
FUTURE OF FREEDOM

VOLUME 24 | NUMBER 9

SEPTEMBER 2013

*A patriot must always be ready to defend his
country against his government.*

— *Edward Abbey*

FUTURE OF FREEDOM

★★★

The Future of Freedom Foundation is a nonprofit educational foundation whose mission is to advance liberty and the libertarian philosophy by providing an uncompromising moral, philosophical, and economic case for individual liberty, free markets, private property, and limited government.

Future of Freedom is FFF's monthly journal of uncompromising essays on liberty. The price is \$25 for a one-year print subscription; \$15 for the email version. Past issues of *Future of Freedom* and *Freedom Daily* can be accessed on our website: www.fff.org.

Editor: Sheldon Richman

The Foundation's other activities are described on our website. Our (free) FFF Daily email provides hard-hitting commentary on current events and describes the most recent additions to our website. Our op-eds are published in newspapers all over the nation as well as in Latin America. We also give speeches on liberty and libertarianism throughout the United States.

The Foundation neither solicits nor accepts government grants. Our operations are funded primarily by donations from our supporters, which are invited in any amount.

© Copyright 2013. *The Future of Freedom Foundation. All rights reserved. Please send reprint requests to The Foundation.*

★★★

The Future of Freedom Foundation

11350 Random Hills Road

Suite 800

Fairfax, VA 22030

....

www.fff.org

fff@fff.org

Tel: 703-934-6101

Fax: 703-352-8678



<i>How I Came to Reject the Welfare State, Part 2</i> Jacob G. Hornberger	2
<i>It's Not Edward Snowden Who Betrayed Us</i> Sheldon Richman	7
<i>The Sordid History of IRS Political Abuse</i> James Bovard	12
<i>U.S. Government to Blame for Somalia's Misery</i> Scott Horton	17
<i>Gabriel Kolko Revisited, Part 1: Kolko at Home</i> Joseph R. Stromberg	22
<i>America's Surveillance State</i> Wendy McElroy	28
<i>Manufacturing Terrorists</i> Matthew Harwood	35

How I Came to Reject the Welfare State, Part 2

by Jacob G. Hornberger



During the part of my life that I was a welfare statist, I never gave any thought to how the government raised its money. I just assumed that the government operated like a business — that it earned its money and then figured out ways to spend it. Thus I could never understand why some people would object to government assistance to the poor. Why would anyone object, I thought, to the government's decision to use its own money to help people in need?

Reading those four little books entitled *Essays on Liberty* was a road-to-Damascus experience for me. Among the many libertarian points discussed was the manner in which the federal government got

its money. I was shocked — absolutely shocked — to learn that the government got its money in a way that was totally different from the way that private-sector businesses get their money.

Private-sector businesses get their money by producing goods and services that other people, called consumers, are willing to pay for. The more the producers satisfy consumers, the more money they make.

The federal government, on the other hand, relies on taxes to get its money. What is the difference between taxes and what private-sector businesses do? Force! The private sector's method is based on voluntary action. The government's method is based on forcibly taking money from people to whom it rightfully belongs.

Taxation and force

One of the most eye-opening revelations for me was reading a piece by Leonard Read, the founder of the Foundation for Economic Education (FEE), an organization that I would end up going to work for many years later. Read said, If you don't pay your taxes, they will kill you. That was a real stunner for me.

Read was pointing out in a very real way the nature of the force on which government relies to get its

money. If you refuse to pay your taxes, government agents will impose a lien on your house. The lien will be foreclosed and your house sold at a foreclosure sale. A court will issue a writ of possession to the new owner, which will be served on you by a team of well-armed deputy U.S. Marshalls. If you use force to resist the eviction, they will use force against you. If you use deadly force, you will ultimately end up dead.

One big question for me was this: Does the manner in which the government gets its money hold any significance, especially with respect to poor people in society?

The Wealth of Nations

In my search for answers, I discovered one of the most remarkable books ever written. It is titled *An Inquiry into the Nature and Causes of the Wealth of Nations*. It was written in 1776, the same year as the Declaration of Independence, by a Scottish philosopher named Adam Smith. The title of the book intrigued me, given my interest in wealth and poverty. I figured that the book might give me an answer, for example, as to why people in Nuevo Laredo, Mexico, were so much poorer than people in Laredo, Texas.

By that time I was living in Dallas. Through a recommendation from FEE, I contacted the head of the economics department at the University of Dallas, a man named Sam Bostaph. Sam was a libertarian and an “Austrian” economist. I asked Sam if he would tutor me in Austrian economics, and he responded by asking me to submit to him a list of books that I had already read. After perusing it he said, “I think we should begin with a study of fundamental economic principles by doing a chapter-by-chapter analysis of Adam Smith’s *Wealth of Nations* before we proceed into Austrian economics.”

Does the manner in which the government gets its money hold any significance?

I was ecstatic. Bostaph and I met once a week to discuss *The Wealth of Nations*. In my free time during the rest of the week I immersed myself in commentaries on the book that I found at the Southern Methodist University library.

Smith’s book is far from a simple read. One of the earliest treatises on economics, Smith’s writing is often turgid, muddled, and confusing. But what really inspired me was the title of Smith’s book. Why are some

nations wealthy while other nations are poor? Was education the reason? Was it natural resources? Was it geographic location?

That caused me to embark on a search that led me to explore more deeply the works of free-market economists such as Carl Menger, Eugen von Böhm-Bawerk, Ludwig von Mises, Friedrich Hayek, Milton Friedman, Israel Kirzner, and others.

Like most welfare-state liberals, I believed that wealth in a society was a given. It never occurred to me to ask, How did that wealth get there? And why is it that all nations don't have large amounts of wealth and high standards of living?

After studying the issues and reflecting on them deeply, I reached a conclusion that I knew would shock my leftist friends back in Laredo: The reason for the disparities of poverty and wealth in societies lies with the extent to which government taxes people and regulates economic activity. The heavier the tax and regulatory burden, the poorer the citizenry. The lighter the burden, the higher people's standard of living will be.

The importance of capital

I learned that one of the keys to a wealthy society and rising standards of living lies in "capital" — that is, in

the tools and equipment used by workers. When workers employ better tools and equipment, they produce more. A higher level of output means higher income for the owner, cheaper goods for consumers (owing to an increase in supplies), and higher wages for the workers.

The heavier the tax and regulatory burden, the poorer the citizenry.

In a free-market system — that is, one that is free of government interference — there is a natural harmony of interests of owners, employees, and consumers, a theme that would be developed in a fascinating book titled *Economic Harmonies* by a French free-market economist named Frédéric Bastiat, with whose works I had become familiar when I read those four little volumes of *Essays on Liberty*.

I learned that savings and capital are key to rising standards of living, especially for the poor. The more savings, the more capital. The more capital, the more productivity. The more productivity, the higher the wage rates and the higher the standard of living for people in that society.

Government hurts the poor

I learned that modern-day government measures purportedly de-

signed to help the poor did the opposite. The best example is minimum-wage laws, perhaps second only to welfare as the most popular antipoverty program.

Minimum-wage laws are deceptively simple and superficially attractive. They entail government's enacting a law that requires employers to pay a government-mandated minimum hourly wage to employees. The idea is that in the absence of the state-mandated wage, selfish, greedy employers pay no more than a bare subsistence wage to their workers.

The ever-growing, voracious needs of the welfare-warfare state devour the foundations of a growing, prosperous, and dynamic economy.

The problem, however, is that there are inevitably going to be people whose labor is valued in the marketplace at less than the governmentally established minimum. For example, if a prospective worker's contribution to a firm's revenue is less than \$7.25 an hour, the current minimum wage, he won't be hired.

So, what happens to poor people who are locked out of the labor market because of a minimum-wage law? They go on welfare, where they

live their lives dependent on the government dole and forever afraid that the dole might be terminated in the future.

Where does the government get the money to pay the dole recipients?

From taxes.

Taxation vs. prosperity

On whom are the taxes imposed?

On the people who are trying to save their money! To fund the welfare and regulatory programs, the government seizes money that would otherwise go into savings and productive capital, the things that are keys to higher standards of living, especially for the poor.

Needless to say, the matter is significantly aggravated when the warfare state requires massive taxation as well. The ever-growing, voracious needs of the welfare-warfare state devour the foundations of a growing, prosperous, and dynamic economy, and the people who pay the biggest price are the poor, the ones at the bottom of the economic ladder.

A correlative principle involves trade. In every economic trade, both sides benefit. That's because the traders are each giving up something they value less for something

they value more. Thus any law that interferes with freedom of trade is, to that extent, interfering with the ability of people to improve their economic well-being. Whenever I think about such things as tariffs, import restrictions, embargoes, and sanctions, I think about the adverse economic consequences, especially for the poor in both the United States and in other nations that are hit with such measures.

The utilitarian case against the welfare state, however, wasn't the biggest reason I abandoned my commitment to this system in favor of libertarianism. It was the moral reason that captivated me most. From reading those four little volumes on liberty, I learned the importance of moral principles, especially with respect to their application to the welfare state.

It is fundamentally wrong for a person to take by force what doesn't belong to him. It is also fundamentally wrong for a person to initiate force against another person for any other reason. The welfare state is founded on violations of both of

those fundamental principles. The government forcibly takes money from people to whom it rightfully belongs in order to give it to people to whom it does not belong. It also initiates force to interfere with people's right to engage in purely peaceful pursuits, especially trade.

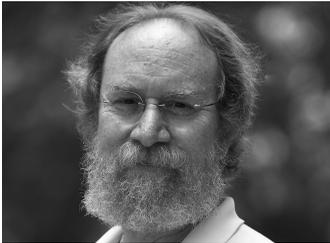
I came to realize that we live in a consistent universe, one in which economic freedom is not only grounded in sound moral principles but also is the key to rising standards of living, especially for the poor. That's why I ended up abandoning my commitment to the welfare state and embracing libertarianism.

Jacob Hornberger is founder and president of The Future of Freedom Foundation.

NEXT MONTH:
**“Egypt’s Lessons
for Americans, Part 1”**
by Jacob G. Hornberger

It's Not Edward Snowden Who Betrayed Us

by Sheldon Richman



When you cut through the fog, the NSA controversy is about whether we should trust people with institutional power. Edward Snowden's courageous exposure of massive secret surveillance separates those who say yes from those who say, "Hell no!"

The trusting attitude can be found among progressives and conservatives alike (with notable exceptions), and even some who have identified themselves as libertarians. Matt Miller, an occasional guest host on the progressive network MSNBC, left no doubt where he stands when he flippantly wrote in the *Washington Post*,

Do you empathize more with those who govern — and who in this case are charged with protecting us? Or has the history of abuse of power, and the special danger from such abuses in an age when privacy seems to be vanishing, leave you hailing any exposure of secret government methods as grounds for sainthood?...

Is there potential for abuse? Of course. An Internet-era J. Edgar Hoover is frightening to conjure. But what Snowden exposed was not some rogue government-inside-the-government conspiracy. It's a program that's legal, reviewed by Congress and subject to court oversight.

So it's okay if the government monitors masses of innocent people as long as it's reviewed by a clique of gagged members of Congress and a secret rubber-stamp "court." That's what I call trust in power. Frankly, it's more alarming that the spying is legal rather than rogue. Michael Kinsley once said, "The scandal isn't what's illegal, the scandal is what's legal."

Miller's progressive colleague Richard Cohen said much the same thing in much the same tone:

The National Security Agency has been monitoring telephone calls and e-mails — and even social media stuff of the sort you shouldn't have been doing anyway. [!] To this, a whole lot of people have expressed shock. Oaths to the Fourth Amendment have filled the air. Unreasonable searches are simply unconstitutional, they assert — without asserting that anything has in fact been searched or seized. It has merely been noted and, if suspicious, referred to a court for the appropriate warrant.

The programs certainly can be abused. (So can local police powers.) But oddly enough, proof that this has not happened comes from the self-proclaimed martyr for our civil liberties, Edward Snowden....

The sweaty beast of power

A defining trait of those who trust power is that abuse is of no concern until it occurs — if we learn about it, that is. It never occurs to them that power is inherently abusive. Donald Boudreaux informs us that Edmund Burke, the conservative Whig, had a keener insight into abuse. Burke, a

darling of American conservatives, wrote of America in 1775,

In other countries, the people, more simple, and of a less mercurial cast, judge of an ill principle in government only by an actual grievance; here they anticipate the evil, and judge of the pressure of the grievance by the badness of the principle. They augur misgovernment at a distance; and sniff the approach of tyranny in every tainted breeze.

(Cohen is true to form. After President Jimmy Carter's energy-crisis speech in 1977, Cohen urged Carter to throw his arms around the sweaty beast of power — that's nearly verbatim — concluding, "We are waiting for our orders, Mr. President.")

A defining trait of those who trust power is that abuse is of no concern until it occurs.

Both Miller and Cohen, along with others, try to diminish the disclosures by asserting that the government is only doing what Google does every day. The difference between, on the one hand, surveillance by a coercive monopoly with the legal authority to use aggressive

force and, on the other, commercial offerings from one of several competing service providers seems to elude them.

The editorial board of the *Post* agrees with its columnists:

Just as it is important not to exaggerate the national security risks of transparency, it is also important not to give into the anti-government paranoia [!] of grandstanding politicians such as Sen. Rand Paul (R-Ky.), who on Sunday invoked the tyranny of King George III to criticize programs that are the result of a checked, deliberative process across three branches of government. Part of what makes this different is that if enough Americans expect more privacy after the debate Mr. Snowden incited, their representatives in Washington can act on their behalf.

That's another mark of trust in power: a belief that those "representatives" actually represent us in any meaningful sense. The great unasked question is: How can someone literally represent anywhere from several hundred thousand to tens of millions of strangers?

Reasonable expectations

For every ridiculous thing said by someone on the so-called Left, you can find an equivalent on the Right. Mark Thiessen, once a speech writer for President George W. Bush and Secretary of Defense Donald Rumsfeld, devoted his *Washington Post* column to assuring those of us who distrust power that "Big Brother is not watching you." About the mass collection of telephone logs, Thiessen says we have no grounds for concern:

In *Smith v. Maryland*, the Supreme Court held that there's no reasonable expectation of privacy, and thus no Fourth Amendment protection, for the phone numbers people dial (as distinct from the content of the call), because the number dialed is information you voluntarily share with the phone company to complete the call and for billing purposes.

A third sign of trust in power is being impressed when one branch of government decides that you and I have no "reasonable expectation" that another branch of government will respect our privacy. After all, if you are willing to disclose a phone number to the telephone company

(by calling that phone), why would you mind if the NSA stored the number (and other information) for future reference? Verizon, NSA — to quote a recent secretary of state, *what difference does it make?!*

The government's data collection goes beyond what even the author of the PATRIOT Act intended.

“The leaks do not describe the many ‘inward-facing’ restrictions directed by the Foreign Intelligence Surveillance Court to the government that describe the conditions and limitations on when and how the data can be accessed and how they can [be] used,” Thiessen writes.

Lies for our own good

In other words, trust them. The components of government will limit each other. What's that you say? The director of national intelligence, James Clapper, lied before the Senate Intelligence Committee and the American people when asked if the government was collecting information on millions of Americans? He had to lie, we're told. It was for our own good. (The head of the NSA, Gen. Keith Alexander, lied too.)

As is said in the law, *falsus in uno, falsus in omnibus*. (“False in one

thing, false in all things” is an instruction given to jurors: if they find that a witness lied about an important matter, they are entitled to ignore everything else that witness said.)

David Brooks, the *New York Times* resident conservative, portrays Snowden as an alienated character, like Holden Caulfield, who “has not been a regular presence around his mother's house for years,” who was an inadequate neighbor, and who has his priorities screwed up:

But Big Brother is not the only danger facing the country. Another is the rising tide of distrust, the corrosive spread of cynicism, the fraying of the social fabric and the rise of people who are so individualistic in their outlook that they have no real understanding of how to knit others together and look after the common good.

This seems rather overwrought. Let's remember that all Snowden did was tell us how extensive the government's data collection is; it goes beyond what even the author of the PATRIOT Act, Rep. Jim Sensenbrenner (R-Wis.), intended. (So much for its trumpeted legality. Note

well: legal and constitutional language is inherently underdeterminate and thus subject to biased interpretation by those with an interest in expanding power.) From what Brooks has to say, you'd think a blank check for the government is what holds society together. Did Snowden indulge in excessive individualism, or did he in fact "look after the common good"? If you trust power, you'll choose the former.

What these pundits won't understand is that distrust of power, which lies at the very heart of the centuries-old liberal tradition, is responsible for so much of what is good about our civilization.

Lord Acton's dictum — "Power tends to corrupt, and absolute power corrupts absolutely" — is only liberalism's most famous statement of distrust. Before Acton, David Hume, one of the giants of the Scottish Enlightenment, noted,

Political writers have established it as a maxim, that, in contriving any system of government, and fixing the several checks and controuls of the constitution, every man ought to be supposed a *knave*, and to have no other end, in all his actions, than private interest. By this interest we must

govern him, and, by means of it, make him, notwithstanding his insatiable avarice and ambition, co-operate to public good. Without this, say they, we shall in vain boast of the advantages of any constitution, and shall find, in the end, that we have no security for our liberties or possessions, except the good-will of our rulers; that is, we shall have no security at all.

One could quote the early liberals all day long on this subject, but you get the point. Those who today apologize for the NSA, the Obama administration, and their enablers in Congress betray the deepest ideals of Western civilization. They, not Edward Snowden, are the traitors.

Sheldon Richman is vice president of The Future of Freedom Foundation and editor of Future of Freedom. Visit his blog, "Free Association," at www.sheldonrichman.com.

NEXT MONTH:
**"Is Edward Snowden
a Lawbreaker?"**
by Sheldon Richman

The Sordid History of IRS Political Abuse

by James Bovard



The power to tax has long conferred the power to destroy one's political opponents. When the latest IRS politicization scandal erupted in May, many commentators talked as if the abuses were a novelty in American history. But, as David Burnham noted in his masterful 1990 book, *A Law Unto Itself: The IRS and the Abuse of Power*, "In almost every administration since the IRS's inception the information and power of the tax agency have been mobilized for explicitly political purposes."

The IRS has a long history of trying to ruin the political careers of its critics. In 1925, Internal Revenue Commissioner David Blair personally delivered a demand for \$10 million in back taxes to Michigan's Republican Sen. James Couzens — who

had launched an investigation of the Bureau of Internal Revenue — as he stepped out of the Senate chamber. Couzens fought the case, and eventually proved that he had actually overpaid his taxes by roughly \$1 million. But the precedent of using threats to deflect oversight was firmly established.

President Franklin Roosevelt used the IRS to harass newspaper publishers, including William Randolph Hearst and Moses Annenberg (publisher of the *Philadelphia Inquirer*). He also dropped the IRS hammer on political rivals such as Huey Long and Father Coughlin, and prominent Republicans like former Treasury Secretary Andrew Mellon. Perhaps Roosevelt's most pernicious tax skullduggery occurred in 1944 when he spiked an IRS audit of massive illegal campaign contributions from a government contractor to Texas Rep. Lyndon Johnson. Johnson's career would likely have been destroyed if Texans had learned of his dirty dealing. Instead, Johnson survived, and scores of thousands of Americans and more than a million Vietnamese died as a result.

John F. Kennedy raised the political exploitation of the IRS to an art form. Shortly after capturing the presidency, he denounced "the dis-

cordant voices of extremism” and, in a passage that could have been lifted from Obama’s recent Ohio State University commencement speech, derided people “who would sow the seeds of doubt and hate” and make Americans distrust their leaders.

The IRS was also given a list of Nixon’s official enemies.

At a news conference a few days later, a reporter sought his views on the legality of campaign contributions supporting “right-wing extremist groups.” Kennedy replied, “As long as they meet the requirements of the tax law, I don’t think that the Federal Government can interfere or should interfere with the right of any individual to take any position he wants. The only thing we should be concerned about is that it does not represent a diversion of funds which might be taxable to — for nontaxable purposes. But that is another question, and I am sure the Internal Revenue system examines that.”

Actually, Kennedy heavily elbowed the IRS to make sure that it targeted the tax-exempt status of conservative organizations that had criticized Kennedy or his agenda. The IRS launched the Ideological

Organizations Audit Project, which targeted numerous right-leaning groups, including the Christian Anti-Communist Crusade and the American Enterprise Institute. Shortly before his assassination, Kennedy specified that he wanted an “aggressive program” against the IRS targets. Kennedy also used the IRS to bolster compliance with “voluntary” price controls, targeting steel executives who defied the administration for audits.

Nixon’s tax enforcers

A 1976 Senate report noted, “By directing tax audits at individuals and groups solely because of their political beliefs, the Ideological Organizations Audit Project established a precedent for a far more elaborate program of targeting ‘dissidents.’” After Richard Nixon took office, his administration quickly created a Special Services Staff (SSS) to mastermind “all IRS activities involving ideological, militant, subversive, radical, and similar type organizations.” More than 10,000 groups and individuals were targeted because of their political activism or slant between 1969 and 1973, including the John Birch Society and Nobel laureate Linus Pauling. The IRS was also given a list of Nixon’s official enemies to, in

The Sordid History of IRS Political Abuse

the words of White House counsel John Dean, “use the available federal machinery to screw our political enemies.” Contributors to the Democratic Party were also high on Nixon’s target list.

Nixon’s administration vastly expanded a secret computer database — the “Intelligence Gathering and Retrieval System” the IRS began in 1963 — to sweep up information on individual Americans and groups. By 1975 the IRS had stockpiled data on almost half a million persons and groups; the program was abolished after its existence became known outside of official circles.

The exposure of Nixon’s IRS abuses profoundly weakened him after the Watergate break-in.

The exposure of Nixon’s IRS abuses profoundly weakened him during the uproar after the Watergate break-in. The second article of his 1974 impeachment charged him with endeavoring to “obtain from the IRS ... confidential information contained in income tax returns for purposes not authorized by law, and to cause, in violation of the constitutional rights of citizens, income tax audits or other income tax investigations to be ini-

tiated or conducted in a discriminatory manner.” Congress enacted legislation to severely restrict political contacts between the White House and the IRS.

But the IRS continued its freelance work. After Sen. Joe Montoya of New Mexico announced plans in 1972 to hold hearings on IRS abuses, the agency added his name to a list of tax protestors who were capable of violence against IRS agents. When IRS Commissioner Donald Alexander was challenged on the listing at a 1975 Senate hearing, he replied, “The only connection that I can think of immediately is that Senator Montoya is, after all, the Chairman of the IRS Appropriations Subcommittee, and someone might have thought that he did violence to our appropriation.” Information from an IRS investigation of Montoya was leaked to the *Washington Post*. Partly as a result of the IRS leak, Montoya lost his reelection bid.

The IRS targets conservatives

In the following decades the IRS regularly sparked outrage by abusing innocent taxpayers, but there was scant controversy about the agency’s politicization until Bill Clinton took office. In 1995 the White House and the Democratic National Committee produced a 331-page report,

“Communication Stream of Conspiracy Commerce,” that attacked magazines, think tanks, and other entities and individuals who had criticized Clinton. In subsequent years many organizations that were mentioned in the White House report were hit by IRS audits. More than 20 conservative organizations — including the Heritage Foundation and the *American Spectator* — and almost a dozen high-profile Clinton critics were audited.

“The IRS says letters from politicians asking that someone be audited are confidential.”

The Landmark Legal Foundation sued the IRS after being audited. Its brief quoted an IRS official who claimed at a meeting that documents revealing the names of congressmen and their staffers who had requested audits were being or had been shredded. The official went on to recommend tactics for masking such requests in the future. The IRS claimed that it could not find 114 key files relating to possible political manipulation of audits of tax-exempt organizations. The Clinton administration fought vociferously to prevent Americans from learning how it had abused IRS powers. As a *Wall Street Journal*

editorial noted, “The IRS position is incredible. It says letters from politicians asking that someone be audited are confidential tax-return information.”

Bipartisan tax bullying

In perhaps the least recognized media bombshell of the Clinton era, the Associated Press reported in late 1999 that “officials in the Democratic White House and members of both parties in Congress have prompted hundreds of audits of political opponents in the 1990s,” including “personal demands for audits from members of Congress.” Audit requests from congressmen were marked “expedited” or “hot politically,” and IRS officials were obliged to respond within 15 days. The AP noted, “The IRS computer tracking system in Washington denotes the name of a politician who refers a matter. The original letter from the White House or lawmaker is forwarded to the case agent.” Permitting congressmen to secretly and effortlessly sic G-men on whomever they pleased epitomized official Washington’s contempt for average Americans and fair play. But because the abuse was bipartisan, it evinced little or no interest on Capitol Hill.

After Obama’s first presidential election, conservative groups began

The Sordid History of IRS Political Abuse

mobilizing across the nation to resist what they perceived as his socialist policies and programs. By mid-2010, conservative organizations were complaining of harassment by the IRS. The Obama administration perpetually denied that any such targeting was occurring. However, a May 2013 Inspector General report confirmed that IRS employees had devoted far more scrutiny (sometimes amounting to seeming harassment) to nonprofit applications that used the terms “tea party” or “patriot” or that criticized government spending or federal deficits. The Inspector General report concluded, “Developing and using criteria that focuses on organization names and policy positions instead of the activities ... does not promote public confidence that tax-exempt laws are being adhered to impartially.” Surprise, surprise.

Congress claims to be vigorously investigating the latest scandal, and further facts may come out in the future. Thus far the media have largely ignored how the Obama-era abuses vivify how the tax code allows rulers to suppress political opposition. This fundamental truth has burst forth only occasionally over the past century — perhaps most eloquently in a 1967 federal

appeals court decision overturning the conviction of a leftist Oregon lawyer: “The court will not place its stamp of approval upon a witch-hunt, a crusade to rid society of unorthodox thinkers and actors by using the federal income tax laws” to silence them.

But as long as the federal tax code is incomprehensible to most Americans, the IRS will continue to have vast power over its targets. And we cannot expect politicians to fix the problem as long as they expect to profit from the IRS’s machinations. But, as Alexander Hamilton, later the nation’s first secretary of the treasury, warned in 1782, “Whatever liberty we may boast in theory, it cannot exist in fact while [arbitrary tax] assessments continue.”

James Bovard serves as policy adviser to The Future of Freedom Foundation and is the author of a new ebook memoir, Public Policy Hooligan, Attention Deficit Democracy, and eight other books.

NEXT MONTH:
**“Voting Rights
as Bogus Panaceas”**
by James Bovard

U.S. Government to Blame for Somalia's Misery

by Scott Horton



At the beginning of May the Famine Early Warning Systems Network (FEWS NET), a U.S.- and U.K.-government-financed organization that monitors various food crises around the world, released a new report detailing the horrific consequences of the Somali famine of 2011.

According to FEWS NET, “An estimated 4.6 percent of the total population and 10 percent of children under 5 died in Southern and Central Somalia [between October 2010 and April 2012.]”

It is now estimated that *more than a quarter of a million people died*, more than half of them — at least 125,000 — children. This is more than twice the number the British government had previously concluded.

Even in the midst of the global economic crisis, there is enough wealth in the world that it is an outrage so many should die of such extreme poverty and deprivation. But what is absolutely unforgivable is the role played by the U.S. government in making a horrible drought into a humanitarian catastrophe in what has to be the worst case of the strong picking on the weak since — well, probably the invasions of Iraq and Afghanistan.

If one were to bring up U.S. intervention in Somalia to most Americans, they would probably think only of George H.W. Bush’s “Operation Restore Hope” food-aid mission in 1992, which turned into the infamous “Black Hawk Down” warlord-hunting debacle under Bill Clinton in 1993. The U.S. government thankfully stayed out of the Somali civil war in the years that followed.

By the turn of the century Somalia was more free and prosperous than it had ever been. It was not that Austrian-American anarcho-capitalism had taken hold in the minds of Somali economists and policymakers, but simply that their various postcommunist warlords had finally worn themselves out after years of fighting, and had left the place as a stateless, if not completely ungoverned, society. There were still

U.S. Government to Blame for Somalia's Misery

highwaymen and gangsters here and there, but none had the ability to do any large-scale damage.

Somalia was never paradise.

According to a 2003 article by Michael van Notten in *Liberty* magazine and a 2007 paper by Peter T. Leeson of George Mason University in the *Journal of Comparative Economics*, anarchy was working out. Old Somali tribal customs for dealing with disputes came back into effect, violence waned, trade in the markets and at the ports was soaring, technology was advancing, and health and wealth were growing. By virtually every measure, the Somali standard of living was rising.

Somalia was never a paradise — though some progressives enjoy pretending that libertarians think it was. But by any measure the short era of statelessness was preferable to the preceding eras of communism and civil war, and was certainly better than what was in store for Somalis when the Yankees returned.

American interventions

In the summer of 2000 the U.S. government and its allies attempted to create a Transitional National Government (TNG), later called the Transitional Federal Govern-

ment (TFG), to rule, though it had very little real power.

Then in 2001 came the September 11 attacks, and the U.S. government decided to take full advantage of the crisis to extend its military hegemony across the planet.

As General Wesley Clark, the former Supreme Allied Commander of NATO, explained in 2007 at a Commonwealth Club event in San Francisco, Defense Secretary Donald Rumsfeld and his staff had drawn up a hit list of countries ripe for “regime change” shortly after the 9/11 attacks. At the top of the list were Iraq, Syria, Lebanon, Libya, Somalia, Sudan and Iran — none of which had any involvement whatsoever in the attacks or any real ties to those who did.

The fact that Somalia, strategically located on the Horn of Africa, was included on this list seemed to emphasize that the policy was about expanding the American empire's power and influence rather than protecting America from foreign attack. Luckily for the Pentagon and CIA, it was not very difficult to find cutthroat warlords willing to accept their cash to carry out targeted assassinations and kidnappings against those they accused of being Islamists — or anyone else they felt like targeting.

What happened next is almost a perfect microcosm of the whole terror war. It is as tragic as it was predictable.

The more the CIA supported the warlords — including the son of Mohamed Farrah Aidid, villain of Bill Clinton’s Somalia misadventure — the worse they abused people. More abuse spurred more local resistance to the warlords and then more support from the Americans to counter it. The cycle of violence continued until the Somali public was finally motivated to support the rise of a new government, the Islamic Courts Union (ICU), to protect them in 2005. The combined forces of the 13 groups in the Courts Union drove the warlords and the Transitional Federal Government out of the country and established themselves in power in the capital by the summer of 2006.

The ICU then declared the reign of Islamic law. That, of course, was none of America’s business, and even if it had been, the Somali regime lacked the power to create an authoritarian religious state like, say, U.S. ally Saudi Arabia. Furthermore, the ICU was led mostly by truly grassroots imams, uncles, and elders — the last men standing after decades of communism and war — rather than strongmen who had simply seized power. There had been no power to seize. And Somalia’s tra-

ditional Muslim beliefs were much more laid-back and tolerant than those in Arabia. While they did close a couple of local movie theaters and other minor things that grabbed headlines in the West, the Courts Union had no ability or desire to turn Somalia into totalitarian Afghanistan under the Taliban, or to pick a fight with the United States.

The Bush regime hardly bothered with an excuse for the war.

But they had defied the empire and won, for the moment. Then Uncle Sam got mean. In late December 2006, U.S. satellite state Ethiopia, its dictator’s arm twisted by the U.S. government, invaded Somalia, with CIA and special-operations officers leading the attack. The Islamic Courts Union was quickly smashed and driven from power.

The Bush regime hardly bothered with an excuse for the war, telling the *Washington Post* that this invasion by proxy was justified by the supposed presence of just three “suspects” “wanted for questioning” by the FBI in connection with the 1998 al-Qaeda attacks on the U.S. embassies in Dar es Salaam, Tanzania, and Nairobi, Kenya.

The army of the Christian Ethiopians, historic rivals of the Somalis,

U.S. Government to Blame for Somalia's Misery

took the opportunity to ravage the helpless country for two years. They were accused of numerous war crimes against civilians, including rape and mass murder on a grand scale, and the “renditioning” of approximately 85 Somalis and others to Ethiopia to be tortured. At least one American citizen, Amir Mohamed Meshal, caught at the Kenyan border, was presumed guilty of terrorism, threatened with torture and death, and denied all access to the American consulate or other legal representation while he was repeatedly interrogated by the FBI and CIA.

In 2008, with the help of what had been the youngest and least influential group in the ICU, al-Shabaab (“the youth”), the people of Somalia finally drove the Ethiopians out of the country after two years of fighting. At that point it appeared the Bush administration had simply run out of time, and so Secretary of State Condoleezza Rice made a deal with the old men of the ICU. The U.S. government would let them take power in Mogadishu if they would accept the form of the Transitional Federal Government the Bush administration had created. That way the Republicans could at least save a little bit of face in their failure.

The former ICU leaders took the deal. They were immediately

denounced as traitors and American lackeys by the armed young men who had won the war. Al-Shabaab vowed to fight on. It was only then — years after the whole mess began — that it declared loyalty to Osama bin Laden’s al-Qaeda. It started acting like al-Qaeda too, implementing Arabian-style laws and punishments in the areas they dominated, such as cutting off the hands of those accused of stealing.

Obama's junta remains on the same Bush/Cheney course.

The story has been covered by few in the West. The best work has been done by intrepid investigative reporter Jeremy Scahill in his book *Dirty Wars*, which reveals that the U.S. government meant to keep Sheik Sharif, the former head of the ICU, all along. The whole war was launched because it was “preferable” that Sharif be “weakened,” but ultimately “co-opted” and kept in place until 2012.

Nation-building: Obama edition

Benefiting greatly from the fact that hardly anyone in the United States knows the first thing about the crisis and that even fewer care, Obama’s junta remains on the same Bush/Cheney course of stumbling blindly in vain for a policy on So-

malia that will solve the problems created by their last great idea, or that will even make sense at all.

After the Ethiopians withdrew, they sent in the armies of Uganda and Burundi under the auspices of the African Union to hunt down and destroy al-Shabaab. Then came the Kenyans, who apparently panicked after luxury resorts near their border had come under attack. In 2011 the Ethiopians reinvaded. Kenyan forces took the port city of Kisumu from al-Shabaab in 2012 and loudly declared victory when the rebels melted away. But the stubborn insurgency continues the fight.

The Americans, for their part, continue to back the invading forces, as well as what passes for the “government” in Mogadishu, with hundreds of tons of weapons and tens of millions of dollars.

The CIA and military have also remained directly involved, partly by advising the politicians, police, and military in the capital, but also by firing deadly cruise missiles from submarines at thatched huts full of women and children, by mounting helicopter attacks, by launching repeated drone strikes from a little formerly French-conquered airstrip of a country called Djibouti, and by overseeing at least two different torture dungeons; one found by Scahill and

his photojournalist partner Rick Rowley, and the other by the *Daily Beast*'s Eli Lake (whose reporting in this instance seems credible).

Though the May FEWS NET study focuses on 2011, the drought and starvation started really kicking in back in 2009 and 2010, as Human Rights Watch activist and Africa expert Leslie Lefkowitz explained on my radio show at the time. But the bad weather couldn't have picked a worse war to intervene in. The drought hit the whole Horn of Africa, but the Somalis took it the hardest. All the chaos, fighting, and killing over the past three to four years had made it much more difficult for farmers to save their crops, and then the few who could had much more difficulty getting the food to market, where no one had any money anyway. The economy was ruined. Millions were living in makeshift refugee camps up and down the roadways.

Finally the rains did come back and the famine was broken, but at unimaginable cost to the people of that tragic land. And the war continues.

Scott Horton is host of the Scott Horton Show, weekdays 12-2 p.m. Eastern at No Agenda Global Radio (listen at noagendastream.com or scotthorton.org).

Gabriel Kolko Revisited, Part 1: Kolko at Home

by Joseph R. Stromberg



An earlier generation of libertarians was interested in Gabriel Kolko, a historian of the Left. Who was he?

Born in 1932 in Paterson, NJ, historian Gabriel Kolko studied at Kent State, the University of Wisconsin, and Harvard University (PhD: 1962). From 1970 until his retirement he taught history at York University in Toronto, where he remains Distinguished Research Professor Emeritus. In *Wealth and Power in America* (1962) he reflected on persistent poverty in the United States. Other works in American economic history followed. Thereafter, events moved Kolko increasingly into issues of war and peace. Gifted with a definite independence of

thought, he was generally seen as part of the New Left.

Kolko's vision of American economic history overlapped with, but differed from, that of other New Left historians. William Appleman Williams, for example, divided American history into three ages: Mercantilism (1740-1828), Laissez Nous Faire (1819-1896), and Corporation Capitalism (1882 to present). By the early 20th century a "class-conscious industrial gentry" sought to guarantee the dominance of large corporations by using government (1) to engross foreign markets for goods and capital; (2) to provide market stability and predictability, partly through formal or informal cartelization; and (3) to reduce discontent by recognizing union rights (within limits) and instituting a very minimal welfare state. The New Deal rounded out this system of "corporate syndicalism" (Williams's term). Other New Left historians, including James Weinstein, David W. Eakins, Martin J. Sklar, and R. Jeffrey Lustig, tended to speak of "liberal corporatism" or "corporate liberalism." Pursuing this system's origins, historians ventured back into the 19th century, and Kolko's early work reflected that journey, so let us begin with his second, more focused study, *Railroads and Regulation* (1965).

The Locomotive of history

In Kolko's view, *all* historically existing capitalist systems have relied on the state. Once state-promoted railroads had become the biggest 19th-century investment sector, their subsequent difficulties necessarily called forth further aid from a political system eager to help. Given their origins, American railroads essentially rested on gross over- or malinvestment, a situation made worse by the land speculation they encouraged, as well as watered stock and endless promotional scams. Alas, just enough sharp fellows had scrambled into railroad-ing to create a degree of competition that might ruin or certainly inconvenience the owners once they actually had to *transport* something and make money on their massive fixed capital. Following regulatory proposals through Congress (and elsewhere) between 1877 and 1916, Kolko concluded that railroads dominated overall and got most of what they wanted. This was the birth of self-conscious *political capitalism*. (Meanwhile, one could add, the railroad industry had done much harm, economically and socially, by fostering "economies" on a new and artificial scale ["national markets"]; and, as economist Michael Perelman writes, the railroad industry's seeming immunity to market forces confused

economists, who developed new — and not necessarily better — economic theories.)

Political capitalism: Free market and strong state

Railroads had spurred the rise of corporations in other key industries, and the new political capitalism necessarily spread to other sectors. Kolko's *Triumph of Conservatism* (1963) takes a grand tour of the late-19th- and early-20th-century American economy, its general trends and exceptions to them, covering steel, oil, automobiles, agricultural machinery, telephone services, copper, insurance, meatpacking, and banking. Broadly speaking, America's rapidly industrializing economy still displayed much decentralization and considerable (and unwelcome) competition. Now, key businessmen consciously sought political solutions to preserve or improve their positions. (This mattered far more than their subjective or theoretical views, including arbitrarily deployed free-market verbiage.) Above all, they wanted the stability and rationalization that only law and the state could give them.

For Kolko, a conservative consensus shaped the "reforms" of the Progressive Era. Politicians generally put business first. Industry

wanted (and got) a veto over regulatory agencies. The outcome, Kolko wrote, was political capitalism: “the functional unity of major political and business leaders,” doing business (as of 1963) as the Establishment, an “interlocking social, economic, and political elite.” This was not entirely new. American economic organization during World War I fulfilled the Progressive program of the eastern elites, and later Herbert Hoover and Franklin Roosevelt worked within the war model.

In Kolko’s view the best European social theorists shed little light on the specifically American experience. Marx’s “purely economic” categories proved unsuited for dealing with American developments. For Kolko, from 1887 on, new U.S. political bureaucracies aimed at shielding the profits of established businesses from both unwanted competition and unpredictable political developments.

Wealth and power further pursued

In his *Main Currents in Modern American History* (1976), Kolko presented an overall vision of American history and pursued political capitalism well into the 20th century. Here he stated his disagreements with Williams and the Wisconsin school on the relative

importance of the Open Door for American exports. Kolko stressed instead American capital’s need (all through the 20th century) for *imported* raw materials for their industrial processes, a connection that sheds needed light on persistent American interest (and intervention) in rather secondary overseas markets such as Southeast Asia. (Oil of course speaks for itself.) Kolko thus brought subsidized exports together with American control of overseas resources (raw materials) in a more powerful notion of what the Open Door entailed for American planners from at least 1941 onward.

Key economic and political actors began to see themselves as a central planning board for the American capitalist system.

I would add that since 1789 American federal courts and bureaucracies have tended to see the promotion of private business and economic growth as their main job. (See the critiques of this policy that John Taylor of Caroline wrote between 1814 and 1822.) By the late 19th century, key economic and political actors began to see themselves as a central planning board for the American capitalist system

as a whole, a project that the New Deal raised to a new level. Broadly speaking, business was happy enough with these new services, and most Americans complied with the ever-changing new order, perhaps because the federal apparatus had already shown its power to crush whole sections of the American people from 1861 forward — whether separatists, labor unions, or dissenters from World War I. (See below.)

Unlike populism, eastern progressivism was all about sustaining the going order through political capitalism.

Interestingly, Kolko laments the defeat of the southern and western populism of the 1880s and '90s, which he calls “the most truly libertarian social force” of its time. The movement’s eclipse was assured when close to a million American populists departed for the farming provinces of Canada (an emigration that American historians mostly ignore). Where labor history is concerned, Kolko sketched the history of an ethnically divided working class, immigrant and native, sold out (as it were) by business-oriented union leaders. He comments,

Violence was used in America more than in any other country that bothered preserving the façade of democracy, but what was clear from this, apart from the fact that the threat to constituted order evoked a response all out of proportion to the real danger, was the readiness to employ yet far more if it were required.

Unlike populism, eastern progressivism was all about sustaining the going order through political capitalism. Referring to World War I, Kolko writes, “The national government had built a vast administrative structure which businesses had defined and guided from its inception, and they might yet do so once again.” Later, New Deal banking legislation reflected the same purpose: “Using political means, big banking could now impose its norms in a national banking structure....”

In chapters 7 (“The Accumulation of Power”) and 8 (“Politics and the Foundations of Power”) of *Main Currents*, Kolko zeroes in on the workings of the American political and economic structure. Given the selection of key state officials (especially for foreign policy) from the ranks of big business, big banks,

and top law firms, policy is inevitably subservient to the interests of commerce broadly conceived. Even those recruited from other strata receive training in this received outlook. The resulting leadership class exhibits a collective myopia, only made worse by the serial crises that this class manages to produce. Given the higher policymakers' shared (and fixed) worldview and class ties, conformity, promotion, and fear of losing influence are all that counts. In recent times almost no one has resigned from office over a matter of principle.

The elite proceeds with complete contempt for the wishes of the governed.

The elite proceeds with complete contempt for the wishes of the governed: "Freedom' thereby becomes a posture the powerful tolerate among the powerless, and those in power make certain they will remain ineffectual." At the same time, consensus "becomes an ideological phrase which wholly obscures the real basis of authority in United States society since the Civil War — law and the threat of repression."

Kolko paints a gloomy picture of a banal, empty culture with no real community at any level. The

early, unconditional, and violent victory of the American elite, along with its inability ever to feel really secure, has led to unhappy results: "Having fulfilled their desire to break the possibility of opposition, they also destroyed, as well, social cohesion and community." Further, in American political life, "charlatanism, infantilism, cynicism, apathy, and gangsterism have all merged in ever-changing ways with the regulatory functions of the political mechanism and its responsibility to perform essential and predictable tasks." Deliberate exclusion of the people from any effective participation in political life — or even their own lives — caps the whole edifice.

Inside the American whale

Two recent critics, Robert L. Bradley Jr. and Roger Donway, fault Kolko for not approving of any phase of American capitalism, laissez-faire or corporatist. This is a fair point: He does not approve. But if Kolko stands convicted of not being a libertarian, it is not clear how this invalidates his historical work. History is not theory, and back-and-forth leaps between facts and theory (ideology) may not avail. And the little matter of "laissez-faire" needs another look: A fairly minimal state

was quite strong enough in England to clear peasants off the land and (later) to remove sundry traditional rights that blocked rapid industrialization. In the United States, governments undertook similar projects of bourgeois social engineering chiefly in aid of already wealthy or (sometimes) rising interests.

As Kolko knows, big business is not ideologically naïve; its embrace of the state is rational and interest-driven. Like Hobbes and Locke, big business knows that the kind of market society it desires absolutely requires a strong state. The trick is to have such a state while publicly demanding the opposite. Accordingly, big business subsidizes free-market ideas (which retain some mass appeal) and enrolls petty-bourgeois (small-business) elements as defenders of the corporate sector. The authoritarian populist style of Thatcher and Reagan, combining a strengthened state with much free-market rhetoric, showed that this formula sometimes works. It is surely an exercise in futility for anti-imperialists, decentralist conservatives, agrarians, libertarians, etc., to serve such causes.

But to return directly to Kolko, it seems fair to say that his accounts

of progressive reform down into the early Cold War have held up rather well. Perhaps Elizabeth Sanders is right to say that big business, while dominant, did not completely control the progressive reform process. Yet Nancy Cohen's work on the remoter origins of the new federal bureaucratic state allied with corporations reinforces Kolko's main conclusions.

Running all through Kolko's important and informative historical work is a consistent critique of (and contempt for) the activities and claims of America's ruling elite. (They have earned it.) His turn toward the history of wars, American or otherwise, led him to focus on the autonomous power of states, and therewith to an even higher level of criticism.

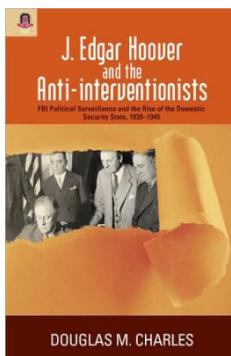
Joseph R. Stromberg is a historian and freelance writer.

NEXT MONTH:
**"Gabriel Kolko Revisited,
Part 2: Kolko Abroad"**
by Joseph R. Stromberg

America's Surveillance State

by Wendy McElroy

J. Edgar Hoover and the Anti-Interventionists: FBI Political Surveillance and the Rise of the Domestic Security State, 1939-1945, by Douglas M. Charles (Ohio State University Press, 2007), 197 pages.



The domestic surveillance state is sometimes called the electronic police state. Those in political power use law enforcement to closely monitor the opinions and peaceful behavior of citizens in order to forestall and punish opposition. Typically the surveillance involves secret files, covert wiretapping, informants, the collection of personal data such as sexual preferences, and other tactics that

are odious to a free society. The domestic surveillance state is often associated with the East German Stasi or the Soviet KGB. But its roots are deep in American soil, and it is reaching full growth with the “war on terror.”

In his book *J. Edgar Hoover and the Anti-Interventionists*, history professor Douglas M. Charles traces the modern American surveillance state back to the great debate that occurred prior to America's entry into World War II. In 1941, intellectual conflict raged in print and over radio waves, in Congress and in lecture halls, from pulpits and in living rooms. Should America provide aid to the Allied side of the war then consuming Europe, or should it remain noninterventionist? Apart from whether he wanted military involvement, President Franklin D. Roosevelt clearly supported massive aid to the British. Those who opposed intervention found themselves under surveillance that was not merely new in style but also new in depth.

J. Edgar Hoover and the Anti-Interventionists is meticulously researched, engagingly presented, and an original contribution to history. Charles uses recently opened FBI files as well as a careful analysis of sources from the time and of pri-

or scholarship to rewrite a page of American history. He also displays a rare lack of bias. For example, Charles dismisses the commonly used term “isolationist” as a descriptor of those who opposed American entry into the war, because many opponents embraced international trade and relationships; as “noninterventionists” they simply resisted the war. Thus, with fresh data and well-defined boundaries, Charles proceeds to demonstrate that the American surveillance state was born in an attempt to stifle political discussion rather than to protect the public from criminal harm. He offers a different and damning perspective on Franklin D. Roosevelt’s presidency and its complicity in and promotion of covert surveillance. Charles explains how society got here from there. And why.

A man named Hoover

J. Edgar Hoover, the first director of the FBI, is the father of the modern American surveillance state. He was uniquely qualified for that role. A supremely pragmatic bureaucrat, Hoover thrived under administrations both Republican and Democrat, remaining FBI director for almost 50 years, from 1924 until his death in 1972. At first

he survived because he was useful. Later he survived because people feared him.

The American surveillance state was born in an attempt to stifle political discussion.

Hoover’s career launched when the Justice Department established the Alien Enemy Registration Section (1918) to track the activities of foreign nationals, radicals, anarchists, blacks, and other groups or individuals suspected of subversion. Charles notes, “It was in this Section ... that a young J. Edgar Hoover ... learned to use administrative procedures to bypass legal restraints.” He continued to suppress political opinion as the head of the Radical Bureau created by Attorney General A. Mitchell Palmer in response to the widespread labor strikes of 1919. Hoover was instrumental in the notorious Palmer Raids, through which foreign radicals were arrested and deported as part of the “Red Scare.”

In 1924 he became head of the Bureau of Investigation (later the Federal Bureau of Investigation, or FBI). The bureau would be transparent, Hoover assured the public, even as he initiated the policies of secrecy that would define his de-

acades-long stewardship. He worked unofficially with local police forces to procure “sensitive” information on targeted individuals. Along with newspaper clippings and information from informants, this intelligence went directly onto his desk and into files marked “personal, confidential,” rather than into the FBI archives. These were the files with details about sexual preferences, “immoral” behavior, and illegally procured information.

The rise of the FBI

Charles observes, “In 1934 the FBI employed 391 agents and a support staff of 451 and was appropriated \$2,589,500.... Eleven years later, in 1945, the FBI had 4,370 agents, 7,422 support staff and an appropriation of \$44,197,146.”

The bureau's glory days came during Roosevelt's presidency (1933–1945). Crime became a major concern during the Depression, with the likes of bank robber John Dillinger becoming half hero, half knave in the public eye. In 1935, anticrime bills were rushed through Congress, and the FBI was established as a federal agency with full arrest powers and permission to carry arms. Thus when Roosevelt increasingly turned his focus to foreign affairs, a powerful FBI was already in place.

Charles notes, “The FBI's monitoring of anti-interventionists between September 1939 and December 1940 consisted primarily of passive intelligence gathering, forwarding of complaints made against them to the Justice Department, and taking action on administrative interest in anti-interventionism activity.” In 1941 that changed.

In Europe the Nazis and fascists were rising; in Asia and Russia communism had swept away the Old Order. Worried about domestic dissent and increasingly in favor of supporting the Allied nations, Roosevelt met privately with Hoover. He kept no record of this meeting, instead abiding by his “long practice not to put anything controversial on paper.” Through such meetings and constant reports, however, Hoover kept him informed on the activities and personal lives of political opponents. Some information was clearly solicited by Roosevelt; for other information, that is not so clear. Nevertheless, the reports continued to flow and be used to political advantage.

Roosevelt's political opponents targeted

In the period immediately preceding America's entry into World War II, one group became the FBI's

primary focus: the America First Committee (AFC). The AFC was formed in 1940 by Yale students who went on to prominence, including future President Gerald Ford and future Supreme Court Justice Potter Stewart. The antiwar, anti-interventionist group boasted 800,000 members at its peak and exerted nationwide pressure against Roosevelt's pro-Allied policies. Among AFC's most prominent members were Charles Lindbergh, Socialist Party leader Norman Thomas, and Senators Burton K. Wheeler, David I. Walsh, and Gerald P. Nye. The voices of the great debate on America's participation in World War II dominated society. No voice rang more loudly than Lindbergh's.

The surveillance techniques came to characterize Hoover's leadership.

Charles observes, "Now that Lindbergh, already the most popular anti-interventionist, had joined the most influential and powerful anti-interventionist pressure group ... providing Roosevelt with political intelligence or working to undermine this critic became increasingly more important to FBI officials."

Other prominent AFC members soon found themselves target-

ed by covert FBI activities as well. The surveillance techniques came to characterize Hoover's leadership. The activities included wiretapping and trespassing illegally, using informants and anonymous accusers, monitoring personal correspondence, sharing information with foreign governments, bypassing Justice Department restrictions and civil liberties, launching tax or other government investigations, enforcing obscure laws selectively, investigating dissidents via grand juries, and disrupting meetings. (Note: The surveillance was conducted before invocation of the Espionage Act, which could only come into force after a declaration of war.) Of course, reports derived from such tactics were kept in secret files and often delivered to interested others as "blind memoranda"; these were memos without letterhead and with no indication of the sender or recipient.

"On 11 April 1940," Charles writes, "Hoover instituted the 'Do Not File' procedure whereby specially marked memorandum were not indexed and serialized in the FBI's central records system. Instead they were maintained by Assistant FBI Director Ladd's Domestic Intelligence Division to employ sensitive investigative techniques,

such as illegal break-ins and wire-taps ... and to create written records about them that would be secure.”

The sort of data collected included sexual preferences, especially homosexuality; information on family members, including children; tax and other financial records; names of friends, associates, and funders; travel and events attended; transcripts of letters and phone calls; and mental and physical health records. The information was used in several ways. Perhaps first and foremost, the FBI wished to establish that the AFC or any of its members had received foreign funding. If so, they could be prosecuted as “unregistered foreign agents.” The FBI also searched for prosecutable treason, such as a statement of desire to assassinate Roosevelt; the Smith Act of 1940 allowed prosecution of those who sought to violently overthrow the U.S. government. In the meantime the FBI used the information gathered to smear Roosevelt's opponents through leaks to popular and cooperative media men like the radio phenomenon Walter Winchell. A common smear aimed at those on whom the FBI could not discover dirt was to accuse them of being spies in the pay of the German government.

Notably, no criminal or otherwise prosecutable activity was re-

vealed on the major targets, although the FBI, in Charles's words, “*extensively and systematically* monitored administration critics while seeking to undermine them.”

The FBI used the information gathered to smear Roosevelt's opponents.

Charles painstakingly chronicles the rise of FBI powers through recounting the specific surveillance and other tactics used against Lindbergh, Wheeler, Walsh, Nye, and Roosevelt critic Rep. Hamilton Fish. For example, Walsh was accused of visiting a male brothel; Fish was accused of tax evasion.

On December 7, 1941, the Japanese bombed the American naval installation at Pearl Harbor, Hawaii. Shortly thereafter, America was at war with the Axis powers, and the AFC disbanded. Nevertheless, FBI investigations continued. To justify continued surveillance, Hoover claimed the AFC had only gone underground, although all FBI field reports concluded that the AFC had indeed disbanded.

Charles narrates this period by presenting three cases pursued by the FBI. “What is particularly striking about the three FBI targets to be analyzed here...,” he writes,

is that their cases preceded, and were a clear step toward, the much more publicized “great sedition trial,” which serves as a marker for the peak of the domestic security state. The trial involved thirty alleged fascists who in January 1944 were charged with a “plot to incite mutiny in the armed forces.”

The three targets were the ultra-conservative Ethel Brigham, the revisionist historian Harry Elmer Barnes, and noted female aviator Laura Houghtaling Ingalls. The administration was finally able to prosecute Ingalls after discovering that some of her lectures had been partially funded by a German supporter. Thus she could be charged with being an “un-registered agent of a foreign power.” Through these cases, Charles demonstrates how the FBI evolved from a political arm of the White House to an aggressive agency that acted with something close to autonomy. Certainly during the Cold War years, the FBI abandoned public prosecution in favor of secret and illegal programs such as COINTELPRO (Counter Intelligence Program).

History has disproportionately dealt with the FBI’s activities during the Red Scare and the Cold War

largely because the FBI files on the great-debate period before World War II were closed to research until recently. If Douglas M. Charles did nothing more than chronicle this hitherto unknown history, his accomplishment would be impressive. Douglas does much more. He demonstrates how the domestic surveillance and counterintelligence programs of the Cold War were rooted in the backlash against noninterventionism. That’s when aggressive illegal tactics and secrecy procedures became entrenched; that’s when Hoover became an autonomous and untouchable player on the American political scene; that’s when extensive data sharing with foreign governments became common practice.

The FBI evolved from a political arm of the White House to an aggressive agency that acted with something close to autonomy.

“The FBI’s secretive relationship with British intelligence also illustrates the embryonic origins of the institutional side of the later national security state,” Charles writes. “A hallmark of the Second World War, Cold War, and War on Terrorism, the intimate intelligence relationship between the United States and

Great Britain had its origins during the Great Debate.”

The FBI's almost invulnerable autonomy could not survive Hoover's death, however. “Following Hoover's death in 1972, and revelations of intrusive FBI domestic surveillance activities, FBI investigations were formally restricted to prevent the bureau from investigating politically oriented groups.”

Following the 9/11 terrorist attacks, however, powerful forces within the Bush administration “believed these restrictions impeded FBI counterterrorism efforts by preventing the employment of undercover agents to monitor, without probable cause, religious and political groups.” Accordingly, FBI activities were expanded to include broad wiretapping and other investigative authority. Through the PATRIOT Act, the agency regained its ability to conduct political domestic surveillance. The FBI's surveillance authority has done nothing but expand since then.

“It is during this critical period [the great debate]...,” Charles concludes,

that FBI officials [first] acquired increased investigative authority and resorted to sensitive investigative techniques, like wiretapping, and violated investigative restrictions — all in the name of combating “subversive activity,” but too often, in reality, with the prime objective and end result being the monitoring of domestic political activity while violating the civil liberties of foreign policy critics.

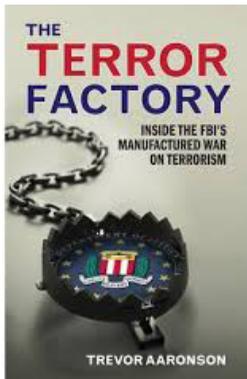
Douglas M. Charles has produced an invaluable work of scholarly excellence.

Wendy McElroy is a fellow of the Independent Institute and the author of The Art of Being Free.

Manufacturing Terrorists

by Matthew Harwood

The Terror Factory: Inside the FBI's Manufactured War on Terrorism by Trevor Aaronson (Ig Publishing, 2013), 272 pages.



Predators stalk Muslim-American communities across the nation today. They talk of brotherhood and of sacrifice. They talk of jihad and the duty of fellow Muslims to come to the defense of the faithful. Often they prey on the most vulnerable within these communities: immature young men; new converts to Islam; ex-cons trying to turn their lives around; and the mentally unhinged. The thing is, these men who talk of martial valor and of waging war on the

United States, both at home and abroad, aren't members of al-Qaeda or one of its affiliates; they are the undercover agents and confidential informants of the FBI. And their talent is a peculiar form of alchemy: they turn wayward, incompetent men, often with only a superficial understanding of Islam, into blood-thirsty jihadis intent on making the American dream a nightmare. In reality, the victims of this scam bear no more resemblance to monsters than Boris Karloff did.

“The organization responsible for more terrorist plots over the last decade than any other is the FBI,” investigative journalist Trevor Aaronson provocatively declares at the outset of his deeply unsettling book, *The Terror Factory*. With sinewy prose and surgical investigative techniques, Aaronson crafts a devastating indictment against the FBI, showing that many of these successful counterterrorism investigations heralded by the bureau — the Lackawanna Six, the Liberty City Seven, the Fort Dix Five, the Newburgh Four — did not avert mass slaughter. Rather the plots were manufactured by the FBI, often using a network of 15,000 domestic spies to entrap jihadi wannabees and completely innocent men into terrorist conspiracies, which invari-

ably ended with the mark theatrically pushing a button that was supposed to make a big boom.

The genesis of this corrupt domestic counterterrorism apparatus began in the immediate aftermath of 9/11.

Aaronson's approach isn't anecdotal. He's done the hard, often unheralded work of building a database of 508 defendants charged with terrorism offenses by the Department of Justice since 9/11. When broken down, the analytical results are startling.

Of the 508 defendants, 243 had been targeted through an FBI informant, 158 had been caught in an FBI terrorism sting, and 49 had encountered an agent provocateur. Most of the people who didn't face off against an informant weren't directly involved with terrorism at all, but were instead Category II offenders, small-time criminals with distant links to terrorists overseas. Seventy-two of these Category II offenders had been charged with making false statements, while 121 had been prosecuted for immigration violations.

Of the 508 cases, I could count on one hand the number of actual terrorists ... who posed a direct and immediate threat to the United States.

Swarms of informants

The genesis of this corrupt domestic counterterrorism apparatus began in the immediate aftermath of 9/11. Since core al-Qaeda slaughtered approximately 3,000 people on that beautiful September morning, the FBI has been empowered to identify and disrupt jihadist terrorists believed to have either insinuated themselves into American society or become radicalized at home. Rather than concentrating on investigating crimes that have already occurred, the FBI now has license from the White House to engage in intelligence-led preventative policing. Think of it as the domestic corollary to the Bush's administration's argument for preventative war. The result: swarms of informants. "In the decade since 9-11," writes Aaronson, "the FBI has built the largest network of spies ever to exist in the United States — with ten times as many informants on the streets today as there were during the infamous COINTELPRO operations under FBI Director J. Edgar Hoover —

with the majority of these spies focused on ferreting out terrorism in Muslim communities.” These “confidential informants,” or CIs in bureau parlance, are not selfless volunteers. They are often unprincipled profiteers, many of whom have lengthy criminal records.

The “G” in G-men no longer stands for “government.” It stands for “grifter.”

Maybe the most representative, absurd, and vile example of the FBI’s manufacturing process is the case of the Newburgh Four, particularly its “ring leader,” 45-year-old James Cromitie. A former crack dealer and drug addict, Cromitie, a prison convert to Islam, stocked shelves at a Walmart and once told “a psychiatrist that he heard and saw things that weren’t there.” He was by all accounts a middle-aged loser until he met FBI superinformant Shahed Hussain, a con man and accused murderer. Only Hussein, known as Maqsood, could turn a beaten-down dog like Cromitie into a jihadi werewolf.

Hussain told Cromitie he was a rich importer from Pakistan, and he exploited Cromitie’s anti-Semitism to draw him into a plot that would eventually coalesce into targeting two synagogues in the Bronx and military planes flying from Stewart

Air National Guard Base. But it was clear that Cromitie, and the three incompetent Muslim converts he recruited, had no ideological motivation to carry out the attacks. Rather, it was money. Hussain offered Cromitie \$250,000 to carry out the attack, paid his rent many times during the sting operation, and promised to buy him a barbershop. On May 20, 2009, Cromitie, his three accomplices and Hussain waiting in the getaway car, placed three bombs in three cars rented by the FBI outside two synagogues. FBI-led law enforcement swooped in, and eventually all four were found guilty of various terrorism-related crimes.

**“Only the government could have
made a terrorist out of
Mr. Cromitie.”**

At the four’s sentencing hearing the judge admitted what was plainly obvious, particularly about Cromitie. “I suspect that real terrorists would not have bothered themselves with a person who was so utterly inept,” said U.S. District Judge Colleen McMahon. “Only the government could have made a terrorist out of Mr. Cromitie, whose buffoonery is positively Shakespearean in scope.” Drawing on the cliché “One man’s terrorist is another

man's freedom fighter," Aaronson has a new formulation for these post-9/11 stings: "One man's terrorist is another man's fool." Hussain profited off of all this. His work creating the Newburgh Four netted him \$96,000 from the FBI. His "performance incentive," or bonus, for the four's successful prosecution has never been revealed. Some people earn bonuses selling toxic mortgages; others earn it by sending dupes through the prison gates.

Something has gone radically wrong inside the FBI.

To demonstrate to skeptical readers that these practices are the rule rather than the exception, Aaronson lays out example after example of CIs, like Hussain, aggressively trying to coax Muslim Americans into carrying out terrorism plots. His message: Something has gone radically wrong inside the FBI. "Since 9/11, Shahed Hussain and informants like him have become one of the Bureau's most valuable commodities in the war on terrorism — aggressive men indentured to the FBI who are willing to do anything to take down their targets and who also have the ability to 'play the part' of terrorists in front of hidden cameras and micro-

phones," Aaronson writes. "This ability to betray others for personal gain, however, reveals a dark aspect to the FBI's use of informants; namely, that the best informants are also those who tend toward criminal behavior themselves." Other CIs, Aaronson documents, have been convicted of armed robbery and dealing drugs. One allegedly continued selling drugs while on the FBI payroll. Inside the bureau, Aaronson reports, agents and officials believe only criminals can catch other criminals. The FBI justifies the program's moral compromises with a serious-sounding saying: "To catch the devil, you have to go to hell." The Obama administration is along for the ride: the FBI's use of CIs has increased since the professor of constitutional law took up residence at the White House, Aaronson notes.

Myth of the lone wolf

One area, however, where Aaronson's book is deeply flawed is in his discussion of lone-wolf terrorism. Despite his skepticism of FBI sting tactics, Aaronson accepts uncritically that certain people are lone wolves, even when that conceptually makes no sense. For instance, he describes failed Times Square bomber Faisal Shahzad as a lone wolf even though

he traveled to Pakistan, received training from Tehrik-i-Taliban, and then returned home to carry out his atrocity. Aaronson does the same, absurdly, with Najibullah Zazi, who also traveled to an al-Qaeda camp in Pakistan for explosives training and conspired domestically with two high-school friends to carry out suicide bombings inside the New York City subway system in September 2009. Describing lone-wolf terrorism isn't an academic matter; it has serious real-world consequences for counterterrorism policing.

As Aaronson points out, the FBI argues CIs are a critical tool for drawing out into the open these lone wolves that hide in the hard-to-penetrate forests of Muslim-American communities. The bureau and other federal law-enforcement and intelligence agencies also hype the threat of lone wolves to argue for new widespread powers to monitor electronic communications and thus supposedly identify radicalized individuals and stop them before they strike. Simply put, if a lone wolf is disrupted through an FBI sting using undercover agents and CIs, then that person is no longer a lone-wolf terrorist. The whole rationale behind lone-wolf terrorism is to carry out an attack without having to worry that your

accomplices are in law enforcement. By failing to understand that, Aaronson seems to concede that lone-wolf terrorism is a terrible threat. It's not: it's a drop of blood in the lake of violent crime Americans bathe in each year. By not recognizing that, Aaronson inadvertently makes the FBI's CI tactics, and the more dangerous push for increasingly robust electronic-surveillance and data-mining powers, appear legitimate, because "how else will law enforcement protect us from these monstrous individuals?"

Aaronson fails to analyze the impact of the FBI's counterterrorism tactics.

Aaronson also fails to analyze the impact the FBI's counterterrorism tactics — like CIs and widespread surveillance — have had on law enforcement's relationship with Muslim-American communities nationwide. This relationship should be critical to anyone genuinely concerned about stopping homegrown jihadist terrorism. Despite former House Homeland Security Chairman Rep. Peter King's McCarthyesque questioning of Muslim-American loyalty, tips from the Muslim-American community have disrupted about 40 percent of jihadi plots interdicted by

law enforcement. In my own reporting I've discovered that Muslim Americans and people who work in these communities no longer trust that they can communicate concern about an individual they know to law enforcement. The fear, as Aaronson so expertly validates, is that law enforcement won't try to divert that individual away from terrorism, but rather will encourage him to sprint down that dark path into the abyss. If Muslim Americans believe that entrapment is law enforcement's preferred method of dealing with potential radicals who have broken no laws within their communities, American law enforcement will be as feared as the foreign secret-police forces that many Muslim-American families fled from. An exploration of the broader impact of the FBI's unethical tactics would have been a welcome addition to a book that at times feels redundant, with Aaronson describing sting after sting.

These minor flaws aside, Aaronson's work shows how the FBI's obsession with jihadi terrorism has led American taxpayers to lavishly fund a counterterrorism program that incinerates the Bill of Rights. The FBI spends about \$3 billion annually to protect the country from terrorism. That's big money, which naturally comes with expectations

from Capitol Hill. Those expectations create a perverse incentive with authoritarian consequences, Aaronson concludes.

Congress allocates billions to the FBI to find terrorists and prevent the next attack. The FBI in turn focuses thousands of agents and informants on Muslim communities in sting operations that pull easily influenced fringe members of these communities into terrorist plots conceived and financed by the FBI. The Justice Department then labels these targets, who have no capacity on their own to commit terrorist acts and no connections to actual terrorists, as terrorists and includes them in data intended, not only to justify how previous dollars were spent, but also to justify the need for future counterterrorism funding. In the end, the tail wags the dog in a continual cycle.

Hollywood isn't the only American institution that can transform men into monsters to keep the green rolling in.

Matthew Harwood is a freelance writer living in Alexandria, Virginia. His work has appeared in the American Conservative, the Guardian, Reason, Salon, and Truthout.

SUPPORTING THE FUTURE OF FREEDOM FOUNDATION

★★★

Our work advancing freedom depends on the financial support we receive from people who share our commitment to the moral, philosophical, and economic principles of a free society. Since The Future of Freedom Foundation is a 501(c)(3) educational foundation, donations are tax-deductible.

.....

Donations can be made on our website

— www.fff.org/support —

or by calling us at 703-934-6101.

.....

Here are ways that you can support our work:

1. A donation, with check or credit card.
 2. A donation in any amount you choose by means of a recurring monthly charge to your credit card.
 3. A donation of stock, the full market value of the stock being tax-deductible.
 4. Naming The Future of Freedom Foundation as a beneficiary in your will or living trust, charitable gift annuity or trust, or life-insurance policy.
-

Over the years, planned giving has played an important role in sustaining our operations.

*Thank you for your support of our work
and your commitment to a free society!*



THE FUTURE
—of—
FREEDOM FOUNDATION

11350 Random Hills Road
Suite 800
Fairfax, VA 22030

★★★

www.fff.org

fff@fff.org

Tel: 703-934-6101

Fax: 703-352-8678