

Intelligence reports did not play any role in President Obama's decision to increase dramatically levels of troops in Afghanistan

because they did not support the premise that 30,000 more soldiers would make any difference. Both CIA and State Department intelligence said that the Taliban had exploited domestic issues to increase its presence in Afghanistan, expanding from half of the country's provinces to over 80 percent, including areas dominated by ethnic Tajiks and Uzbeks previously considered secure. Several detailed reports about top-level corruption involving senior members of the government, as well as Karzai family members, were dismissed by the White House as being "unhelpful." According to analysts who observed the deliberative process, the decision to surge was actually made several months ago, though there was considerable debate over exactly how to use the new soldiers and how to package the move for the American public to minimize political fallout. The timing of the announcement was initially delayed to permit Afghanistan to have a successful presidential election and then delayed again so as not to interfere with passage of a healthcare plan.



One of the most corrupt practices engaged in by U.S. presidents is the appointment of campaign contributors as ambassadors to important overseas posts.

No other country rewards supporters in quite the same way because placing someone completely ignorant of local issues in a key diplomatic position has serious consequences. But more than half of the 80 ambassadorships filled by Barack Obama have gone to campaign donors rather than State Department professionals, a percentage close to that of George W. Bush, who was regarded as particularly bad about handing out political and diplomatic jobs to cronies. The new ambassadors in Britain, France, and Germany are all major Democratic Party donors.



Yet another American spy for Israel appears to have disappeared from the mainstream media and the criminal justice system.

Early this year, U.S. government scientist Stewart Nozette admitted to an FBI agent in a sting operation that he had already passed classified information through contacts in Israel's aerospace industry. Nozette, who demanded an Israeli passport, agreed to provide more classified material to Mossad in exchange for money. The media covered the story from the arrest on Oct. 19 on a charge of attempted espionage until a pretrial hearing 11 days later. But at that point, it disappeared down the memory hole, where most stories about Israeli espionage tend to wind up. Nozette was supposed to return to U.S. District Court in Washington on Nov. 10, but nothing seems to have happened. The court website has no information on Nozette, and calls to the court clerks requesting clarification of his status were not returned. Last year, Ben Ami Kadish, an engineer who had worked for Picatinny Arsenal in New Jersey and who had provided classified information to Israel, similarly went into limbo after being charged. He eventually resurfaced and was fined, receiving no prison time for espionage and virtually no press coverage.

Philip Giraldi, a former CIA Officer, is a fellow with the American Conservative Defense Alliance.

Reports' which must be filed by financial institutions under the Bank Secrecy Act." There are deadbeat-dad databases, criminal-record databases, and "secure flight" systems to check us at airports.

But the mother of all privacy violations in its potential scope is the NSA warrantless wiretapping program codified through the FISA Amendment Act of 2008. That project, as Kevin Bankston of the Electronic Frontier Foundation says, switched American surveillance from a model where investigators "picked a target and wiretapped that person" to "a wholesale model where we essentially wiretap everyone." It's the realization of the vision of your most paranoid friend, quite sure that every single phone call, e-mail, and website visited is marked, recorded, and examined by spooks.

That nightmare, Bankston says, "is not paranoia." It is at the root of lawsuits against both the NSA and AT&T after a whistleblower revealed that the NSA really did have a secret room built into a major AT&T center in San Francisco to grab all its Internet traffic. While the extent of this brazen program shocked some, the principle has been built into American telecommunications law since 1994's Communications Assistance for Law Enforcement Act, which required telecom companies to design their systems to allow government eavesdropping. And Fourth Amendment restrictions against searches and seizures don't apply to information given freely to a third party, including any telecom system sending your messages along.

It's hard to know how many people are harmed by such programs. In one ACLU suit against the practice, a District Court threw out the case since none of the plaintiffs could prove he had been specifically victimized—because the program is secret.

The legal and philosophical debates about privacy continue. What standards

Continued on page 50

Ron Paul's Bank War

THE DECADES-LONG CAMPAIGN of Ron Paul to have the Government Accountability Office do a full audit of the Federal Reserve now has 313 sponsors in the House. Sometimes perseverance does pay off. If not derailed by the establishment, the audit may happen. Yet many columnists and commentators are aghast.

An auditors' probe, they wail, would imperil the Fed's independence and expose it to pressure from Congress to keep interest rates low and money flowing when the need of the nation and economy might call for tightening.

They cite Paul Volcker, who to squeeze double-digit inflation out of the economy in the late Carter and early Reagan years drove the prime rate to 21 percent, causing the worst recession since the Depression. Volcker, they claim, prepared the ground for the Reagan tax cuts and seven fat years of prosperity.

That decade, America created 20 million jobs—and another 22 million in the Clinton era. Without Volcker putting the economy through the wringer, it could not have happened. And had he been forced to explain his decisions, Congress would have broken his policy.

Such is the case for Fed independence. But if true, what does this say about our Republic?

Is it not an admission that, though Congress was created by the Constitution, and the Fed is a creation of Congress, our elected representatives cannot be trusted with the money supply, cannot be trusted with control of the nation's central bank? To have decisions made in the national interest, we need folks who do not have to answer to voters.

If this be true, the Republic is closer to its end than its beginning, when

Thomas Jefferson said, "In questions of power, let us hear no more of trust in men, but rather bind them down from mischief with the chains of the Constitution."

Others contend that were it not for the independence and vision of Fed Chair Ben Bernanke, the economy might have gone over the cliff and into the abyss after the Lehman Brothers collapse in October 2008.

What opponents of Paul's audit are thus saying is that elected legislators must be kept out of the temple where the great decisions about the economy are made, that these decisions must rest with bankers and economists—answerable, as is the Supreme Court, to themselves and no one else.

But has the performance of the Fed been so brilliant that any intrusion upon its privacy is sacrilege?

Among the failures of the Fed is the Great Depression. As Milton Friedman related in his *Monetary History of the United States*, for which he won a Nobel Prize for Economics, the Fed hugely expanded the money supply in the mid-to-late 1920s.

Following a path of least resistance, the money flowed into the equity markets, where stocks could be bought on 10 percent margin. The market soared, and a huge bubble was created. When it popped, scores of thousands of investors conducted a run on the banks to get their money out to meet their margin calls. Thousands of banks, short on cash, closed. One-third of the money supply was wiped out, and the Fed failed to replenish the lost blood. Thus did the Fed cause the Great Depression. Smoot and Hawley were framed.

Moreover, every bubble from the dot-com boom of the late 1990s to housing

in the 2000s is a result of Fed policy. For unless there is an excess of money sloshing around, funds that surge into one market, be it housing, stocks, or Third World loans, have to come out of another.

Moreover, if the Fed has not failed dismally in its duty to keep prices stable, how come candy bars and Cokes that cost a nickel in the 1950s cost 50 or 75 cents today, and new Cadillacs that sold for \$3,200 in the late 1940s cost \$55,000 or \$60,000 now? Who is responsible for inflation if not the Fed?

Moreover, it is now conceded that the Fed, in the early years of this 21st century, kept interest rates near 1 percent for too long and created the bubble that popped in 2008 and almost brought down our own and the global economies.

Because the Fed can create money out of thin air, we have been able to wage wars on credit, shovel out trillions in foreign aid, World Bank, and International Monetary Fund loans, and run humongous budget and trade deficits that have brought our country to the brink of ruin.

And if Bernanke is a genius, how is it he didn't see the train wreck coming and had to double-time it to the Hill with Hank Paulson to plead for \$700 billion to bail out AIG, Fannie, and Freddie and buy all that rotten paper on the books of Citibank & Co.?

The greatest economy the world has ever seen has been horribly mismanaged and virtually ruined by the decisions of presidents, Congress, and the Federal Reserve. Main Street has been wiped as Wall Street was bailed out. Why? Bring on the auditors! ■

