

Big Money's Conquest of Democratic Party

As Hillary Clinton finally clinches the Democratic nomination, the big question facing Democrats is: are they now the party of big money and elite special interests or will the Sanders' revolt live on and grow, write Bill Moyers and Michael Winship.

By Bill Moyers and Michael Winship

Return with us now to the saga of Debbie Wasserman Schultz and the soul of the Democratic Party. First, a quick recap: Rep. Wasserman Schultz, D-Florida, chair of the Democratic National Committee, also has been an advocate for the payday loan industry. The website *Think Progress* even described her as the “top Democratic ally” of “predatory payday lenders.” You know – the bottom-feeding bloodsuckers of the working poor. Yes, them.

Low-income workers living from paycheck to paycheck, especially women and minorities, are the payday lenders' prime targets – easy pickings because they're often desperate. Twelve million Americans reportedly borrow nearly \$50 billion a year through payday loans, at rates that can soar above 300 percent, sometimes even beyond 500 percent.

Bethany McLean at *The Atlantic* recently reported that the government's Consumer Financial Protection Bureau (CFPB) studied millions of payday loans and found that “67 percent went to borrowers with seven or more transactions a year and that a majority of those borrowers paid more in fees than the amount of their initial loan.”

Yet when the CFPB was drawing up new rules to make it harder for payday predators to feast on the poor, Rep. Wasserman Schultz co-sponsored a bill to delay those new rules by two years. How, you ask, could the head of the party's national committee embrace such an appalling exploitation of working people?

Just follow the money. Last year, the payday loan industry spent \$3.5 million lobbying; and as we wrote two weeks ago, in Wasserman Schultz's home state, since 2009, payday lenders have bought protection from Democrats and Republicans alike by contributing \$2.5 million or so to candidates from both parties, including her. That's how “Representative” Wasserman Schultz, among others, wound up representing the predators instead of the poor.

That position became a major issue in her campaign for reelection to the House this year – she has a primary opponent for the first time since she entered Congress – and was even threatening the prospect of her continuing as DNC chair and presiding over the Democratic National Convention next month in

Philadelphia. More than 40,000 have signed a petition calling for her removal from that post.

She had become a symbol of the failure of Democratic elites to understand that there is an uprising in the land. Millions of Americans are rebelling against the leadership of both parties. They are fed up with inside-the-Beltway politicians who pay only lip service to the deep needs of everyday people and the country; fed up with incumbents who ask for their votes, are given them in good faith, and then return to Washington to do the bidding of the donor class and its lobbyists.

The GOP Revolt

Donald Trump gets it. He has roiled and humiliated and conquered an out-of-touch Republican establishment in Washington that also ignored the popular uprising against corporate domination and crony capitalism, and now GOP titans such as Senate Majority Leader Mitch McConnell and Speaker of the House Paul Ryan, spear carriers for Big Money, are being hauled around the talk-show circuit in Trump's tumbrel, eating crow and swearing fealty to the misogynistic, bigoted and pathologically lying brute who bestrides their party.

Democratic insiders like Wasserman Schultz, however, continued to whistle past the graveyard, believing that the well-funded and well-connected Clinton machine – and general fear of a Trump regime – were enough to carry them to victory in November, despite the grass-roots disgust with a party that reeks of rot from the top.

Once the champions of people who came home from work with hands dirty from toil and sweat, too many establishment Democrats went over to the dark side, taking up the cause of the well-manicured executives (think: Goldman Sachs) who write the checks and the mercenaries who deliver them (for a substantial cut, of course).

The lust for loot, which now defines the Democratic establishment, became pronounced in the Bill Clinton years, when the Clinton-friendly Democratic Leadership Council (DLC) abandoned its liberal roots and embraced “market-based solutions” that led to deregulation, tax breaks, and subsidies for the 1 percent. Seeking to fill coffers emptied by the loss of support from a declining labor movement, Democrats rushed into the arms of big business and crony capitalists.

Another case in point (and, alas, there are many): the Democratic governor of Connecticut, Dan Malloy, who seems to treat his state's corporate residents far better than the 1 in 10 of his citizens who live at or below the poverty line.

The Rich Get Richer

At *International Business Times* last week, investigative reporter David Sirota analyzed the proposed merger of Cigna and Anthem Blue Cross Blue Shield, a deal that would create the biggest health insurance company in the country. Cigna is based in Connecticut and Katharine Wade, the state's insurance commissioner, appointed by Governor Malloy, is a former Cigna lobbyist with deep family ties to the company.

Sirota reported, "Malloy's decision to appoint Wade to such a powerful regulatory post on the eve of the merger was not made in a vacuum," Sirota reported. "It came after employees of Cigna, its lobbying firm Robinson & Cole and Anthem delivered more than \$1.3 million to national and state political groups affiliated with Malloy, including the *Democratic* Governors Association (DGA), the Connecticut *Democratic* Party, Malloy's own gubernatorial campaign and a political action committee supporting Connecticut *Democrats* [our italics].

"Since Malloy's first successful run for governor in the 2010 election cycle, donors from the insurance companies and the lobbying firm have given more than \$2 million to Malloy-linked groups, according to the figures compiled by PoliticalMoneyLine and the National Institute on Money In State Politics. Almost half that cash has come in since 2015, the year the merger was announced."

Sirota now reports that since his investigation first was published, the state has "formally denied open records requests for information about their meetings with Cigna and Anthem, and declared that 'any' documents about the health insurance companies' proposed merger that haven't already been made public will be kept secret." His FOIA request was turned down "one day after Anthem requested [state insurance commissioner] Wade approve an average 26 percent increase in health insurance premiums for individual plans." So much for transparency.

And while we're in Connecticut, let's also take a look at what Malloy is doing for the world's biggest hedge fund – Bridgewater Associates, based in his state, with an estimated worth of \$150 billion. The founder of the firm, Ray Dalio, is the richest man in Connecticut, by one estimate weighing in at \$14.3 billion.

Dalio made \$1.4 billion in 2015 alone, according to *Institutional Investor's Alpha* magazine. That same year, his top two executives pulled in \$250 million each. Yet as part of Connecticut's campaign to keep companies from leaving the state, Malloy is taking \$22 million of the public's money and giving it to Dalio to stay put.

You might think a Democratic governor would have thrown down the gauntlet and

told Bridgewater's top three, "Get outta here! You guys made almost \$2 billion among yourselves. Shake your piggy bank or look under your sofa cushions for the \$22 million; we're not milking the public for it."

But no, Malloy and his fellow Democrats buckled. Buckled to the one-tenth of the one-tenth of the one-hundredth percent of the rich. Ordinary taxpayers will now ante up.

The Democratic Convention

So given all of that, guess who's the chairman of the platform committee for the upcoming Democratic National Convention? Right: Dan Malloy, governor of Connecticut, subsidizer of billionaires. Guess who named him? Right again: Wasserman Schultz, "top Democratic ally" of "predatory payday lenders." We're not making this up.

Not only will Malloy be presiding over the priorities of the Democratic platform at the convention next month, he doubtless will be making the rounds with Wasserman Schultz and other party elites as they genuflect before the corporate sponsors and lobbyists she has invited to pay for the lavish fun-and-games that will surround the coronation. Many of those corporate sponsors and lobbyists have actively lobbied against progressive policies like health-care reform and a Wall Street cleanup and even contributed large sums to Republicans. Yes, we know, shocking.

So take the planks in the platform and the platitudes and promises in the speeches with a grain of salt. It's all about the money. Except when it's not. Except for those moments when ordinary people rise up and declare: "Not this time!" Which brings us back to predatory lenders and their buddy, Debbie Wasserman Schultz.

Look around: There's an uprising in the land, remember, and it isn't going away after Hillary Clinton, now the presumptive nominee, is crowned. This year even Wasserman Schultz couldn't ignore the decibel level of an aroused public. Unaccustomed to a challenge in the Democratic "wealth primary" where money usually favors incumbents, she now finds herself called to account by an articulate opponent who champions working people, Tim Canova.

Across the country tens of thousands of consumer advocates – and tens of thousands of other progressives angry at her perceived favoritism toward Hillary Clinton – have been demanding that Wasserman Schultz resign as the party's chair or be dumped before the convention opens Philadelphia.

So last week the previously tone-deaf Wasserman Schultz perked up, did an about-face and announced she will go along with the proposed new rules on payday

lending after all. At first blush, that's good; the rules are a step in the right direction. But all that lobbying cash must have had some effect, because the new rules only go so far. A New York Times editorial calls them "a lame response" to predatory loans and says the final version of the new regulations "will need stronger, more explicit consumer protections for the new regulatory system to be effective."

More Scams

Nick Bourke, director of small-dollar loans for the Pew Charitable Trusts, is a man who closely follows these things and got to the heart of the matter: Not only do the proposed new rules "fall short," they will allow payday lenders to lock out attempts at lower-cost bank loans.

His judgment is stark: "As drafted, the CFPB rule would allow lenders to continue to make high-cost loans, such as a line of credit with a 15-percent transaction fee and 299-percent interest rate, or a \$1,250 loan on which the borrower would repay a total of \$3,700 in fees, interest and principal," Bourke wrote. "These and many other high-cost payday installment loans are already on the market in most states, and they will thrive if the regulation takes effect without change."

Nonetheless, the new rules were improvement enough for Allied Progress, an organization that has taken on Wasserman Schultz in Florida's late August primary, to declare victory. And they were enough for Wasserman Schultz to do a 180-degree turn which she clearly hopes will not too dramatically reveal her hypocrisy.

"It is clear to me," she said, "that the CFPB strikes the right balance and I look forward to working with my constituents and consumer groups as the CFPB works toward a final rule."

All well and good, but if she survives her primary to return to Washington, be sure to keep the lights on in those rooms where the final version of the rules are negotiated. A powerful member of Congress with support from a Democrat in the White House could seriously weaken a law or a rule when the outcome is decided behind closed doors and money whispers in the ear of a politician supplicant: *"I'm still here. Remember. Or else."*

But the times, they really may be a-changing, as the saga of Wasserman Schultz reveals. You can be deaf to the public's shouts for only so long. The insurgency of popular discontent that has upended politics this year will continue no matter the results in November. For much too long now it's been clear that money doesn't just rule democracy, it *is* democracy.

Until we prove it isn't.

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GOP Congress Plays Pentagon Budget Games

Despite a nearly \$600 billion military budget, congressional Republicans are demanding even more money for the Pentagon, while rejecting cuts in spending for military bands and resisting emergency funds to fight the Zika virus, notes Mike Lofgren.

By Mike Lofgren

Our military is falling apart. How do we know this? Because Republican candidates have told us so: [According to Jeb Bush](#), "We're gutting our military." [Marco Rubio has said](#), "For years, we have systematically underfunded our military." Not to be outdone, [Donald Trump boldly asserts](#) "Our military is a disaster."

The military brass stokes this perception. Joseph Dunford, chairman of the Joint Chiefs of Staff, [agreed](#) with his Republican questioners during a hearing on Capitol Hill in March that the military has significant readiness problems across the services. Anecdotal evidence, such as [cannibalizing parts](#) from ships to keep deployed naval forces operational, would seem to buttress the case.

The point of these arguments is to convince us that the Pentagon's \$596-billion budget is inadequate. Yet the casual reader might be surprised to learn that our allegedly cash-strapped military spends [\\$437 million annually](#) on live music: DOD coughs up three times the entire budget of the [National Endowment for the Arts](#) to support bands.

What's more, the Army uses 4,350 full-time "musician personnel" – the equivalent of an entire combat brigade doing nothing but playing music. (Meanwhile, it is in the process of reducing its total number of brigade combat teams to 33 worldwide).

While our military is paying \$87,500 for Steinway pianos, it must also deplete its global reserve stockpile of smart-bombs to continue the campaign against the Islamic State. This is a glaring example of misplaced priorities, but it elicits this response from Rep. John Carter, R-Texas, who sits on the Defense Appropriations Subcommittee: “Military bands are vital to recruiting, retention and community relations, and they provide patriotic and inspirational music to instill in soldiers, sailors, airmen and marines the will to fight and win.” One would think high explosives might impress the enemy a bit more.

Congress loves to collect horror stories about alleged underfunding of the military, but does virtually nothing to exercise its constitutional oversight in directing the Pentagon to get its priorities straight. It fails to effectively use its powers to proactively deter waste, fraud and abuse at the Pentagon such as the “Fat Leonard” bribery case. This failure is just a subset of a larger breakdown of congressional governance in the age of hyper-polarization, gridlock and shutdowns.

Congress entered its Memorial Day recess without funding Zika virus prevention, even as flooding in Texas and South Carolina created conditions ripe for rapid mosquito propagation. This delay is serious because the first case of Zika-related microcephaly has now been reported in the United States.

It is noteworthy that the amount DOD spends on bands would go some distance toward closing the gap between the administration’s Zika request of \$1.9 billion and Senate-approved funding. The House, unfortunately, is nowhere near even the Senate amount: it would draw the entire \$622 million it approved from money set aside to fight Ebola. Some experts have warned that using Ebola funding to fight Zika is a dangerous and shortsighted diversion of resources.

It should be remembered that Congress initially dragged its feet in approving the Ebola funding in 2014. As Michael Gerson reminds us, during that episode, the main contribution of the conservative movement, to which congressional Republicans pay such heed, was to retail conspiracy theories designed to panic the public and question the motives of the administrators charged with combatting the disease.

One cannot even begin to exhaust the examples of Congress’s refusal to do its job in the public interest. Senate Republicans’ current unwillingness to discharge their constitutional duty to consider U.S. Appeals Court Judge Merrick Garland to fill the vacancy on the Supreme Court is just one of the more obvious instances. This kind of capricious and incompetent governance by the legislative branch cannot go on in a country that is a military and economic superpower.

I used to revere Congress as a bulwark of our constitutional system. But after

nearly three decades as a congressional staff member, most of it on the budget committee, I left in despair: the final straw was when a band of Tea Party zealots became determined to drive the country into a sovereign credit default – a pointless act of recklessness.

Which brings us back to the alleged military underfunding that congressional Republicans decry. In order to avert a credit default in 2011, President Obama agreed to a deal requiring across-the-board government cuts (“sequestration”), including military programs.

Congressional Republicans instigated sequestration with their Kamikaze tactics on the debt limit, but now they insist it was all somehow Obama’s policy. That’s par for the course: for congressional Republicans, like toddlers, it’s never, ever their fault.

Mike Lofgren is a former congressional staff member who served on both the House and Senate budget committees. His latest book, *The Deep State: The Fall of the Constitution and the Rise of a Shadow Government*, appeared in January 2016.

Declaring Clinton’s Premature Victory

Exclusive: The mainstream media has run out screaming headlines and saturation TV coverage on AP’s tally that Hillary Clinton has nailed down the Democratic nomination, but the claims are misleading, reports Joe Lauria.

By Joe Lauria

Hillary Clinton needs to win 613 of the remaining 775 pledged delegates to clinch the Democratic Party nomination for president. That’s the math, though not what you’ve been seeing in the corporate media’s headlines.

With Clinton neck-and-neck with Sen. Bernie Sanders in the opinion polls for Tuesday’s California primary, where 475 pledged delegates are at stake, it’s very unlikely she’ll have the required 2,383 pledged delegates going into the Philadelphia convention next month. That means Clinton will need the votes of super-delegates, those unelected, pre-selected, party insiders chosen specifically to prevent a grass-roots insurgent candidate like Sanders.

By a large margin, Clinton leads Sanders in super-delegates who have indicated how they intend to vote. But unlike pledged delegates, bound by the will of the voters, the super-delegates can change their minds right up to the convention night when they must cast their ballot.

That is not what the Associated Press misleadingly reported on Tuesday however. It has prematurely declared Clinton the Democratic nominee, even though she's short of the required pledged delegates. AP and other corporate media are making a huge assumption that the super-delegates will stick with her until Philadelphia.

But Sanders has several strong arguments to get them to change their minds. First, he does much better against Republican nominee Donald Trump than Clinton does in every poll. Second, Clinton could still be indicted by the Justice Department before the convention for her mishandling of classified information on her private email server.

Third, at this point in the 2008 Democratic race, Clinton also trailed Barack Obama by a large number of pledged delegates, yet she refused to leave the race. She even floated the possibility that Obama could be assassinated, invoking the June 1968 slaying of Robert F. Kennedy on the night he'd won the California primary. There's probably more chance of Clinton's indictment than there was of Obama's assassination.

Fourth, Sanders has very little baggage. There are virtually no scandals in his past. There is little that Trump's opposition research can dig up on him compared to the library full of dirt they will get on Clinton.

Fifth, in a year of anti-Establishment fervor on both left and right it seems very risky for the Democrats to put up a quintessential Establishment figure like Clinton to face the populist Trump.

Given these facts, Sanders would be foolish not to lobby the super-delegates until that night in Philadelphia. And that's why he's staying in the race. Not because he's bitter. Not because he wants to damage Clinton. But because he thinks he can still win.

You wouldn't know it from corporate media, however. It smears Sanders with both news and opinion pieces that portray him as an angry, old egomaniac who stubbornly is staying in the race only because he wants to hurt Clinton out of vindictiveness, and thus help Trump. And it tries to portray all his supporters as angry and violent, ready to strike respectable people at anytime.

Even if he suffers a blowout loss in California – possibly made more likely by the AP's report on Clinton clinching the nomination – Sanders has several strong arguments with the super-delegates that Democrats would have a much better chance with him in November. But his biggest obstacle may be something even more important to the Democratic establishment than winning the White House: protecting their privilege.

Sanders has stirred up masses of people who pose a threat to those privileges. His proposed policy changes could cut into the Democratic establishment's entrenched interests. Trump's rhetoric on the right has made similar appeals to suffering workers and formerly middle-class Americans. But Trump is a demagogue exploiting that sentiment, while Sanders may genuinely try to make reforms that could challenge the moneyed elite.

Sanders is a greater threat to elite Democrat's class privilege than the billionaire Trump is. Trump is a better bet not to mess with the status quo and may even push for more government concessions to the rich.

Therefore it is unlikely, short of a Clinton indictment, that the super-delegates will listen to Sanders. And if she is indicted, there's Establishment talk of inserting Joe Biden or John Kerry as the last-minute nominee.

And that could bring a self-fulfilling prophecy by establishment Democrats of a violent reaction in Philadelphia.

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Israel Covets Golan's Water and Now Oil

Exclusive: Israel's Prime Minister Netanyahu is defiantly asserting permanent control over the occupied Golan Heights, a determination strengthened by Israel's extraction of water and now possibly oil from the land, writes Jonathan Marshall.

By Jonathan Marshall

On June 1, Israeli police burst into the home of an Israeli journalist, confiscated his computer and camera, and arrested him for "incitement to violence and terrorism." His employer, Iran's government broadcasting company, said the Druze reporter had antagonized the Netanyahu government with his hard-hitting reports on Israel's plans for "stealing" oil from the Golan Heights, a 460-square-mile region of Syria seized by Israel during the Six Day War in 1967.

Such reports come at a particularly sensitive time for Prime Minister Benjamin Netanyahu and other right-wing Israeli politicians, who are seeking to take

advantage of the ongoing war in Syria to cement Israel's control over the Golan. Their allies include such influential Americans as Rupert Murdoch, Dick Cheney, former CIA Director James Woolsey, and former Treasury Secretary Larry Summers, all of whom are backing an oil-drilling operation of doubtful legality in the occupied region.

Besides its strategic value and potential oil, the Golan Heights is a major source of Israel's fresh water and agricultural products and a leading tourist destination. If exploratory drilling unlocks as much oil as some geologists predict, the occupied region could turn Israel into "an energy powerhouse."

Ethnic Cleansing

Israel annexed the Golan Heights in 1981, in violation of the United Nations' 1967 General Assembly Resolution 242, which called for the eventual withdrawal of Israeli forces from the occupied territories. Rejecting Israel's claim, the U.N. Security Council immediately declared the attempted annexation "null and void and without international legal effect." Within a few months, however, the controversy was overshadowed by the international crisis following Israel's massive invasion of Lebanon.

As recently as January 2010, the U.N. General Assembly once again reaffirmed the illegality of Israel's claim to the land and called on Israel to desist from "changing the physical character, demographic composition, institutional structure and legal status of the occupied Syrian Golan and, in particular, to desist from the establishment of settlements" in the area. But that demand came much too late to stop Israel's systematic land grab.

The respected Israeli newspaper *Ha'aretz* reported in 2010 that "Neglect and ruin are everywhere. . . . Apart from the four Druze villages at the foot of Mount Herman, [all Syrian villages] were all destroyed, in most cases down to their foundations. . . . Most were wiped off the face of the earth in a systematic process of destruction that began right after Israel's occupation of the Golan."

Challenging the myth that the local population simply fled during the 1967 war, the newspaper reported that the Israeli Defense Forces systematically expelled villagers and then began destroying their homes. An Israeli commander estimated that 20,000 civilians "were evacuated or left when they saw that the villages were starting to be destroyed by bulldozers and they had nowhere to return to." Census figures indicate that more than 100,000 Syrians lost their homes and property.

Israel has no intention of ever letting them return, even if that means putting aside peace with Syria forever. Instead, Israel today has entrenched more than

20,000 of its own settlers in the Golan. Last year, the right-wing minister and Jewish Home party leader Naftali Bennett announced a five-year goal of spending hundreds of millions of shekels to settle 100,000 more Israelis on the mountain.

Precious Water

This April, Prime Minister Netanyahu hosted a special cabinet meeting on the Heights, calling it “an integral part of the state of Israel in the new era.” He vowed that the region “will remain in the hands of Israel forever” rather than returning to “Syrian occupation.”

As usual, the U.N. Security Council rejected the Israeli claims, to no practical effect.

Israeli leaders acknowledge that a major reason they will never hand back the Golan Heights is economic: it provides precious fresh water to Israel.

Israel’s Ministry of Foreign Affairs states flatly, “The region’s strategic importance derives from its location, overlooking the Israeli Galilee region, and from the fact that it supplies Lake Kinneret (the Sea of Galilee) – a major source of water for Israel – with one third of its water.”

But there is another economic motive driving Israeli policy, as the recently arrested Druze journalist had reported: the smell of oil.

Last fall, an Israeli geologist working for the American company Genie Oil and Gas reported evidence of a huge oil find in the Golan Heights – with the potential to supply billions of gallons of crude, enough to make Israel a net oil exporter. Rejecting complaints by environmental groups, Israeli authorities granted the company a two-year extension of its right to carry out test drilling on 150-square-miles of occupied Syrian land.

Genie Oil and the Israel Lobby

Genie Oil is no ordinary drilling company. Its American CEO, Howard Jonas, is a major campaign donor to Netanyahu. The chairman of its Israeli subsidiary, Brig. Gen. Efraim Eitam, is a former leader of the National Religious Party who called for expelling Palestinians from the occupied territories and murdering their leaders.

He said of the Palestinian people, “These are creatures who came out of the depths of darkness. It is not by chance that the State of Israel got the mission to pave the way for the rest of the world, to militarily get rid of these dark forces.”

The company’s shareholders include at least two billionaire supporters of

Israel: multinational media magnate Rupert Murdoch and retired investment banker Lord Jacob Rothschild (whose family foundation donated the Knesset and Supreme Court buildings to Israel).

Murdoch and Rothschild also sit on Genie Oil's well-connected "strategic advisory board." Its chair, Michael Steinhardt, is a prominent Wall Street hedge fund manager and a major financial backer of the Foundation for Defense of Democracies, a hawkish, neoconservative think tank noted for its fear-mongering against Palestinian leaders as well as Syria and Iran.

Other advisory board members include former Vice President Richard Cheney; James Woolsey, former CIA Director and chairman of the Foundation for the Defense of Democracies Leadership Council who has called for tougher U.S. military intervention against Syria; former Louisiana Sen. Mary Landrieu, who sponsored the U.S.-Israel Energy Cooperation bill; former Energy Secretary Bill Richardson; and former Treasury Secretary Larry Summers.

Potential for Regional Conflict

Genie's drilling in the Golan is part of an energy boom that is transforming the outlook for Israel's economy. Israel has raised "consternation" in Jordan by claiming a major oil reservoir near the Dead Sea, potentially worth hundreds of millions of dollars.

Israel has also discovered enormous reserves of natural gas off the coast of Israel and Gaza in the Mediterranean Sea, and is reportedly close to signing a huge gas export agreement with Turkey. The latter deal could undercut long-term plans by Iran and Syria to export gas to Europe.

A report by the U.S. Army War College's Strategic Studies Institute, released in December 2014, noted that recent energy discoveries put Israel "ahead of all East Mediterranean countries in terms of gas reserves and resource prospectivity."

It warned, however, that conflicts over disputed ownership of oil and gas fields could lead to a regional war between Israel, Lebanon, Syria and other countries. It cited Israel's drilling in the Golan Heights, in particular, as creating the "potential for another armed conflict between the two parties should substantial hydrocarbon resources be discovered."

The report added ominously, "U.S. security and military support for its main allies in the case of an eruption of natural resource conflict in the East Mediterranean may prove essential in managing possible future conflict."

Owing to Israel's expulsion of most Golan residents in 1967, that occupied land

rarely makes the news. Ever since the Six Day War, however, Israel's conquest mentality has subverted peace negotiations with Syria. If Israel now succeeds in tapping commercial oil reserves underneath the Golan, its illegal occupation may once again fan the flames of regional conflict.

If the United States does help "manage" that conflict by supporting its ally, no one should be surprised – but it will represent a terrible dereliction of America's duty to uphold international law and to seek a just and peaceful solution in the Middle East.

Jonathan Marshall is author or co-author of five books on international affairs, including *The Lebanese Connection: Corruption, Civil War and the International Drug Traffic* (Stanford University Press, 2012). Some of his previous articles for Consortiumnews were "Risky Blowback from Russian Sanctions"; "Neocons Want Regime Change in Iran"; "Saudi Cash Wins France's Favor"; "The Saudis' Hurt Feelings"; "Saudi Arabia's Nuclear Bluster"; "The US Hand in the Syrian Mess"; and "Hidden Origins of Syria's Civil War."]

Sanders Speaks against Racism, Injustice

As Hillary Clinton seeks to finally extinguish Bernie Sanders's campaign, the Vermont senator continues to speak out against the Establishment's neglect of social justice and against the racism coming from Donald Trump, reports Marjorie Cohn.

By Marjorie Cohn

As I sat in the San Diego sunshine on Sunday listening to Bernie Sanders outside of Qualcomm Stadium, I was struck by the stunning contrast between the senator from Vermont and Donald Trump, particularly on the issue of race.

Sanders emphasized racial justice, citing the courage of African-Americans and their allies who fought against racism and bigotry during Jim Crow. He talked of the thousands of undocumented workers who are ruthlessly exploited, overworked and underpaid, vowing to end the current deportation policies. Sanders seeks to "unite, not divide families." And he wants to "fundamentally change" the federal government's oppressive relationship with the Native American community.

There are more people in U.S. prisons than in any other country in the world, Sanders noted. Those imprisoned, he said, are disproportionately African Americans, Latinos and Native Americans. The senator wants to invest in "jobs and education, not jails and incarceration."

Sanders was a leader in the Civil Rights Movement. He served as president of the Congress of Racial Equality at the University of Chicago, organizing pickets and sit-ins, which led to his 1963 arrest for “resisting arrest.”

When Dr. Cornel West, author of the book *Race Matters*, introduced Sanders, he said the senator stands on the shoulders of Martin Luther King Jr., Edward Said and Cesar Chavez. Said, a professor at Columbia University, was a path-breaking Palestinian-American activist scholar, who decried the “dehumanization of Palestinians to the level of beasts virtually without sentience or motive.”

The overwhelming popularity of Sanders prompted the Democratic National Committee to invite him to nominate several members to the platform committee for the Democratic Convention. Much to the consternation of Hillary Clinton, Sanders’ choices included Dr. West, Congressional Progressive Caucus chair Keith Ellison, and Arab-American Institute president James Zogby, all staunch supporters of Palestinian rights.

Sanders called out Donald Trump for his bigotry, saying, “In the year 2016, the American people will not accept a bigoted president.” He added, “We are not going back. We will not accept a candidate that insults Latinos, Muslims, women, veterans and African-Americans.” Sanders reminded us that Trump was a leader of the birther movement, whose aim was to delegitimize Barack Obama as president because he is black.

Trump has a nasty habit of attacking people based on their race. His most recent assault was on Gonzalo Curiel, a well-respected federal judge in San Diego, who is presiding over a lawsuit filed by people claiming they were scammed by Trump University. When Curiel ordered the unsealing of documents in the case, Trump mounted a double-barrel assault on the judge, stating that Curiel had “an absolute conflict” that should disqualify him from the case. Trump’s reasons: “He is a Mexican.”

Trump explained what he saw as the “conflict”; it was because “I’m building a wall” on the Mexican border. “It’s an inherent conflict of interest.”

Curiel is a U.S. citizen born to Mexican immigrant parents. Trump also maintains that a Muslim judge might treat him unfairly because Trump has advocated the temporary exclusion of most foreign Muslims from entering the United States. But federal courts have roundly rejected the claim that the ethnicity of a judge disqualifies him or her from hearing a case.

Trump has also vowed to deport 11 million undocumented workers from the United States.

The overt racism of the presumptive Republican presidential candidate is causing

hand-wringing in GOP circles. Republican strategist Brian Walsh characterized Trump's comments as "racist, nonsensical" and "the definition of racism."

Veteran GOP operative Rick Wilson is also alarmed at Trump's racism, noting that the Republican Party "own[s] the racial animus that started out as a bug, became a feature and is now the defining characteristic of his campaign." Wilson said that Trump's comments about Curiel and Muslim judges are "overtly racist."

Trump's racism is also evident in his pandering to people based on their race. He recently pointed out a black man in the crowd, declaring, "Oh, look at my African-American over here – look at him."

Sanders has cited Trump's demagoguery, which, the senator thinks, is a reaction to fear and anger that many people feel, leading them to embrace scapegoating.

"Don't go to the dark side," Sanders implores. He advocates building a strong, progressive movement. "Real change," he told us on Sunday, "has never taken place from the top on down, only from the bottom up."

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Europe Sleepwalks toward World War III

The West's scary new catch phrase for anything the diabolical Russians do is "hybrid war," accusing Moscow of spreading propaganda and funding NGOs, pretty much what the West has been doing for decades, as Gilbert Doctorow explains.

By Gilbert Doctorow

The momentum into a new Cold War – and possibly toward World War III – is growing stronger, a process in Europe that has the look of a brain-dead continent sleepwalking toward the abyss, unwilling or unable to resist the accumulation of harsh propaganda against Russia.

Indeed, the new buzz word in the West – directed against anyone who challenges whatever extreme charge is made against Moscow – is that you're part of Russia's "hybrid war" against the West. In other words, silencing these few voices of dissent is portrayed as a defensive measure against "Russian aggression."

Of course, this intimidation of those speaking up against a new Cold War is reminiscent of the old Cold War when people who urged peaceful coexistence were smeared as communist stooges. Now, you can expect to be dismissed as a fifth columnist serving your Kremlin masters as they wage “hybrid war,” a vague concept that suggests that criticizing the West’s policies is just one element of a hostile strategy hatched in Moscow.

A microcosm of this benighted attitude could be seen in an otherwise humdrum conference last week before the European Parliament, which aside from its quasi-legislative functions is host to numerous informational events in its conference rooms and auditoriums.

The organizer of the event was Anna Fotyga, a European parliamentarian (or MEP) from Poland who has had a very high profile in that country’s domestic politics within what is now the ruling party in Warsaw, the right-wing Law and Justice party (PiS in Polish). During 2006-2007, she was the Minister of Foreign Affairs in the first government of the Kaczynski brothers, PiS’ founders.

The foreign policy of PiS both then and today is marked by Euroskepticism and hostile rhetoric directed against Poland’s big neighbors, Germany and Russia, although today the emphasis is one of Russophobia and a full-scale resurrection of a Cold War in which Poland plays a unique role as America’s advance military post and bastion against Russia.

For Fotyga, serving in the European Parliament (EP), is by no means a political exile, as is often assumed to be the case when speaking about high-flying politicians who are sent to Brussels. On the contrary, the EP has provided her with an excellent platform to continue on a pan-European scale the policies she worked on from Warsaw.

Fotyga has been a leading member of the group of 75 MEPs from Poland and the Baltic States, accounting for just 10 percent of the parliamentary seats, who have been the driving force behind a succession of virulently anti-Russian resolutions that were approved with ever greater frequency by the European Parliament in the past couple of years.

Demonizing Russia

From her words last week, it was clear that she is now working on a new effort to pass a law through the EP that requires European non-governmental organizations (or NGOs) receiving funding from abroad to report the details to the authorities. It was not clear, however, whether the application would be universal or just concern funding coming from Russia, though the context of the meeting suggests such selective application is likely what is intended.

Surely it would not be in the interests of the sponsors of the bill to publicize the extent to which European civil society is being funded and directed by proxies of the U.S. government.

As Fotyga told us, the model for such a law is the U.S. Foreign Agents Registration Act, which served also as the model for the Kremlin a couple of years ago when it introduced such a requirement amid concerns that U.S.-funded operations such as the National Endowment for Democracy might try to initiate a “color revolution” in Moscow, similar to what has occurred in other ex-Soviet states and other countries on Washington’s “regime change” list.

At the time, Moscow was denounced in Europe and the U.S. for this measure, which was alleged to be part of a crackdown on civil society, i.e., forcing NGOs operating in Russia to acknowledge their foreign backers and exposing them to ridicule from patriots or be shut down for failing to file. [See Consortiumnews.com’s [“Why Russia Shut Down NED Fronts.”](#)]

The report, presented at the conference last week, was directed against the agents of Russian “soft power,” and in particular, the Kremlin-funded NGO “Russkiy Mir” (The Russian World) which serves the Russian diaspora abroad. Such a report was a useful exhibit for Fotyga in her proposed new anti-Russian campaign.

The author and presenter of the report was Orysia Lutsevych, a Ukrainian national based in London, where she works as manager of the Ukraine Forum in the Russia and Eurasia Programme of the British think tank Chatham House, which was the publisher of her report.

Though Chatham House has had a long and distinguished history, today it is not the salon of aristocrats and intellectuals as it was perhaps once upon a time. A large majority of its experts on Russia and the former Soviet Union are clearly aligned with the Liberals who had the run of Russia in the 1990s under President Boris Yeltsin when insiders expropriated much of the country’s wealth, creating a small caste of billionaires and a wide chasm of Russians falling into poverty. These Chatham experts are fiercely critical of Vladimir Putin’s Russia today.

Secondly, Lutsevych’s résumé as posted on the Chatham House website set off alarm bells for anyone expecting unbiased academic research on Russia. Her Masters degree in international relations was taken at Lviv State University, in the heartland of the Maidan movement of radical Ukrainian nationalism.

Her second MS is said to have been in “public administration” from the University of Missouri-Columbia, which boasts about its skills at public relations, saying “Students come to us with the desire **to change the world.**[bold

type theirs]. We give them the practical knowledge and skills to make a difference for people, organizations and communities.” That sounds a lot like an advanced degree in propaganda and organizing “color revolutions.”

Her employment record backs up this interpretation of her skills. Her professional career began in 2005-07 as Deputy Director of the PAUCI Foundation, an acronym for the Polish Ukrainian Cooperation Foundation. From there she moved to the position of Executive Director of the newly founded Open Ukraine Foundation of Arseniy Yatsenyuk (the same “Yats” whom U.S. Assistant Secretary of State Victoria Nuland promoted in 2014 to be the premier of post-coup d’état Ukraine).

In 2009, Lutsevych served as Head of Development at Europe House Georgia. And in 2012 she finally found her niche in the West, becoming a fellow of the Russia and Eurasia Programme, Chatham House, where we find her today.

Seeing Russian ‘Agents’

Given where Lutsevych is coming from, her report entitled “Agents of the Russian World. Proxy Groups in the Contested Neighbourhood” is rather bland and seemingly inoffensive. Russia’s perspective on relations with the West as a defense against ever increasing encroachments is set out with reasonable accuracy.

The problem is the very British logic of “you would say that, wouldn’t you,” meaning that Russian perceptions remain just that – perceptions – which implicitly, by default, do not correspond to reality, though that assumption is never tested or proven.

Yet, the record shows unequivocally that the Kremlin’s foreign policy follows one principle only, Realism, meaning defense of national strategic interests, and is not subject to Romantic nationalist visions of any kind. But the author repeats the convenient deception that Russian policy is guided by the obscurantist philosophy of former Moscow State professor Alexander Dugin, currently in official disgrace, with his Eurasianism and antipathy to the values of the West. Imperial ambitions are attributed to “the current Russian leadership” without the slightest attempt to provide proof.

If we cut to the quick, what is missing in this report is any attempt to place Russian state policies, supposedly aimed at developing soft power abroad, in an historical or geographical context. Historical analysis, with play-by-play recounting of who did what to whom, would make it plain that Russia built NGOs to further its language, culture and political interests abroad as a delayed response to the realities of the breakup of the Soviet Union in 1992.

Because of that collapse, Russian speakers and/or ethnic Russians overnight became the world's single largest national group living outside the political borders of its own ethnos. They became subject to treatment as second-class citizens or, as in the case of the Baltic States, to revocation of civil rights. They numbered perhaps 25 million, though estimates range as high as 40 million.

The delay in official Russian state response to this reality may be explained by Russia's own self-absorption with its severe economic problems in the turbulent 1990s when the great mass of the population fell below the poverty line. The emergence of Russia from its "time of troubles" early in the new millennium under President Putin made it possible finally to deal with the sad fate of Russia's former compatriots living abroad.

And it has done so in the most circumspect way, especially when compared to the currently fashionable principle in Western international relations asserting a "responsibility to protect" threatened minorities. "R2P" apparently justifies military interventions in countries governed by U.S. adversaries, such as Libya and Syria, but not in, say, Ukraine where the endangered civilians are ethnic Russians.

Russia's 'Soft Power'

The report's author Lutsevych correctly indicated that nearly all of Russia's "soft power" investments in supporting its language, culture and identity abroad is invested in former Soviet Union space, especially Ukraine and Kazakhstan, which happen to be where the greatest number of ethnic Russians and Russian speakers – left adrift in 1992 – happen to live.

In fact, the only area where Russian support for compatriots through state-financed NGOs has relevance to the European Union is the Baltic States of Latvia, Estonia and Lithuania. There this issue is conflated by Russia's detractors in the European Parliament with the very emotive notion of "hybrid warfare" that Russia is said to have waged in its takeover of Crimea in March 2014 and in the Donbass conflict in eastern Ukraine (where ethnic Russians were under threat of violent attack).

It is also symptomatic of the entire anti-Russian narrative to ignore similar NGO activities by the United States, the United Kingdom, France, Germany and even Spain through a great variety of platforms that they have established around the world, with an emphasis on former colonies or territories of historical interest.

Put in this context, the Russian efforts are exceedingly modest and would never justify the attention that they are receiving from Moscow's detractors. But the

broader lesson is that the authors of such reports never look in the mirror and ask what they themselves are doing. Everything Russia is doing is taken to be unique, calculating and sinister whereas the West's actions set a gold standard for selflessness, generosity and good governance.

In this same connection, it is more than ironic that the Acknowledgements page of the report thanks the German Marshall Fund of the United States and the Robert Bosch Stiftung for financing that made its publication possible. Both entities fit perfectly Lutsevych's remarks on how state-funded agents and loyal business interests fund modern state propaganda, a system that the United States and the West, in general, have pioneered. [See Consortiumnews.com's "[The Victory of Perception Management.](#)"]

At the seminar, we were told by Lutsevych that she would not go over the entire thesis of the research because her 43-page brochure-report was handed out to all attendees. And so we were treated to what she considered highlights and to a free exchange with the audience.

This, in fact, is what justifies going to such events, because when away from their editors and handlers, the rapporteurs and politician-hosts can give free expression to their fantasies and share some memorable and very telling indications of what they really have in mind. Such was the case on May 31.

They do this in full confidence that the audience or participants are either meek underlings or colleagues who are like-minded to themselves. MEPs tend not to show up. Assistants and researchers will not pose hostile questions. And the general public has been screened in advance by the registration process.

Selecting the Audience

In this regard, possibly hostile members of the general public are weeded out in advance. I note that my request for registration by email in which I identified my institutional affiliation was rejected by Fotyga's assistant on the morning of the event. Very likely she googled me before responding that the registration list was already closed.

And yet, when the session opened, perhaps 10 percent of the seats were vacant. So, I got in with the help of a kindly administrative assistant who works for an MEP with whom Fotyga is at odds. During the whole session, both Fotyga and Lutsevych stared pointedly at me much of the time, as if expecting some protest flag to be unfurled.

The highlight – and a good indication of the mental abilities of the author of the report – came at the end of Q&A when Lutsevych chose to explain the nature of Putin's distortions of our Western political concepts that his agents

supposedly are spreading in our midst.

According to Lutsevych's account, democracy, as Putin understands it, is rule by majority and referendums whereas for the West democracy is protection of minorities, meaning proportional representation, etc. The context for Lutsevych's thinking was surely the referendum in Crimea in which some 96 percent of the voters favored leaving Ukraine and rejoining Russia or possibly it was the recent Dutch referendum opposing ratification of the European Union-Ukraine association agreement.

There were very few questions from the audience and, in fact, the session broke up a half an hour early. But there was one question that deserves careful attention. It came in response to remarks by Lutsevych at the start of her presentation.

Lutsevych opened her talk citing an interview recently given by Svetlana Alekseevich, in which the Nobel prize-winning author from Belarus said that Russians want to live in a "great country" rather than a "normal country." In Lutsevych's estimation, Russia's neo-imperial ambitions are behind its creation of a *Russkiy Mir* ideology and its seeking to obstruct the integration process of its shared neighborhood, namely Ukraine and Moldova, with the European Union. Hence, too, the strongly anti-American narrative which Russian proxy agents supposedly disseminate abroad in the information (or hybrid) war.

These words, which were among the very few observations which went off script from the report, elicited a "question" or, more properly speaking, a comment from the one MEP in attendance, Eugen Freund, an Austrian member of the Progressive Alliance of Socialists and Democrats, the center-left half of the coalition that effectively controls the European Parliament.

Freund remarked that he was initially uncertain which country with a known belief in its "exceptionalism" the speaker was talking about, the United States of America or Russia. Said Freund, there was nothing very unusual in Russia's soft power agenda.

To this Lutsevych responded that while similarities may seem to exist, the content was utterly different. To be sure, America's Freedom House and National Endowment for Democracy are both largely funded by the U.S. Treasury, but they have independent governing boards and congressional oversight by bipartisan committees, she said. Moreover, she added, their employees are genuinely dedicated to doing good works in a charitable spirit. To whom she was addressing these fairy tales from Cold War mythology is not at all clear.

Brain-dead and the Abyss

The conference also underscored another problematic element in the way European politicians tend to address the darkening storm clouds of a new Cold War. There is timidity about challenging the emerging “group think” that exaggerates the evils of Russia and ignores Moscow’s understandable worries and concerns.

While individual countries in Europe have reputations for ingrained individualism and divergence of opinion, Europe as a whole has a reputation for consensus or going with the flow, even if the flow is heading over the cliff.

I have little doubt that MEP Freund’s views on the intellectual merit of the presentation and presenters on May 31 differed little from my own, but he contented himself with one critical remark rather than deconstructing the arguments as a whole.

And, there is the nub. Without open debate on the key issues of European security including relations with Russia, we all are losers. We, in the minority who are warning about the dangers and the mindlessness of a new Cold War, are busy shadow boxing because no one invites us into the ring. When we do speak out, our loyalty is questioned. We are accused of advancing Russia’s “hybrid war.”

And those in the ring, like Fotyga and Lutsevych, produce specious arguments in favor of the reckless policies pushing Europe toward an ill-considered and very expensive conflict, one that could veer out of control into a hot war, even a nuclear war. This is what I mean when I describe a brain-dead continent sleepwalking toward the abyss.

Gilbert Doctorow is the European Coordinator of The American Committee for East West Accord Ltd. His most recent book, *Does Russia Have a Future?* was published in August 2015. © Gilbert Doctorow, 2016

Libya’s ‘Chaos Theory’ Undercuts Hillary

Exclusive: Hillary Clinton’s Libyan “regime change” project remains in chaos with one U.S. official likening rival factions to rogue water “droplets” resisting a U.S.-carved rewards-and-punishment “channel” to reconciliation, reports Robert Parry.

By Robert Parry

The Obama administration is hoping that it can yet salvage Hillary Clinton’s signature project as Secretary of State, the “regime change” in Libya, via a

strategy of funneling Libya's fractious politicians and militias – referred to by one U.S. official as chaotic water “droplets” – into a U.S.-constructed “channel” built out of rewards and punishments.

However, so far, the “unity government” – brokered by U.S. and United Nations officials – has floundered as the leaders of two rival governments bristle at demands for their compliance and show little interest in being good little water “droplets” flowing through the Obama administration's “channel.”

In recent days, competing militias, supporting elements of the three governments, have converged on Sirte, where the Islamic State jihadists have established a foothold, but the schisms among the various Libyan factions have prevented anything approaching a coordinated attack. Indeed, resistance to the U.S.-backed Government of National Accord (GNA) appears to be growing amid doubts about the political competence of the hand-picked prime minister, Fayed Sirraj.

Jonathan Winer, the State Department's special envoy on Libya, voiced some of the U.S. government's frustrations during a May 20 panel discussion at the Middle East Institute in Washington as he explained the U.S. strategy for reunifying Libya under the GNA.

“It's a bit like water hydraulics,” Winer said. “You can't predict where an individual particle is going to go when water is flowing through something turbulent, that's the core of chaos theory, right? But if you dig a trench, you know most of the water's going to go down that trench, and if you turn it into a channel, more of the water's going in. And then after you dig the channel, you then coat the channel and put in filters and a variety of things to then get that water looking good and useful for more purposes.

“So what we're doing with the Government of National Accord is we're trying to create a channel, for national unity and reconciliation, and for building the institutions Libya needs, for building enough stability so the economy can come back, so they can pump oil, which Libya needs for Libyans, distribute the wealth fairly, equitably, in a way that brings people in, and take advantage of Libya's natural resources to rebuild the country. ...

“Libyans overall can be quite fractious, so carving that channel in a way that's good, that they're going to say is good, is what we're trying to do, even if we can't predict where individual droplets are going to go, even if it's going to take time, which it is and it will.”

Thus far, however, many Libyan political figures have been unwilling to jump into the “channel,” which has led the Obama administration to both impose and

threaten punishments against these rogue water “droplets,” such as financial sanctions and even criminal charges.

“We’ve sanctioned [Aguila Saleh] the speaker of the parliament of the government in Libya we had recognized prior to the GNA after he undertook a series of activities to prevent people [in the parliament] from voting, which included substantial threats of violence and intimidation when a majority was ready to support the Government of National Accord,” Winer said. “We sanctioned him.”

The European Union also imposed sanctions on Saleh, whose government is known as the House of Representatives (HOR), based in Tobruk, as well as on Nouri Abusahmain and Khalifa al-Ghwell, the president and prime minister, respectively, of another rival government in Tripoli.

That government denied Sirraj and other GNA officials the right to land at the Tripoli airport in March, forcing the U.S./U.N.-backed “unity government” to arrive by sea and set up shop at a heavily defended naval base. The GNA threatened to deliver its rivals’ names to Interpol and to the U.N. for “supporting terrorism.”

Support from a Jihadist

Ironically, even as U.S. officials confront defiance from the rival Libyan leaders in Tripoli and Tobruk, they have won cooperation from Abdelhakim Belhadj, who was the leader of the Libyan Islamic Fighting Group, a jihadist militia whose members were once driven out of Libya by Col Muammar Gaddafi and developed close ties to Al Qaeda and the Taliban in Afghanistan.

After the 9/11 attacks and the U.S. invasion of Afghanistan, Belhadj was tracked by the CIA and captured in Malaysia in 2004 before being renditioned back to Libya, where he was imprisoned until 2010. In 2011, after Secretary of State Clinton convinced President Obama to join an air war against the Gaddafi regime on “humanitarian” grounds, Belhadj pulled together a jihadist force that helped spearhead the decisive attack on Tripoli.

After Gaddafi fled Tripoli and was captured in his home town of Sirte, U.S.-backed rebels sodomized him with a knife and murdered him. Upon hearing of Gaddafi’s demise, Secretary of State Clinton clapped her hands in obvious glee and declared, “we came, we saw, he died.”

Now, Belhadj, who has since branched off into various business ventures including an airline, is viewed as a key American ally with his militia helping to protect Sirraj and other GNA officials operating from the Tripoli naval base. (Gee, how could an Al Qaeda-connected jihadist with an airline present a problem?)

But U.S. officials have been unwilling to negotiate with some other Libyan figures, such as General Khalifa Haftar, who is commander of the Libyan forces supporting the HOR government in the east. Haftar, who has vowed to crush the Islamic State but also wants broad powers as the country's military chieftain, is viewed as a potential strongman in the mold of Gaddafi.

Sirraj, after being picked to lead the U.N.-U.S.-brokered "unity government" in January, reached out to Haftar in a face-to-face meeting that infuriated U.S. officials who preferred isolating Haftar and felt that the get-together with Sirraj would create confusion among anti-Haftar forces in Libya's west.

Rather than pursue such negotiations, the Obama administration's strategy has focused on using coercion, such as financial sanctions and threats of arrest, to force the chaotic Libyan water "droplets" into the U.S.-dug "channel."

Although the purported reason for the "channel" in this case is to promote positive goals such as political reconciliation and economic development for all Libyans, a troublesome question about the tactic is where – in reality – does the "channel" go. Some Libyans suspect that the "channel" may lead to a neoliberal end that would privatize the nation's oil wealth, rather than sharing it with the people in an equitable way.

There's also the issue of how such a strategy of financial and legal inducements can be used in other undemocratic or even imperialistic ways, benefiting outside powers or coercing the people of a country into policies that they otherwise would reject. Like any weapon, the sophisticated application of sanctions and other pressures can inflict harm in the wrong hands.

'Work in Progress'

In the case of Libya, the wielding of such "smart power" risks further deepening the country's bitter divisions and making the building of bridges between the various factions even harder. That, in turn, could leave the Libyan crisis as a sore point for Hillary Clinton's presidential campaign in which she has tried to put the best face on the bloody mess, presenting Libya as a "work in progress."

But "progress" has been slow when detectable at all. Sirraj and the GNA have struggled to assert their authority in the west, while the HOR government in the east continues to insist on its legitimacy.

This past week, central bank officials in the east announced that they had printed 4 billion Libyan dinars through a Russian company while bank officials in the west said they had a British company print dinars for them. The U.S.-backed GNA denounced the eastern dinars as counterfeit, but last year, the U.S.-based International Monetary Fund recognized the central bank governor in the

east, Ali Salim al-Hibri, as its sole contact and ended ties to a rival bank operation in the west.

Summing up the confusing situation, The New York Times reported on June 2, "One Western official who recently visited the country said the political mood in Libya had become increasingly confrontational during recent months as the United Nations, acting under pressure from the United States and its allies, has struggled to win acceptance for the unity government."

The ongoing violence and chaos in Libya is a far cry from what Hillary Clinton's State Department team envisioned when the "regime change" was being accomplished in 2011 and the expectation was to announce a "Clinton Doctrine" based on the use of "smart power," according to State Department [email exchanges](#).

Clinton and other "liberal interventionists" around Obama had pressured the President to intervene in Libya supposedly to protect Libyans from a possible slaughter at the hands of Gaddafi, who was mounting an offensive against what he described as Islamic terror groups around Benghazi. The Western bombing campaign decimated the Libyan army and cleared the way for the rebels to seize Tripoli and murder Gaddafi.

However, with Gaddafi and his largely secular regime out of the way, Islamic militants expanded their power across the country, with some proving that they indeed were terrorists, just as Gaddafi had warned. One Islamic terror group attacked the U.S. consulate in Benghazi on Sept. 11, 2012, killing U.S. Ambassador Christopher Stevens and three other American personnel, an incident that Clinton called the worst moment of her four-year tenure as Secretary of State.

As the violence spread, the United States and other Western countries abandoned their embassies in Tripoli. Once prosperous with many social services, Libya descended into the category of failed state with the Islamic State taking advantage of the power vacuum to seize control of Sirte and other territory. In one grisly incident, Islamic State militants marched Coptic Christians onto a beach and beheaded them.

Now, the Obama administration is trying to re-impose order in the country via a hand-picked group of new Libyan officials and by building a "channel" to direct the flow of the nation's politics in the direction favored by Washington. But many Libyan water "droplets" are refusing to climb in.

(Research by Assistant Editor Chelsea Gilmour.)

[For more on this topic, see Consortiumnews.com's "[Cleaning Up Hillary's Libya Mess](#)."]]

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](#)).

America Excels in Business of Death

America may lag behind the developed world in many categories, but it is No. 1 in the “merchant of death” business, experiencing a boom in the commerce of boom, especially in areas destabilized by U.S. invasions, notes JP Sottile.

By JP Sottile

Who says nothing is made in the USA anymore? Certainly not the well-heeled denizens of the State Department’s diplomatic corps. And they should know. That’s because they’re stationed on the frontlines of the ongoing battle to preserve Uncle Sam’s dominant market share of the global weapons trade.

Luckily for the Military-Industrial Complex, it turns out that “Made in the USA” inspires a lot of brand loyalty, even if *actual* loyalty is often a harder sell (paging [Saudi Arabia](#)). To wit, not only was America the world’s leading arms dealer in 2014 with [\\$36.2 billion](#) in sales, but it topped that 35 percent surge in sales over 2013 with yet another profitable spike to [\\$46.6 billion](#) in 2015.

As Stockholm International Peace Research Institute (SIPRI) determined in its [recent report](#) on the global arms trade, the United States maintains a commanding “33% share of total arms exports” and is the world’s top seller for five years running. And its customer base includes “at least” 96 countries, which is [nearly half of the world’s nations](#).

A robust [40 percent of those exports](#) end up in the Middle East. Perhaps that’s why the State Department is so darn bullish on the prospects of Uncle Sam’s booming business of selling things that go “boom!”

That’s the takeaway from a [recent report](#) in [Defense News](#) highlighting the marketing push by “Commercial Officers” stationed at the U.S. embassy in Jordan. They worked the crowd at the kingdom’s eleventh bi-annual [Special Operations Forces Exhibition and Conference](#) (SOFEX). Like many of the nearly [100 military-themed “trade shows”](#) held around the world *this year alone*, SOFEX offered the profiteers of doom an opportunity to display their merchandise and to cut deals with bellicose browsers ready to pull the trigger on a deadly impulse buy.

Some of the bigger, “glitzy” trade shows – like the International Defence Exposition and Conference (IDEX) held yearly in Abu Dhabi – are full-on one-stop-shopping destinations for the up-and-coming military power on the move, the newly-minted pro-Western junta eager to armor-up, and the forward-thinking “Coalition Partner” looking for the latest in “kinetic warfare.”

If nothing else, trade shows offer defense contractors a chance to give out “promotional tchotchkes” to potential future customers who might be swayed to double-back by a branded camouflage carryall or a Digi Camo Military Bert Stress Reliever. No doubt it’s a tedious affair, but the presenters toiling behind the displays are not alone on the battlefield of commerce.

That certainly was the case at SOFEX, where the U.S. Embassy deployed Senior Commercial Officer Geoffrey Bogart and Regional Safety and Security chief Cherine Maher to act as sale-force multipliers for America’s military moneymakers.

The Mideast Arms Bazaar

As Jen Judson detailed, Bogart and Maher tracked down sales leads throughout a region gripped by chaos since America wantonly destroyed a bystander nation under false pretenses (a.k.a. Iraq). Here are Judson’s highlights from Bogart and Maher’s magical misery tour of the profitable market forces currently shaping America’s recently reshaped Middle East:

JORDAN: “We are very high on the safety and security market in Jordan,” Geoffrey Bogart, a commercial officer at the U.S. Embassy said. Bogart said there is an abundance of market prospects for U.S. companies to do business in Jordan, including in border security, cyber security, command and control centers, telecommunications equipment, military vehicles, artillery, tactical equipment, bomb and metal detectors, and closed circuit television (CCTV) and access control.

EGYPT: “Egypt is facing a lot of challenges especially in terms of border control and whether it’s from the West or the East or the North or the South, so the main project that is going on is border and perimeter control,” Maher said, which means the country really wants bomb detection, jammers and improvised explosive device diffusers.

LIBYA: The current instability in Libya has led to challenges for U.S. firms, according to Maher; however, U.S. companies’ products are in high demand there. “The trick is how to enter the market, who to sell to, and making sure of export license,” she said, adding some products that had been permitted to be sold to Libya now have restrictions.

TUNISIA: There is continuous growth in Tunisia's defense market, Maher said. Tunisia plussed up its security forces budget in 2016 due to growing terrorist threats in the region. The country wants to build up its force capacity to deter regional threats, strengthen defensive capabilities and support counterterrorism operations.

LEBANON: Lebanon is interested in border security; however, it's particularly interested in securing public buildings and providing for civilian protection due to ongoing insecurity in some towns and cities near Beirut, Maher said.

IRAQ: Maher said Iraq has a particularly "dynamic" market valued in 2014 at about \$7.6 billion, which is about 3.44 percent of its GDP. With the ongoing war against the Islamic State group, it is anticipated that Iraq will soon spend around \$19 billion, which would make up about 18 to 20 percent of its GDP. Like all the other countries in the region, Iraq is investing heavily in safety and security equipment, and also wants personal protective gear and security systems for residential and commercial buildings, according to Maher.

Kicking Back a Share

A "dynamic" market is right ... that is, if you're General Dynamics. Or Lockheed Martin. Or Boeing. Or any of the big six defense contractors who together took home \$90.29 billion of the over \$175 billion worth of taxpayer dollars doled out last year to the top 100 military contractors. Not coincidentally, seven of the top eight U.S. Government contractors are defense companies, with only health care services provider McKesson making it past a phalanx of defense wheelers and dealers.

It's a rarified world greased last year by \$127.39 million of lobbying largesse and another \$32.66 million spent so far this year, according to OpenSecrets.org. Of course, lobbying offers a great bang for the buck when it comes to stoking sales. A MapLight analysis earlier this year found that "major U.S. government contractors have received \$1,171 in taxpayer money for every \$1 invested in lobbying and political action committee contributions during the last decade."

Now that's some serious ROI! Still, nothing quite compares to the breeder reactor effect that comes from using expensive military hardware to destroy regimes in a never-ending global war against a tactic. Regime change touched off civil war in Iraq. That spread to Syria which, in turn, sent over 660,000 refugees into Jordan and over one million refugees into Lebanon ... all of which explains why Bogart and Maher are so bullish on the sale of security-related products to those two nations and why the entire region is in the midst of a military buying spree.

Then there is the chaotic aftermath of regime change in Libya, which threatens to spill over to two more booming markets – Tunisia and Egypt. Of course, Egypt had its own U.S.-endorsed internal regime change at the hands of a loyal customer and longtime recipient of American “aid” – the Egyptian military. It was really a “coup,” but U.S. law would’ve prevented selling Egypt’s military junta tear gas canisters marked “Made in USA” (among other things) if it was officially a coup d’etat, so the Obama Administration simply didn’t call it a coup.

Now, according to Ms. Maher, Egypt’s military is in the market for yet more military hardware that, according to a new GAO report detailed by The Intercept, is not being properly or legally vetted by the State Department. Those purchases are easily funded by the \$6.4 billion in U.S. aid since the coup in 2011. And (go figure) Egypt’s wish list is justified, in part, by the sudden need to ward off interlopers from regime-changed Libya, which, according to the aforementioned Ms. Maher, is still a red-hot market for U.S. arms dealers ... if they can get the export licenses.

A Circular Business Model

And so the dynamic market churns onward – with tax dollars paying the salaries of State Department “Commercial Officers” who work for the heavily-subsidized U.S. defense industry as salespeople in overseas markets destabilized by taxpayer-funded wars fought by taxpayer-supported American soldiers armed with weaponry purchased from that self-same defense industry with – you guessed it – more tax dollars.

The “diplomats” in the State Department act as important go-betweens in the process, helping “customers” navigate the military-industrial complexities of end-user certificates, export licenses, and human rights restrictions so they can spend taxpayer-funded U.S. “aid” that invariably ends up back in the coffers of Lockheed, Boeing, Raytheon, and so on.

Once the money makes it back home to the defense industry, those companies invest some of their windfalls into lobbying, into SuperPACS, into both political parties, and directly into campaigns of the Congressional cronies who dutifully rubber-stamp the defense budget that enriches the defense industry. So far this year, they’ve poured over \$17 million into those efforts and, in turn, they’ve provided the fuel to run the “dynamic” perpetual machine in which the State Department is a vital cog.

And this is why the folks at the State Department know full-well that, in fact, America still actually makes something – it is the world’s leading manufacturer of war.

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Letting 'Wall Street' Walk

Legal double standards are the norm in the U.S. – no jail for law-flouting Wall Street bankers but mass incarceration for average citizens, especially minorities, who get caught up in the prison-industrial-complex, as Michael Brenner describes.

By Michael Brenner

Illicit financial behavior has been decriminalized in the United States – for all practical purposes. Despite the revelations of massive misconduct by banks and other financial services businesses, criminal investigations are rare, indictments exceptional and guilty judgments extraordinary.

Most potentially culpable actions are overlooked by authorities, slighted, reduced from criminal to civil status when pursued, individuals evade penalties much less punishment, and the appeals courts take extreme liberties in exonerating culprits when and if the odd conviction reaches them.

The last mentioned are establishing new frontiers in the formulation of ingeniously sophistic arguments to justify letting financial malefactors off the hook. *As some wit suggests, all 32 or so judicial inventions should be assembled in a legal code called the Goldman Variations.*

Our elected officials, our regulators, our politicians and the media have come to accept this as the natural order of things. Business Sections of newspapers, like *The New York Times*, read like the gazette for the world of organized crime in its heyday when the five Mafia families were on top of their game. (substitute Goldman Sachs, Chase Morgan, Bank of America, CITI, Wells Fargo). As for the *Wall Street Journal* and the legion of business magazines, they blend features of *VARIETY* and *Osservatore Romano*.

The reasons for this phenomenon are multiple: the rule of money in our politics; the neutering of regulatory bodies by the appointment of business friendly

officers in symbiotic relationships with former or prospective employers; a wider culture in which the cult of wealth pervades all; and the timidity of a political class that defers to the power centers who enjoy rank, status and respect.

Obama's appointment of Mary Jo White, from the white gloves law firm Debevoise & Plimpton which specialized in advising and representing Wall Street during the financial crisis (where she was head of litigation), to head the Security Exchange Commission is roughly analogous to appointing Dominick "Quiet Dom" Cirillo, consigliore of the Vito Genovese Mafia family, to run the FBI's Organized Crime Task Force in Manhattan.

In White's case, her earlier experience as United States Attorney for the Southern District of New York (the financial district) made her an exceptionally valuable acquisition when she switched sides in 2003 – 2013. Her record at the SEC since 2013 confirms her adherence to the Holder philosophy of leniency toward financial misdeeds – and confirms where her loyalties lie.

Appointments to senior positions dealing with financial matters have been primarily "parachutists." Several of them are more egregious than the White case. So too was former Attorney-General Eric Holder. Within days of leaving the Justice Department, he was back at his former corporate law firm – albeit as a "counselor" for the one-year stipulated transition period.

During his years in private practice, Holder represented the Swiss private bank UBS. Because of this, he recused himself from participating in the Department of Justice investigation of UBS's abetting of tax evasion by U.S. account-holders.

Such is the privileged status of our largest financial institutions that the Obama administration has amended, *de facto*, the Constitution to accommodate their claim to being above the law. Former Attorney General Holder is the author of the doctrine that posits the principle of "too-big-to-prosecute."

Fearing Economic Damage

Holder's publicly stated view is that he, the Justice Department and the Executive Branch generally have a right to exempt financial institutions from criminal prosecution when they believe that doing so would cause "unacceptable" damage to the national economy. It first took shape during Bill Clinton's administration.

Holder presented the full-blown doctrine in a startling confession during testimony before the Senate Judiciary Committee on March 5, 2011. "I am concerned that the size of some of these institutions becomes so large that it

does become difficult for us to prosecute them when we are hit with indications that if you do prosecute, if you do bring a criminal charge, it will have a negative impact on the national economy, perhaps even the world economy," Holder said, according to *The Hill* newspaper.

Holder's comments didn't come as a total surprise. His underlings had already made similar confessions to *The New York Times* the previous year, after they declined to prosecute HSBC for flagrant, years-long violations of money-laundering laws, out of fear that doing so would hurt the global economy.

Lanny Breuer, formerly in charge of doling out the Justice Department's wrist slaps to banks, told *Frontline* as much in the documentary "The Untouchables" which aired in January 2011.

Of course, President Obama and Attorney-General Holder had taken oaths to uphold the laws of the land. That pledge does not allow them personal discretion as to whom it applies. Yet, they have acted as if the Justice Department and the Executive Branch generally have a right to exempt financial institutions from criminal prosecution when they believe that doing so would cause "unacceptable" damage to the national economy.

Let us be clear; Holder is not referring to the interpretation and application of any legal standard. He is referring to a purely subjective standard that has nothing to do with the law. In a similar vein, it is reported that the Obama administration has instructed the Department of Justice and the FBI to make mortgage fraud its lowest priority and, indeed, to dismiss hundreds of cases without any investigation whatsoever. (Report of the Inspector General, Department of Justice March 11, 2014).

The administration also improperly has diverted funds appropriated for this specific purpose to other areas. This arbitrary exclusion from investigation of the largest category of financial crime has been made in the face of a well-publicized and solemn undertaking by both President Obama and Attorney General Holder to take bold and expeditious action in this area.

"Equal protection of the laws" is a principle enshrined in the Constitution. There is no allowance for the President or the Attorney General, who serves at the President's pleasure, to establish special classes of persons who are exempt from the laws' stipulations – either to make them immune or to deny them due process. Yet, that is what they explicitly have done.

In a commencement address at NYU in 2014, Holder stated bluntly: "Responsibility remains so diffuse, and top executives so insulated, that any misconduct could again be considered more a symptom of the institution's culture than a result of

the willful actions of any single individual.”

The Holder-Obama doctrine concentrates heavily on the disruptive effects on the nation’s (and the world’s) financial system were any of the too-big-to-fail banks brought low by a combination of criminal convictions and financial penalties that were greater than the profits made from systematically skirting the law – as currently done.

Addressing the Problem

That is a highly debatable proposition on purely technical grounds. Whatever the appraisal one makes, there are two straightforward solutions to the problem as stated.

First, one should break them up so that were they to “fail,” the systemic consequences would be manageable. Second, risk is increased rather than lowered by following a legal *cum* political strategy that has the effect of encouraging the managers of mega-financial institutions to play fast-and-loose in their financial maneuverings.

To return to the analogy of the five Mafia families, a law enforcement strategy that favored civil action over criminal prosecution, that entailed fines rather than prison time, and that kept those fines at a level where they could be calculated as a cost of doing a very lucrative business would result in a flourishing of criminal organizations – at great cost to society.

Moreover, were there a practice of Mafia bosses and police commissioners/district attorneys parachuting from one sphere to another, the collateral damage inflicted on all law enforcement would be enormous.

The Holder claim for corporate immunity is unsustainable by any reasonable legal standard and reading of the Constitution. Such reasonableness, though, no longer prevails. Witness the widespread passive acceptance of this novel revolutionary doctrine when it was pronounced – and its only slight rhetorical qualification since.

The radical idea that nominally criminal acts should be understood contextually and that judgment as well as punishment should be administered accordingly opens up a wide of questions about the conduct of our judicial system.

There is no reason why it could not be applied generally to the entire range of criminal conduct and proceedings. Following the Holder-Obama logic, this should be done at every stage of jurisprudence: indictment, trial, judgment and punishment. A recent case in New York City illustrates what the implications might be.

In that instance, a woman was arrested at Kennedy airport for possession of 500 grams of cocaine. She was detained, indicted and convicted of a felony. All that followed the well-trod legal path. It was the sentencing that broke the mold.

Judge Frederick Block placed the woman on probation rather than throwing her into the slammer. His main argument, developed in a closely reasoned 46-page opinion, concentrated on the “collateral consequences” of her conviction. Those consequences were deemed adequate punishment to meet the requirements of the law, society and the felon’s long-term integration into the community. The addition of prison time would have made the punishment disproportionate to the crime. It would have exceeded – not fit – the crime.

What the judge pointed out is that so many legal disabilities attach to anyone convicted of a felony as to deny the person a reasonable chance of pursuing a normal life upon release. Those disabilities include disqualification for all kinds of access to government assistance programs which cover education, housing and employment. The net result would be a high likelihood of recidivism. From society’s perspective, that translates into a higher likelihood of costs associated with welfare, medical care, and possible re-institutionalization. In addition, there are the tangible and intangible costs for possible maintenance of any children she might bear.

The woman in question lives with her mother in New Haven where she was enrolled in college and was working part time as a nail technician. For her, the collateral consequences could be expected to be particularly high. The underlying logic, though, applies generally.

Setting Examples

What about the “systemic consequences?” Isn’t punishment for the commission of a crime supposed to act on a deterrent for others? Yes – in principle. That consideration, however, did not figure in the Holder-Obama doctrine as applied to financial misdeeds whose perpetrators are in a more visible position to set an example.

Indeed, one could argue that the sense of entitlement and expectation of having a right to act with impunity free of worry about accountability is far more pronounced among Wall Street executives than it is among inner city poor. Thereby, the positive value of criminal conviction followed by individual punishment would be commensurately greater in terms of a benefit to society.

The case cited above involves a felonious criminal act whose commission was proven in a court of law. American prisons, today, confine hundreds of thousands

whose crimes are of a lesser order. Indeed, a significant percentage may not have committed any crime at all but rather are victims of police campaigns to cleanse the streets of those who allegedly have committed relatively minor misdemeanors.

Draconian enforcement of “zero tolerance” philosophies has led to widespread abuse of the police power in cities like New York. The absurd “three strikes and you’re out” strategy initiated in California and promoted nationwide by President Bill Clinton, has had even more dire results in spiking the incarceration rates, for longer terms – jailing mainly marijuana and other drug users who are a threat only to themselves rather than to society.

Much has been made of the dogmatic claim that a crackdown on misbehavior is the reason for the drastic drop in urban violent crime. This is an urban legend. In New York City, former Mayor Rudi Giuliani and his Police Commissioner Bill Bratton, have been lionized for this supposed achievement. Yet, the story is pure fiction.

The unprecedented sharp decline occurred under David Dinkins, his black predecessor who was widely criticized for being “soft on crime” and stinting in his support for the police. The truth is that violent crime was closely correlated with the crack epidemic and its recession – reinforced by other trends that registered nationwide.

For these categories of criminals and alleged criminals whose misdeeds fall in the category of misdemeanors, Judge Block’s concept of “collateral consequences” is even more compelling. The concept, in fact, should be broadened to pertain to arrest and prosecution as well as sentencing. The consequences to be taken into account properly should aggregate their weight for both the individual and society. Then, there are the intangible costs of mass criminalization and imprisonment.

Unsettling Markets

Yet, while rulings like Judge Block’s may be rare regarding “street crimes,” they have become routine regarding Wall Street crimes, which are not prosecuted in the name of the Holder doctrine concerned about the unsettling effects on investor confidence and markets from casting a dark cloud over “Wall Street.”

Again, this is dubious on technical grounds; and the logical responses obvious. Let us shift ground and think of the unsettling effects produced by legally stigmatizing a considerable slice of inner-city populations. Disruption of families, instilling widespread feelings of persecution, aggravation of relations with the police, more estranged race relations, etc. It may be

difficult to place numbers on these costs, but the negative consequences for society are great.

The full extent of the decade-long police “zero tolerance” campaign, and its demoralizing impact on largely minority neighborhoods, is one of the great unreported stories of our times. Corruption was its hallmark: in its misleading justifications, in its methods that systematized entrapment and fabrication of charges (Examples: creating a public nuisance by drinking a beer from a can on the steps of your house; impeding pedestrian movement by stopping to chat while walking your dog at midnight; loitering in the hallway of your own apartment building).

Other elements of the corruption included its degeneration into a crass quota system, its abuse of the criminal justice system that jailed hundreds of thousands of innocents who couldn’t meet bail or hire a lawyer, forcing them to admit to misdemeanors that leave a permanent stain on their records in order to be released, and its exploitation by cynical politicians.

The one first-hand account that tells the tale is Matt Taibbi’s deeply disturbing *DIVIDE* (Spiegel & Grau 2014). It deals with New York City, but the same phenomenon is visible across urban America.

Collateral consequences can be a valuable concept – one that has multiple meanings. But it should be applied where it serves justice not iniquity.

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Trump, Trade and War

Exclusive: Neoliberal dogma holds that “free trade” brings peace and thus Donald Trump’s criticism of trade deals presages war. But that view is not only bad history but ignores valid points that Trump raises, says James W Carden.

By James W Carden

Shikha Dalmia, a fellow at the Koch brothers-funded think tank, the Reason Foundation, has castigated CATO’s Doug Bandow and *The Nation’s* Stephen F. Cohen for having the temerity to note that the Republican presidential nominee, Donald J. Trump, has raised several important foreign policy issues which need addressing, and soon.

Those questions include why the United States must play the role of world policeman, whether NATO's mission is obsolete, why the U.S. always pursues "regime change" when the results – in Iraq, Libya, Ukraine, Syria, etc. – are a "disaster," and why Russia has been made into an enemy.

Bandow has praised Trump's independence from the "neoconservatives and militaristic interventionists who dominate the Republican Party," while Cohen has argued that "Trump's questions are fundamental and urgent, but instead of engaging them, his opponents (including President Obama) and the media dismiss the issues he raises about foreign policy as ignorant and dangerous."

But Dalmia dismissed these "Trump-loving peaceniks" for "kidding themselves" because "above all, his militant protectionism will mean more war, not less." In an article published in *The Week* on May 31, Dalmia maintained that Trump and those who see some refreshing thinking in his policy statements fail to appreciate the salubrious (and if Dalmia's analysis is to be believed, perhaps even miraculous) effect free trade has had on international relations since the end of the Second World War.

The story, as told by Dalmia, is by-now familiar: World War II was brought about, in part, because European nations took refuge in mercantilist trade policies in the aftermath of the Great Depression. Today, it is virtually impossible imagining, say, France going to war with Germany. Why so?

According to Dalmia's ahistoric piece of sophistry, prior to WWII "military conflict was practically *de rigueur* in Europe." (It wasn't. Between 1871- with the end of the Franco-Prussian war – and 1914 the peace was largely kept on the continent but for a brief Russian-Turkish war in 1877. But never mind.)

What caused this supposedly momentous change in the politics of the continent after World War II? Dalmia tell us that it wasn't "NATO's security guarantee" that "put an end to the great wars of dictators. Trade did. Indeed, the more countries trade and the more partners they trade with, the less likely they are to go to war."

Trade Equals Peace?

This is what is commonly known as the theory of economic interdependence which holds that high levels of trade between countries will inexorably result in global peace and stability. It is said that countries that trade with each other have less motive to fight one another and countries will avoid costly wars that only serve to undermine their mutually beneficially trade relations.

As Dalmia puts it: "trade doesn't just eliminate reasons for war, it generates forces of peace: Attacking your trade partner means either destroying your

buyers or your supplier or both. Trade gives each side a stake in the other's well being." This, she worries, is lost on Mr. Trump.

This kind of thinking, such as it is, was the regnant ideology in Bill Clinton's Washington and was used with abandon to disguise aggressive geopolitical actions – such as the expansion of NATO eastwards – by couching them in the benevolent rhetoric of neo-liberalism.

In a West Point commencement address in 1997, Clinton claimed that "our security is tied to the stake other nations have in the prosperity of staying free and open and working with others." NATO expansion would, according to Clinton's Deputy Secretary of State Strobe Talbott, help to create a Europe "increasingly united by a shared commitment to open societies and open markets."

From the vantage point of 2016, the increasingly authoritarian nature of the governments in Poland, Hungary and Estonia, to say nothing of the war in Ukraine, have put an end to these grand ambitions.

Contrary Facts

Yet, is there any compelling reason to give credence to Dalmia's claim that "the more countries trade and the more partners they trade with, the less likely they are to go to war?" Not really.

To see why, let's examine the years leading up to the First World War. In *The Economic Consequence of the Peace*, John Maynard Keynes opens his account of the Versailles negotiations by describing the situation on the continent as it obtained during the mostly peaceful 45-year period from 1870-1914.

"What an extraordinary episode in the economic progress of man that age was which came to an end in August 1914!" he exclaimed.

What was taking place was nothing less than what the neo-imperialist economist and historian Niall Ferguson has called "the first age of globalization."

Keynes tells us that before the war, an illusion of permanence held sway over the middle and upper European classes, indeed, "the projects and politics of militarism and imperialism, of racial and cultural rivalries ... appeared to exercise almost no influence at all on the ordinary course of social and economic life, *the internationalization of which was nearly complete in practice.*" [emphasis mine]

Still more, according to Keynes, "the interference of frontiers and of tariffs was reduced to a minimum, and not far short of three hundred millions of people lived within the three Empires of Russia, Germany and Austria-Hungary ... over this

great area there was an almost absolute security of property and of person.” Keynes observed that “the statistics of economic interdependence of Germany and her neighbors are overwhelming.”

Sounds like a free trader’s paradise, one which Dalima and the rest of Washington’s neoliberal cheerleaders would happily approve. And yet, by August 1914, the war came. Trade was no match for the toxic brew of nationalism and populism unleashed by an assassination in Sarajevo.

Nevertheless, while the idea that free trade paves the way for peaceful interstate relations is wholly unsupported by the historical record, it remains oddly pervasive over a century after the commencement of the Great War. Even worse, it becomes the trusted panacea that prevents a critical examination of other foreign policy illusions that could be laying the groundwork for another war.

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