely sensitive and domestically declining powers."

At the end of the essay, he puts this in more prescriptive language: "Although congressional firebrands seem not to realize it, the United States gains nothing from baiting nervous regimes worried about losing face at home." He urges against entertaining any aspirations of fomenting regime change, suggesting that building democracy should be left to the Russians themselves.

Nevertheless, Kaplan then makes recommendations that could clearly be read by the Russians as foreshadowing military or political intervention. He falls back on Teddy Roosevelt's famous maxim "Speak softly and carry a big stick," meaning stepped-up appropriations for the U.S. military. Specific recommendations include adding more submarines to the U.S. naval presence in the Baltic Sea, increasing the numbers of U.S. military personnel in front line NATO states on the eastern reaches of the alliance (as Defense Secretary Ashton Carter has just requested), and generally raising the Defense Department budget to restore ground troop strength levels.

This validation of "inside the box" policy will surely go down well with the generals and admirals. Whether it will avoid stirring up the Russians or ensure greater American security is an entirely different matter.

To be fair, we should be thankful that the author of this ignorant essay has more instinct for survival and common sense than a great many other experts who populate the pages of our international relations journals. Many of them are lusting for a "regime change" project in Moscow, learning nothing from the failures in Iraq, Libya and elsewhere and apparently assuming that the U.S. can simply dictate who the new rulers of Russia will be.

Yet, Kaplan relies on the very same building blocks of argumentation that are very often used to justify more provocative policies, such as stationing permanent rather than rotating NATO forces at Russian borders or stepped-up information warfare and financing of opposition groups within Russia.

The problem with painting a propagandized image of Russia to suit policy recommendations rather than actually studying the Russian reality and then designing rational policy is that the former approach ignores risks and threats that may actually exist in relations with the subject country.

These U.S. "experts" may position themselves well for job promotions within the foreign policy establishment or for getting published in prestigious publications like *Foreign Affairs* but they are blinding the American public to the real opportunities and dangers in relations with other nuclear powers.

There are, in this case and most others, two sides to the argument. And, from the Russian side, many actions by the United States and NATO have a threatening appearance, including the expansion of NATO up to Russia's borders and recent U.S. nuclear policies.

Over the past quarter century, one of the most provocative moves was the U.S. withdrawal from the Anti-Ballistic Missile Treaty in 2002, prompting the Kremlin to adopt counter measures that do indeed present existential threats to the American homeland. However, such real threats are not publicly discussed because to do so would require placing blame on U.S. officials. It is a preferred storyline to simply portray all the dangers as emanating from Moscow and Beijing.

Doctorow is the European Coordinator, American Committee for East West Accord, Ltd. His latest book *Does Russia Have a Future?*(August 2015) is available in paperback and e-book from Amazon.com and affiliated websites. For donations to support the European activities of ACEWA, write to eastwestaccord@gmail.com © Gilbert Doctorow, 2016

Clinton Still Hides Her Speeches

After serving as Secretary of State and before starting her run for President, Hillary Clinton amassed millions of dollars in speaking fees from big banks and corporate interests with business before the federal government – and she won't say what she said, as Marjorie Cohn points out.

By Marjorie Cohn

Hillary Clinton refuses to make public the transcripts of her speeches to big banks, three of which were worth a total of $675,000 to Goldman Sachs. She says she would release the transcripts "if everybody does it, and that includes Republicans." After all, she complained, "Why is there one standard for me, and not for everybody else?"

As the New York Times editorial board pointed out, "The only different standard here is the one Mrs. Clinton set for herself, by personally earning $11 million in 2014 and the first quarter of 2015 for 51 speeches to banks and other groups and industries."

Hillary Clinton is not running in the primaries against Republicans, who, the Times noted, "make no bones about their commitment to Wall Street deregulation and tax cuts for the wealthiest Americans." She is running against Bernie Sanders, "a decades-long critic of Wall Street excess who is hardly a hot ticket on the industry speaking circuit," according to the Times.

Why do voters need to know what Hillary told the banks? Because it was Wall Street that was responsible for the 2008 recession, making life worse for most Americans. We need to know what, if anything, she promised these behemoths. There is an old saying: I Scratch Your Back, You Scratch Mine.

Clinton has several super PACs, which have recently donated $25 million to her campaign, $15 million of which came from Wall Street. Big banks and large contributors don’t give their money away for nothing. They expect that their interests will be well served by those to whom they donate.

Clinton recently attended an expensive fundraiser at Franklin Square Capital, a hedge fund that gives big bucks to the fracking industry. Two weeks later, her campaign announced her continuing support for the production of natural gas, which comes from fracking.

Sanders opposes fracking. He said, “Just as I believe you can’t take on Wall Street while taking their money, I don’t believe you can take on climate change effectively while taking money from those who would profit off the destruction of the planet.”

Bernie’s “Political Revolution”

Sanders has no super PACs. His campaign has received 4 million individual contributions, that average $27 each. Perhaps Rupert Murdoch multiplied that amount by $100 in setting $2,700 a head as the entrance fee for Clinton’s latest campaign gala?

Sanders has called for a “political revolution” that “takes on the fossil fuel billionaires, accelerates our transition to clean energy, and finally puts people before the profits of polluters.” He would retrain workers in the fossil fuel industries for clean energy jobs.

Sanders reminds us that the top one-tenth of 1 percent owns nearly as much wealth as the bottom 90 percent, and 99 percent of all new income goes to the top 1 percent. Unlike Clinton, he says healthcare is a right – not a privilege – and college and university tuition should be free.

Sanders and Congressman John Conyers introduced legislation to allocate $5.5 billion to states and communities to create employment programs for African-American youth. They say, “instead of putting military style equipment into police departments . . . we [should] start investing in jobs for the young people there who desperately need them.”

How will we pay for all that? “If we cut military spending and corporate welfare, we would have more than enough money to meet America’s needs,” Sanders wrote in his 1997 book, Outsider in the House. “This nation currently spends $260 billion a year on defense, even though the Cold War is over,” not counting “$30 billion spent annually on intelligence or the $20 billion in defense-related expenditures hidden away in our federal spending on energy,” he added.

Today, with all the wars our government is prosecuting, that figure is nearly $600 billion.

Marjorie Cohn is a professor at Thomas Jefferson School of Law and former president of the National Lawyers Guild. Her most recent book is Drones and Targeted Killing: Legal, Moral, and Geopolitical Issues. Follow her on twitter at @marjoriecohn.

Recovering from a Cyber-Attack

From Editor Robert Parry: Last week, we were told by IT experts that Consortiumnews was the apparent victim of a sophisticated "denial of service" attack that destroyed the site's functionality by imposing so many commands on the system that it blocked us from updating content or restoring the site to a pre-attack status.

We have spent the past week – and thousands of dollars – recovering as much of our 20 years of content as possible and migrating to a new server where we had to essentially rebuild the site from scratch. It's still not clear how much of our 20 years of work has been lost. We also will keep working to clear up a variety of glitches that remain.

It's not clear who may have carried out this clever attack which apparently exploited a tiny flaw in our system, a spot where an older version of the Web site had been merged with a newer version. The encrypted malware was so subtle that it was missed by multiple virus scans and was only spotted by a tech examining the files manually.

But whoever was behind this attack, the ugly reality is that such assaults are the modern equivalent of mobs smashing the presses of old-time newspapers that challenged the status quo. In such cases, the goal was to silence dissent by raising the price for telling the truth.

Today, we find ourselves in what is sometimes called "information warfare," an insidious concept in which powerful interests view critical facts as "enemy propaganda" that must be shut down. Though these interests already control much of the major media, they are remarkably sensitive to challenges from independent information sources.

By making information simply one battlefront in some ideological war, these forces justify attacks to silence sources of dissent that challenge the dominant official narratives. Cyber-attacking Web sites is just one tactic in that “war.” Shutting down contrary information, in turn, makes people easier to manipulate into actual wars and other costly adventures.

It is important that such intimidation not be successful.

Investigative reporter Robert Parry broke many of the Iran-Contra stories for The Associated Press and Newsweek in the 1980s. You can buy his latest book, *America’s Stolen Narrative*, either in print here or as an e-book (from Amazon and barnesandnoble.com).
