

CounterPunch

JUNE 1-15, 2012

ALEXANDER COCKBURN AND JEFFREY ST. CLAIR

VOL. 19, NO. 11

Romney's Slash-and-Burn Economics

By Mike Whitney

Mitt Romney is not the vacillating Reagan clone that people think he is. He's worse. And we're not referring to allegations that Romney bullied a gay student while he was attending the posh Cranbrook prep school 50 years ago. No, what we're talking about is Romney's time at Bain Capital where he inflated his personal fortune to an eye-watering \$200 million. Bain is where the hard-driving Romney established his *bona fides* as a vulture capitalist and learned how to transform red ink and massive layoffs into windfall profits for himself and his cohorts. Now Romney's past is being put under the microscope because the ex-CEO continues to insist that his business experience makes him more qualified to be president than his opponent, Barack Obama. But does it?

The question can't be answered without digging a little deeper into Romney's role at Bain. Was Romney really saving businesses and creating jobs as he likes to boast, or was he buying companies, loading them up with debt, liquidating their assets, throwing workers out on the street, and walking away with bundles of cash for himself and his partners?

As it turns out, it was a bit of both. Certainly Romney had his successes at Bain, but there were some notable flops, too. In fact, a study by a large European Union bank found that nearly half of the buyouts that were made during Romney's tenure didn't really pan out at all. Fortunately for him, the good bets exceeded the duds, which is why the company did so well on his watch. Even so, there's nothing to suggest that Romney really gave a damn about boosting overall productivity, adding jobs, or promot-

WHITNEY CONTINUED ON PAGE 7

Resistance's Half-Life: Militarization and the Growing Academic Silence

By David Price

I am now immersed in my summer writing projects, working on a large book manuscript examining anthropologists' Cold War connections to the CIA and Pentagon, while also keeping abreast of current development pertaining to the militarization of American academia. Switching back and forth between these two projects I find many continuities between past and present military efforts to use anthropology, but I also find increasing differences between past and present reactions from anthropologists and other social scientists when approached by would-be military and intelligence patrons.

The basic history of anthropologists' pushback at the militarization of the discipline can be traced back to 1965, when

sociologist Johan Galtung focused critical public scrutiny on a U.S. Department of Defense scheme to recruit anthropologists and other social scientists for Project Camelot, a project to study insurgency and counterinsurgency in South America and elsewhere. Political skirmishes between the State Department and Pentagon added to the political uproar following Galtung's disclosures, and the pushback from Latin American countries and US academics led to Camelot's cancellation, congressional investigations, and LBJ's soon forgotten edict that "no Government sponsorship of foreign area research should be undertaken which in the judgment of the Secretary of State would adversely affect United States for-

PRICE CONTINUED ON PAGE 5 COL. 2

The Fall of the House of Stanford

By Jeffrey St. Clair

On June 14th, R. Allen Stanford was sentenced by U.S. District Judge David Wittner to 110 years in federal prison for his role in a \$7 billion fraud scheme. On pronouncing the sentence, Judge Wittner said that Stanford treated his victims like "economic roadkill." Here is the chronicle of his rise and fall.

This is the story of a deadbeat banker. His name is Allen Stanford and he was once known as the \$7 billion man.

Born in Mexia, Texas, the mysterious arc of Stanford's career sees him rise from burger-flipping gym rat in Waco to globe-trotting banker, a lord of cricket and a friend (and travel agent) of politicians. His robust resumé also includes strangely intimate histories with numerous female acquaintances (known in his

circle as the "Outside Wives"), as well as the Drug Enforcement Agency.

Blinking stridently on the radar of federal investigators at various agencies for more than 20 years, Stanford's banking empire was finally shut down by the Securities Exchange Commission, which claims, in self-congratulatory language, that Stanford's fraudulent operations put the "integrity of the markets" at risk. Stanford was convicted of an imposing list of crimes, ranging from banking fraud to bribery of regulatory officials in Antigua to personal enrichment from the vaults of depositors.

Stanford still denies all. He claims that the sudden insolvency of his banking operations stemmed not from embezzlement or fraud but from, in the words of his lawyer Dick DeGuerin, "the SEC's

ST. CLAIR CONTINUED ON PAGE 2

heavy-handed actions.” Now there’s a first.

Left to sort their way through the rubble of Stanford International are more than 30,000 angry depositors, many from Latin America, who bought certificates of deposit, and other glittering financial instruments from Stanford-owned banks, only to discover, according to federal investigators, that Stanford had diverted large chunks of those deposits into his own accounts to support the familiar playthings of today’s high roller: personal jets, yachts, sports teams, restaurants, women and gaudy mansions, including a 57-room palazzo in Coral Gables that is ringed by a moat.

Still, connoisseurs of financial crimes – and perhaps even the principals, themselves – are scratching their heads as to why the Stanford case, with its rich veins of scandal, sex and villainy, has yet to generate the same kind of media and governmental outrage sparked by the crimes of that other master Ponzi-schemer, Bernie Madoff. Some speculate that Madoff picked the pockets of a finer class of clientele: movie stars, writers, socialites, charitable foundations and Holocaust survivors. Stanford’s victims, on the other hand, were either Latin American or obscure residents of

the Sun Belt with more new money than they knew how to handle. Others hint at an even darker narrative involving the fruitful and symbiotic relationship many off-shore banks in the Caribbean have enjoyed over the decades with certain secretive federal agencies.

R. Allen Stanford is a large man. Some might call him imposing. He stands six-foot four and is, in parlance of the meat-locker, pumped, whether by hours at the gym or through the targeted administration of certain muscle-enhancing elixirs is unknown. He wears his hair clipped and sports a moustache favored by street cops and certain stars of seventies porn flicks. He once claimed to be descended from Leland Stanford, the former governor of California after whom Stanford University is named – a claim urgently debunked by officials at the university.

He has a voice like a leafblower. It tends to steamroll people. He is a Texan and proud of it – though unlike many Lone Star tycoons he doesn’t affect the persona of a rancher or oil baron. In fact, he is something of an Anglophile. The England of the Empire, which became the world’s biggest booster of cricket.

Stanford likes the colonial style. His notorious bank in Antigua resembles a colonial plantation house out of a late Victorian photograph. He is so sensitive on the subject that he once sued a principal at a Catholic school in New York for calling him a “neo-colonialist.” Touchy, in other words.

As a business man, Stanford got his start in the late 1970s in sun-scorched and wind-blasted Waco, Texas, where he set up a network of swank – for the high plains of Texas, anyway – fitness clubs, called Mr. & Mrs. Health. He later changed the name to Total Fitness Center. From these humble beginnings a first-rate hustler was born. This pedigree is scarcely unique in the ranks of global swindlers. Recall that the infamous arbitrageur Ivan Boesky got his start in high finance after bankrupting the family business: a chain of Detroit strip clubs.

By 1982, it had all gone bust. Stanford’s fitness empire crumbled during the Texas oil recession. The bruised bigwig filed for Chapter 11 bankruptcy protection, claiming \$13.6 million in debts and only \$200,000 in assets. The creditors and investors got shafted and Stanford, after a brief stint slipping meat pies at a place called Junior’s Hamburgers, disappeared.

A year later, Stanford resurfaced, running his own bank on the tiny Caribbean island of Monserrat, the kind of indulgent locale favored as a financial safe-haven by swindlers, tax cheats, drug runners and intelligence agencies. Stanford has variously claimed that the six million in cash to start up the bank came from shrewd real estate swaps in recession-battered Houston and from a heaven-sent investment from oil refinery workers in Aruba.

Why smoky Monserrat, the volcanic island with fewer than 12,000 inhabitants? Stanford supposedly fell in love with the island while he was there supporting himself by giving lessons to novice scuba divers. It’s really anyone’s guess.

But this sanctuary was not to be a mere postage-stamp operation, not one of the so-called Instabanks for which Monserrat had become famous in the twilight world of money circulation. Stanford, unlike the vast majority of Monserrat’s 350 off-shore banking houses, actually put a sign on a two-story building and hired local women to work there, even giving them computers for their desks, but apparently never actually turning the power on. He dubbed his new operation the Guardian International Bank.

Stanford busied himself concocting a Dickensian fable about the origins of the bank – claiming that it had been opened during the depression in 1932 by his barber grandfather Lodis. Meanwhile, his associates in Houston and Miami began marketing the bank, largely to Latin American clients and Cuban exiles in south Florida, by using sultry young women to hawk the bank’s enticingly high interest rates on certificates of deposit, guaranteed by Stanford to levitate at least two percentage points above the rates of the best American banks. It was called the two-point-more promise, a come-on often paired in ads with a shot of the cleavage of one of the bank’s models.

Silly as it sounds, the scheme worked. In 1989, the year bank’s tiny office was flattened by Hurricane Hugo, Stanford’s Monserrat institution claimed \$55 million in deposits. Less than a year later, this figure had more than doubled.

Of course, who knows how closely those eye-popping numbers paralleled the reality in the vaults. The bank’s annual reports were objects of mystification. These crudely designed documents were

CounterPunch

EDITORS

ALEXANDER COCKBURN
JEFFREY ST. CLAIR

ASSISTANT EDITOR
ALEVINA REA

BUSINESS
BECKY GRANT
DEVA WHEELER

DESIGN
TIFFANY WARDLE

COUNSELOR
BEN SONNENBERG
1937-2010

CounterPunch
P.O. Box 228
Petrolia, CA 95558
1-800-840-3683
counterpunch@counterpunch.org
www.counterpunch.org
All rights reserved.

hastily written after hours at the bank, presenting streams of numbers as opaque as an Oregon fog.

The money was coming in fast and, by most accounts, going out even faster – much of it into Stanford's personal account and thence into sports cars, jets and a lawn-flamingo-pink hacienda near Houston.

In a mere six years, Allen Stanford had matriculated from the failed owner of a chain of Waco gyms to a global banker with hundreds of millions in assets, on paper at least.

So how did he do it? Stanford told friends that he was able to pay such gravity-defying interest rates because of shrewd investments and because of the delightful circumstance that his bank didn't have to pay taxes in the libertarian paradise of Monserrat. Few swallowed the facile explanation, but even fewer really cared, as long as the money kept rolling in and the authorities, wherever they were, didn't intrude on the festivities.

As it happened, the FBI was at that very moment beginning to sniff around the periphery of Stanford's fishy enterprise, beginning a game of approach-and-avoidance that lasted nearly twenty years. In 1989, while pursuing a wide-ranging, though typically shallow, probe into a panoply of financial crimes being committed by off-shore banks, the feds began to follow the rising tide of Colombian drug cartel money then washing through Caribbean banks. Some of that money led them right to the steps of Guardian International and the Stanford Financial Bank.

When word reached the governor of Monserrat in 1991 that both Scotland Yard and the FBI were probing Stanford and his bank for laundering cocaine money, the government precipitously yanked the bank's license to do business on the island.

Once again Stanford, expert scuba diver that he is, submerged from public view, only to resurface on the balmy, pink-sand shores of Antigua, another Caribbean island that was virgin ground in terms of nettlesome banking regulations. In the Antiguan capital of St. Johns, Stanford swiftly made an alliance with the fabulously corrupt Bird family, which had run the island as a kind of private holding company since Antigua gained its independence in 1991. The Birds soon unloaded the troubled Bank of Antigua

on Stanford. In the steps of this initial foothold, Stanford opened a second version of the Stanford Financial Bank, in a white colonnaded plantation house-style building, a gleaming, Disneyfied caricature of colonial potency.

Not wanting a repeat of his ungracious eviction from Monserrat, Stanford set about showering Antigua with charitable contributions. The financier soon inveigled his way into admired status as the island's financial patron saint: he built a hospital, libraries, cricket fields, bought the island's leading newspaper and made multiple loans to the cash-strapped government. Those loans – eventually totaling nearly \$90 million – tightly shackled the government of Antigua to Stanford's fortunes, even after the Bird dynasty's power came to an end in the elections of 2004.

The largesse paid off smashingly. By marketing the bank's atmospheric interest rates to Latin American millionaires and businesses, Stanford Financial's holdings began to soar, hitting \$400 million by 1995. This windfall sparked an expansion of Stanford's operations, as he opened new banks in Venezuela, Mexico, Panama, Peru and Ecuador. To market his operations, Stanford recruited young greedheads fresh from American's finest business schools. These miscreants with MBAs, working in teams with nicknames like "Money Machine" and "Superstars," were lavishly rewarded with what some called "banker's crack," an unprecedented one percent commission for every dollar they brought into the bank and out-of-the-blue bonuses that included pricey sports cars. The message: sell the product and keep your mouth shut.

On the flip side, employees who asked too many troubling questions about the enigmatic ways the company claimed to be making money tended to get 86'd from the bank, and fast. Many of these hyper-curious former employees, including Gonzalo Tirado, head of Stanford's operations in Venezuela, conveyed their concerns to federal investigators—usually to no avail.

Meanwhile, back in Washington, a raft of federal agencies, including the SEC, U.S. Customs, the FBI and the DEA, continued to regularly monitor Stanford's affairs. Curiously, however, these probes did not seem to pick up on the fact that Stanford was engaged in a high-finance hustle, a con which promised a kind of

cold fusion of the banking world, offering bottomless aquifers of cash with little or no risk. Instead of busting up this transparent Ponzi scheme, the feds spent their time trying to determine if the bank was serving as a money-washing station for the drug cartels. Lots of trace evidence, no indictments.

For nearly twenty years, the only federal agency that caused Stanford any real irritation was the Internal Revenue Service, which pounced on some disagreeable irregularities in his tax returns. The IRS sued Stanford for failing to file income tax returns in 1990. The IRS alleged that Stanford and his wife Susan, a former dental hygienist, owed the government more than \$420,000 in unpaid taxes. Two decades later, the IRS was still hounding Stanford, claiming that he owed more than \$26 million in back taxes for the years 1999 to 2003 alone.

The staggering increase in taxes imposed by the IRS roughly charts the meteoric rise in income claimed by Stanford to have flowed into his Antiguan banks. By 2001, Stanford Financial boasted of having more than \$1.2 billion in assets. By 2008, this figure had ballooned to \$8.5 billion. Of course, when the vaults were opened, \$7 billion of that figure ended up missing, filched, according to federal prosecutors, by Stanford and his inner circle.

As billions began to multiply and the investigators circle closer to the heart of the scam, Stanford bought himself some protection. For one thing, he had deeply penetrated the very law enforcement agencies that were snooping into the seamier reaches of his business empire. As head of his corporate security division, Stanford hired the former chief of the Miami office of the FBI. He also retained Kroll Security Group, the global private investigations company that functions like Blackwater for the corporate world. Kroll's offices are thickly stocked with former spooks and FBI agents. These investments paid dividends for many years.

In the summer of 2006, the SEC appeared to be closing in on Stanford for running his bank as a Ponzi scheme. Then, in the winter of that year, the agency's investigation was suddenly ordered to a skidding halt by the Bush Justice Department, which told the SEC to back off because another, unidentified federal outfit was involved with Stanford.

Which agency would that be? Speculation has focused on the Drug Enforcement Agency, whose relationship with Stanford stretches back to the late 1990s. In that year, Stanford turned over a \$3.1 million check to the DEA. The money had been originally deposited in Stanford's bank by a notorious Mexican drug kingpin Amado Carrillo Fuentes, known as the Lord of the Heavens.

The circumstances of this transaction remain murky, but the check served as evidence that Stanford's bank had been a resting place on the migratory path of Mexican drug money. According to an investigative report by the BBC news program *Panorama*, at the time he turned over the check, Stanford was already working as a paid informant for the DEA, snitching for the agency on the flow of narco-dollars by bank clients from Venezuela, Colombia and Mexico. Sources interviewed by the BBC assert that this cozy relationship bought Stanford a decade's worth of protection from criminal inquiries by other federal agencies, including the SEC. That was, of course, the same period of time which saw bank deposits and CD purchases soar from \$1 billion to \$8 billion.

Subscription Information

Subscription information can be found at www.counterpunch.org or call toll-free inside the U.S. 1-800-840-3683

Published twice monthly except July and August, 22 issues a year.

- 1 - year hardcopy edition \$55
- 1 - year email edition \$35
- 1 - year email & hardcopy edition \$65
- 1 - year institutions/supporters \$100
- 1 - year hardcopy edition student/low income \$45
- 1 - year email edition student/low income \$30

Renew by telephone, mail, or on our website. For mailed orders please include name, address and email address with payment, or call 1-800-840-3683 or 1-707-629 3683. Add \$17.50 per year for subscriptions mailed outside the U.S.A.

Make checks or money orders payable to:
CounterPunch
Business Office
PO Box 228, Petrolia, CA 95558

Thousands of depositors lost their savings, in part it seems, as a consequence of the federal government's strange bargain with the brash banker.

Around this same period, Stanford put high-ranking politicians in his pocket, notably the two Toms: Daschle and DeLay. Stanford's prime concern at the time was an anti-money laundering bill introduced by Bill Clinton before he left office. Stanford sank \$40,000 into Daschle's "527" senate leadership fund and Daschle promptly helped to kill the legislation in the senate. During the same period, Tom DeLay collected \$20,100 from Stanford. The ever-pliant DeLay also racked up beaucoup frequent flier mileage from his eleven trips on Stanford jets. The toilet seats on those jets are emblazoned with Stanford's logo, a gold eagle.

Up in Miami, Stanford cultivated a relationship with Florida regulators almost as cordial as the ones he enjoyed down in Antigua. In a one-of-a-kind deal, Florida regulators granted Stanford the right to operate in the state as a foreign trust company. As detailed by Lucy Komisar in the *Miami Herald*, this unique arrangement allowed Stanford's operation to channel tens of millions of dollars from deals in Florida to accounts in Antigua without reporting any of it to Florida regulators.

In addition, Stanford's brokers in the resplendent office tower on Biscayne Bay were permitted to sell nearly a billion dollars in bank notes without opening their records to state inspectors cruising for fraudulent sales. Indeed, the transaction receipts from the sales of Stanford CDs were routinely shredded by the firm, loaded into 95 gallon barrels and trucked to the landfill. Florida regulators knew about the document destruction and did nothing to stop it. And those documents – so-called Single-Purpose Trust Agreements – were, of course, the hard evidence of a massive swindle.

Why the mad rush to transfer the money to Antigua? Because down on the island, as detailed in the federal indictment, government regulators were being lavishly bribed to turn a blind eye or two to the looting of deposits and the giant bank's supposedly independent auditors were a tiny firm of locals under the sway of the company. Pity the depositors. For down in Antigua, those CDs did not enjoy the protection of the FDIC insur-

ance. Once the money was gone, there was no getting it back.

"Nobody was even asking questions about it," said Mark Raymond, a Miami lawyer. "All you had to do was examine those certificates; you would have known they were fraudulent. It was more like Monopoly money."

As the clock began to tick on Stanford's scam, his behavior became more and more audacious. In 2008, Stanford landed his private helicopter on Lord's, the Valhalla of cricket in London. Stanford hauled out a glass case containing \$20 million, the winner-take-all reward for a challenge match between his Caribbean "Superstar" team and the English all-stars. The Caribbeans routed the English in the match, but the real scandal played itself out up in Stanford's box seats, where he was caught on camera pawing the wives and girlfriends of the English players, including the pregnant wife of wicketkeeper Matt Prior.

"If that was my missus," one player told the *Daily Mail*, "I'd have punched him."

Stanford's marriage to Susan had broken up in 1999, though she delayed filing for divorce until 2007. Sir Allen (for by now he'd been knighted by Antigua) had not been a faithful husband. Indeed, since the mid-1990s Stanford had entered into long-term relationships with what bank insiders referred to as "the outside wives." These included another woman named Susan, who lives outside Dallas with Stanford's 17-year-old son; Beki Reeves-Stanford, who resides in Florida, with her two children by Stanford; and Louise Sage, an English woman who also gave birth to two of Stanford's six (known) children, Ross and R. Allena.

To this list we can add Stanford's latest girlfriend, 33-year-old Andrea Stoekler, a former Stanford employee. When a federal order froze Stanford's assets in spring 2009, Sir Allen went into hiding in Stoekler's mother's basement in Fredricksburg, Virginia, where he ultimately surrendered himself for arrest by the FBI.

During a perp walk to a pre-trial hearing in Houston, Stanford, with his hands shackled at his waist and dressed in an orange jumpsuit, mugged for the cameras one more time, flashing a louche grin that seemed to say: "Who? Me?" **CP Jeffrey St. Clair** and Josh Frank's latest book, *Hopeless* is available on www.counterpunch.org.

PRICE CONTINUED FROM PAGE 1

eign relations.”

The revelations of Project Camelot shocked most American anthropologists, and in its wake, efforts by RAND and other military linked attempts to harness anthropological knowledge galvanized broad resistance. In 1968, when the navy placed ads in the American Anthropological Association (AAA) publications for PSYOP positions in Vietnam, the AAA membership's opposition led to a policy banning ads for jobs generating non-circulating reports. These events later came to a head in 1970-71. With revelations that anthropologists were contributing to counterinsurgency operations in Thailand, the Association developed a strong ethics code declaring covert research and work on projects with nonpublic data to be unethical. The half-life of a strong ethics code is about a decade; with time the strength of the code was weakened by market forces, as anthropologists increasingly worked in corporatized settings and the need to produce proprietary assessments undermined prohibitions against secret reports.

As I now read through the thousands of documents I've collected from the 1960s and 70s on efforts by the CIA and Pentagon to use anthropology, I am struck by the speed at which a new silence has come over the discipline as academic engagements with these agencies continues to be resisted by most anthropologists, even as the presence of this militarization becomes passively normalized. Contemporary changes in attitude are difficult to identify or isolate, but shifting my reading from the present to this correspondence from the 1960s and 70s highlights stark contrasts of expressions of conscience and resistance.

I am working through filing cabinets of correspondence I collected at archives over the last decade, and I recently came across an exchange of letters representing the raw resistance of many past academics to the militarization of their discipline. A good sample from this correspondence, illustrating the tone of resistance from the mid-late 1960s is found in a brief exchange from September 1966, when University of Washington sociologist professor Pierre L. van den Berghe, received a letter of inquiry from Dr. Hans Weigert, of the Atlantic Research Corporation, tendering an invitation

to work as a consultant on a Defense Department project investigating, “The Impact of Tribalism on the National Security Aspects of Nation Building in the Congo.” The project was funded by the Pentagon's Advanced Research Projects Agency (ARPA).

The proposal framed this use of social science as an opportunity to bring peace to a war-torn region of the developing world, claiming that,

“a better understanding of these conflict patterns is necessary, especially when the military planner is confronted with the need to respond to internal security and national security problems... The proposal is designed to provide through a case study of the Congo insights into the relations between African tribalism, internal security and stability, and nation building, on the basis of which military policy decisions can be made more accurately. United States military interest in the emerging and newly developed nations of Sub-Saharan Africa, such as the Congo, includes a major concern with the causes of social tension, civil unrest, violence, and insurgency. This is amply supported by U.S. involvement in the Congo... in November 1964, the United States supplied military support for the rescue mission in Stanleyville. United States military planning, especially for counterinsurgency operations, including civic action programs, is rendered more difficult by the highly complex social and ethnic structure of the former Belgian Congo.”

Van den Berghe was struck by the proposal's similarities to Project Camelot, and in replying to Weigert explaining his reasons for rejecting his offer, he wrote that he had no interest in being “associated in any way in research which will be used as an instrument of intervention in the domestic affairs of African states. I regard this type of work as unethical.”

Dr. Weigert was outraged by Van den Berghe's reply and with a scolding tone he wrote Van den Berghe that, “Only a halfwit or a very malicious person could interpret the proposal which you were privileged to read as suggesting research to be ‘used’ as an instrument of intervention in the domestic affairs of African States.’ You comment that you regard this type of work as ‘unethical’ means that you accuse us... of being prepared to engage in unethical activities. That you are obviously very immature and that

you have not yet learned how to communicate with professional people in the United States is small excuse for your insulting us without the slightest provocation.

“Since the initials of the typist indicate that a University employee typed your insulting letter and since the letter is on University stationary, I am sending [a] copy of this letter to the Chairman of your Department.”

Weigert's decision to send correspondence to Van den Berghe's chair was a retromingent gesture meant to threaten an uppity professor who did not know his place within the military industrial university complex.

Van den Berghe replied that his “intention was never to insult anybody, but simply to make clear my reasons for declining your invitation. The use of university stationary for professional correspondence of this nature is completely routine in the academic world, and people familiar with academia recognize that each professor is an independent individual who does not in any way commit the institution where he teaches to the stand he takes.” He scoffed that Weigert would think he was jumping to any conclusions about the ends to which this research would be put, stating that it was simple to deduce that ARPA's interest in “social tension; ‘civil unrest; ‘violence; and ‘insurgency’ so that ‘military policy decisions can be made more accurately... especially for counterinsurgency operations” to be used for humanitarian purposes.

Van den Berghe pointed out that Weigert's proposal “specifically mentions the military involvement of the United States in Stanleyville in 1964, and it cites this episode as an example of why this kind of study is needed by ‘military planners.’” Van den Berghe stressed the absurdity of the claim that the U.S.'s interest in the Congo was for purposes of “defense,” writing: “barring the rather unlikely possibility of the Congo Republic attacking the United States, I can conceive of no legitimate concerns of the Defense Department in the internal affairs of the Congo, and I conclude that both your organization and your military sponsor envisage intervention therein. Indeed, your research proposal invokes historical precedents of intervention to establish the need for the study.”

Van den Berghe responded to

Weigert's cheeky move of sending his reply to his departmental chair, and adopting the *faux* polite tone of professional correspondence, he added:

"I realize, of course, that my interpretation may be erroneous, and I therefore propose to make your proposal and our correspondence known to my professional colleagues in the African Studies Association, in the American Anthropological Association, and among social scientists generally. I know that many of my colleagues have expressed concern over the 'Camelot Project' which, on the face of it, bears a rather striking resemblance with the Congo project of your organization. Since your intentions are beyond reproach, and since my interpretation is that of a 'half-wit or a very malicious person,' I am sure that you will welcome any publicity which our exchange and your project receive. There is nothing like a free flow of information to clear the paranoid suspicions of 'immature people' like myself."

True to his word, Van den Berghe compiled a summation of Weigert's clumsy recruiting efforts, and he sent copies of his account to colleagues, including anthropologist Ralph Beals who was then writing a report for the AAA critically evaluating anthropologists' engagements with intelligence agencies.

Van den Berghe closed his letter to the AAA identifying himself "as a Congolese by birth, and as an Africanist by academic specialty" (his parents were Belgian, living in the Congo at the time of his birth in 1933), and adding that he felt "morally obligated to publicize the above facts to the best of my ability. I am deeply distressed at the continued misuse of social science research for purposes which conflict with the generally accepted norms of international relations as expressed in international law and in the United Nations Charter. Beyond the ethical issues involved, the behavior of some of our colleagues is making the pursuit of cross-cultural studies increasingly difficult for most of us. We have a collective responsibility in trying to put an end to this kind of academic colonialism."

What strikes me when reading this exchange, and others like it from this period, after a decade of post-9/11 military and intelligence intrusions into academia, is how the reaction of most academics to offers from military contractors (who increasingly wrap their

counterinsurgency projects in the language of development or humanitarian assistance) differs not only from that of our predecessors of four decades ago; contemporary responses differ from those of scholars a half-decade ago.

Because I have written about the militarization of anthropology since the mid-1990s, after the post-9/11 recruitment renaissance began, I often received copies of recruitment emails forwarded to me along with the angry replies that scholars had sent to the unwanted solicitors. I have a file of these forwarded angry replies from 2004-2008, when these feelers from the military and contractors were seen by many as shocking.

McChrystal lectures hiding behind a protective wall of "nonattribution" where all students must agree that his classroom comments are "off the record."

Sometimes a single recruitment email would be forwarded to me by a dozen concerned scholars. These were then new, previously unthinkable proposals, shocking that they were made so openly and broadly circulated. In many cases, the approached anthropologists vented spleen in ways reminiscent to Van den Berghe's above response, giving history and ethics lessons to would-be recruiters – who I'm sure generally did not read past the first few lines of anger and deleted the replies, or perhaps deleted the sender from an e-list. Certainly no minds were changed from these responses, but the reaction measured the outrage many anthropologists felt over these disciplinary border intrusions. In some instances it is possible to deduce having obviously taken the contract.

While I still regularly receive forwarded emails from scholars disturbed by military and intelligence recruitment solicitations, reading Van den Berghe's reply made me realize that there has been an almost complete cessation of forwarded replies from scholars expressing their anger by responding to these programs. I suspect that it is not that scholars incensed by these approaches are any more glad than they were a decade ago to re-

ceive these inquiries, but there has been a shift in the acceptance that these military and intelligence intrusions into our daily lives are now a normal feature of our world. These military advances into academia have become regular features of our social fabric. These are the social facts of a militarized society.

This shift toward silence feels like a natural byproduct of the militarized saturation of American society. This decline of expressed resistance is a natural part of the expansion of what anthropologist Catherine Lutz calls, "the military normal" – the ubiquitous spread of the military into all aspects of American daily life and consciousness, advancing at such a rate that we internalize the militarization of everything from police departments, hiring practices, educational processes, discussions of healthcare, workplace regimentations, to an extent where the militarization of everything becomes a normal part of our cultural fabric in ways we hardly notice anymore.

With a barrage of new campus programs ranging from the Pentagon's Minerva Initiative to new campus CIA programs like the Intelligence Community Centers of Academic Excellence, or the Pat Roberts Intelligence Scholars Program, the Pentagon and CIA now embed academic assets on campuses across the nation. In one of the latest installments, General Stanley McChrystal (Ret.) now teaches at Yale, under extraordinary accommodations that violate the academic freedom of the students in his classroom. As a private citizen, McChrystal lectures hiding behind a protective wall of "nonattribution" where all students must agree that his classroom comments are "off the record." Yale's well-heeled faculty sit quietly cuckolded, abetting this assault on the academic freedom of their students and the American academy. This is just the latest installment of special rights for military-linked representatives of this new generation of military-campus relationships that cannot compete under the normal standards of academic accountability and transparency; but it is the civilian academics who must shoulder the blame for allowing these intrusions without meaningful protest. The new military normal deadens scholars' natural objections to nonattribution and nondisclosure as these grotesque affronts to the free pursuit of knowledge become

normal ways of protecting the military's inability to respond to academic criticism on a level playing field.

With the current wave of retirements, American universities increasingly find themselves without the generation of professors who know firsthand the history of CIA and Pentagon intrusions on our campuses. With the loss of this embodied historical memory, the remaining generations of scholars will have to study this history to understand why these relationships are so dangerous for the prospects of free inquiry. But even those who bother learning this history will have to struggle against an incoming tide, as three decades of neoliberal programs' impacts on student loan debt, campus austerity programs, and new promises of military funding converge to transform American universities into even greater extensions of military and intelligence programs, even as faculty increasingly respond with silence. CP

David Price, dprice@stmartine.edu, is the author of CounterPunch Books' *Weaponizing Anthropology: Social Science in Service of the Militarized State*.

WHITNEY CONTINUED FROM PAGE 1

ing innovation. Oh, no. This was all about turbo-charging profits for Bain and enhancing his personal wealth.

Under Romney's direction, Bain Capital made most of its money through leveraged buy-outs, that is; it would only invest a small amount of its own capital when it purchased a target company. The balance of the debt would be heaped onto the company's books. This reduced the risk for high-fliers like Romney, but increased the probability of default by the targeted companies sometime in the future when the debt-load became unmanageable. Leveraged buyout deals are often structured in a way that ensures profitability for the predatory firm whether the company prospers or not. By exploiting tax loopholes, private equity outfits can rake in the dough even when the company is headed for the crapper. *Rolling Stone's* Josh Kosman has compiled a short-list of Bain acquisitions that later fizzled. Here's what he came up with:

- 1988: Bain put \$10 million down to buy Stage Stores, and took it public, collecting \$184 million from stock offerings. Stage filed for bankruptcy in 2000.

- 1992: Bain bought American Pad & Paper, investing \$5 million, and collected \$107 million from dividends. The business filed for bankruptcy in 2000.

- 1993: Bain invested \$25 million when buying GS Industries, and received \$58 million from dividends. GS filed for bankruptcy in 2001.

- 1994: Bain put \$27 million down to buy Dade Behring. Dade borrowed \$230 million to buy some of its shares. Dade went bankrupt in 2002.

- 1997: Bain invested \$41 million when buying Details, and collected at least \$70 million from stock offerings. The company filed for bankruptcy in 2003.

So, this is how a rich guy got even richer, through a tax-friendly, debt-layering,

Romney had a field day running roughshod over the lives of thousands of people who were just trying to make a living by showing up on time and doing their jobs to the best of their ability.

Ponzi-operation that focused on vulnerable companies that were easy prey. That may be a good way to pad the old bank account, but it's hard to see how this dubious record of cold-blooded predation implies that Romney is qualified for the highest job in the land, especially since so many of the takeovers ended in disaster for workers. As Dave Foster, a former union representative for laid off workers at GS Steel, explains:

"Bain Capital went in in 1993 put very little of their own money down and borrowed the rest to buy the GS Steel plant. Then they turned around and paid themselves back with borrowed money and proceeded to lever the company up with unsustainable amounts of debt, so by the end of the 1990s, the company had \$500 million in debt, and it couldn't survive."

It's a familiar pattern, but one that's worth mulling-over all the same. Romney ran GS Steel into the ground leaving the company battered and bankrupt. The employees lost their jobs and retiree health insurance, while their pensions

WHITNEY CONTINUED ON PAGE 8

Dear CounterPunch Subscribers,

Every spring CounterPunch business slows down. From October through March our mailbox is packed daily with renewals and donations and our phone rings regularly, and so for a moment it's a reprieve, but it's not long before we see business slow to a near halt, and by May, as readers start thinking about how they'll spend summer vacations and subscriptions fall to the way side. At this time we begin to get antsy and send out lots of renewal notices and email pleas begging renewals. Without fail, by August our subscriber role is always shorter and these last couple of years it's shrunk considerably. This year we have decided to do something about it – we're holding an online auction in July! Keep your eye on www.biddingforgood.com/counterpunch for updates on the auction. We are gathering donations now and have lots of original art, tickets to exclusive performances, signed copies of books and more! Hope you'll join the fun!

As we march towards our 20th anniversary, we can look back on these two decades to over 400 issues of the CounterPunch newsletter covering four U.S. elections, wars, protests, scandals, cause célèbre, catastrophes and so much more. For the most part, readers have lauded the work of all our writers and it is you, our subscribers, who have supported our cause: to provide credible reporting and commentary in the newsletter and on the website, helping readers to make informed and balanced assessments – vital for a healthy democratic society – on the public issues of the day.

After twenty years, we've only raised the cost of our newsletter once- from \$40 annually to \$45. With the cost of postage close to double what it was when we began, and the cost of printing up as well, we must raise our print-edition rates to \$55 annually to make ends meet. We know this is a stretch for some, so we'll still offer the hard-copy for students, low-income and seniors at \$45. The email only edition will continue at the reduced rate of \$35 and to cushion the deal, we'll be sending out regular bonuses including special email only edition articles.

*Onward!
Becky Grant and Deva Wheeler
Business Office*

return service requested

were slashed to the bone.

The Obama Super PAC, Priorities USA, has zeroed in on Romney's record at Bain and put together a blistering 30-second TV ad that it plans to air in five states. The ad uses interviews with laid-off workers at the steel company to cast Romney as a self-aggrandizing corporate raider who cares more about profits than jobs.

Obama is in no position to point the finger at Romney. His campaign draws from the same toxic well as his rival. Besides, everyone knows that both parties are thoroughly marinated in corporate money. So, why the pretense? Sure, Romney's plundering might make for better headlines than Obama's dodgy campaign donations, but it's all the same, isn't it? It all feeds into the same corrupt system. Romney is no better or worse than any of the 435 congressmen whose tenuous careers depend on the largess of deep pocket corporatists who plunk down hefty sums of money and expect lavish favors in return. It's just bad luck for Romney that his star appears to be rising just as the public's disgust with this perfidious system is reaching its apex.

All of the recent surveys tell the same story, that Americans of every stripe have had it up-to-here with the fraud, the looting, and the flagrant gangsterism that characterizes the so called "free market" system. And this rule applies to Christians as well as non-believers.

So, this is how a rich guy got even richer. Through a tax-friendly, debt-layering, Ponzi-operation that focused on vulnerable companies that were easy prey.

Last year, the Public Religion Research Institute conducted a survey and found that "only 38% of those polled believe capitalism and the free market are consistent with Christian values". They also discovered that "half (50%) of women believe that capitalism and Christian values are at odds", and that "increasing wealth inequality is one of the biggest problems in America". It's revealing that this survey

included Republicans and white evangelicals. A broad plurality of ordinary people believe in fair play, that businesses cannot regulate themselves, that government must intervene to level the playing field, and that the "federal budget is a moral document that reflects national priorities."

So, what does this have to do with Romney? It's obvious: the man from Bain embodies the type of slash-and-burn, no-holds-barred capitalism that so many people now abhor. Romney had a field day running roughshod over the lives of thousands of working people who were just trying to make a living by showing up on time and doing their jobs to the best of their ability.

Now these same unfortunate souls are hanging out in unemployment lines or shredding beef at Arby's for \$7.50 an hour in a desperate attempt to feed their families and keep a roof over their heads. Is it any wonder why people take such a dim view of Romney's vicious brand of capitalism? CP

Mike Whitney covers the economy for CounterPunch. He can be reached at fergiewhitney@msn.com.