

The ‘Deep State’ is now in charge

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But when he is disposed of foreign enemies by conquest or treaty, and there is nothing to fear from them, then he is always stirring up some war or other, in order that the people may require a leader.

– Plato on tyrants, *The Republic*

This is the last in our series on how America’s money, economy and government have changed since the collapse of the Bretton Woods agreement and the end of gold-backed money ([Part 1](#), [Part 2](#), and [Part 3 here](#)).

Today, we keep the focus on government... and what it has become. The period is hardly coincidental: On August 15, 1971, President Nixon hammered the last nail in the coffin of honest money.

Profound changes

It was not the only reason for the profound changes that followed. There was also the opening up of Communist China to capitalism, the fall of the Soviet Union and the rise of the Internet, to name just a few. But the new credit-based money system was the least obvious change... and probably the most important.

The credit-based dollar brought about a new economy. It changed the way people thought and the way their government operated. Now, deep pools of money determine which candidates are presented to voters.

A new branch of government: the “Deep State”

And there is a new branch of government: the “Deep State.” It is not mentioned in the Constitution. And it operates above and beyond the visible process of democratic government.

Americans voted for Barack Obama in 2008 because they wanted a change from the Bush-era policies. But nothing changed. Why? Because the fix was in...

Candidate Obama was a critic of the war in Iraq; he promised to bring the Pentagon under control. But under President Obama, “security” spending in the US rose to its highest level since World War II. President Eisenhower warned us about this. He called it the “military-industrial” complex. This was the “Deep State” at work.

There are always some people in a society who are more ready than others to bully, steal and make jackasses of themselves. As 18th-century political philosopher William Godwin observed, if a government has any legitimate purpose at all it is to keep those people from doing harm to their neighbors. But over time, they infest government and its related industries.

Their predations, illusions and vanities become public policy

Then instead of keeping these pests under control, government gives them authority... funding even a kind of ersatz respectability. Their predations, illusions and vanities become public policy.

A *Diary* reader describes what happens next:

“Children can no longer sell lemonade. One cannot control his/her own puddle in their yard. Our communications (Internet and phones) are being monitored. Our police forces are no longer there to help us, but are militarized and react to every situation as if it were a deadly threat. Our government is now trying to control every aspect of our lives. The most recent of course is medical – but don’t get me started there.”

All major industries – education, health care, finance – attract these bullies and jackasses. But the Deep State calls to them like a manure pile to a herd of pigs. Soon, they are rooting and wallowing in the biggest heap of misspent resources in all of history. Today, its agents bark at you to take off your belt in airports. Try to dig a pond in your backyard... or let your teenage boy work on the family farm... and they want to make a federal case of it.

They snoop and spy, looking for secrets they can hold over you. They tax. They regulate. And they control.

They are out of control ... and unstoppable

America’s Gulag Industry: according to US civil rights attorney Harvey Silverglate, the typical American commits three felonies a day in his own home without realizing it. Former Virginia senator Jim Webb describes the police state that results:

“We have 5% of the world’s population and 25% of the world’s known prison population. We have an incarceration rate that is five times as high as the average incarceration rate of the rest of the world. We have a system of mass incarceration.

There are only two possibilities here: Either we have the most evil people on Earth. Or we are doing something dramatically wrong in terms of how we approach the issue of criminal justice.”

What Webb doesn’t mention is that putting other people in jail pays – for some. America’s gulag industry makes money on every prisoner and lobbies for harsher minimum sentences. It pays so well that, at home and abroad, the profiteers don’t merely “go abroad in search of monsters to slay,” as one of America’s founding fathers, John Adams, warned against. They create monsters.

Did you know that the FBI entices, ensnares and enables young men to plan acts of “terrorism”? Recently, FBI agents arrested three sad-sack men in Brooklyn and charged them with conspiring to travel to Syria to fight for ISIS.

Terrorists – created, nurtured and funded by the FBI

None of the men could have done so without FBI help. They were broke. And one was unable to follow through because his mom had taken away his passport. These were the perfect terrorists – created, nurtured and funded by the FBI.

OECD incarceration rates per 100,000 citizens - by International Centre for Prison Studies.

A Super Bowl with Mortal Stakes

Overseas, the situation is much the same. In the absence of real enemies, the Deep State has created phony ones. A Bonner & Partners subscriber explains:

“The US went to war in Afghanistan to kick out a batch of radical Islamist thugs. Now the whole Mideast is fighting a batch of much more radical Islamist thugs, who have the advantage of large quantities of US-supplied arms. The last that I heard the US was still providing arms to the Islamist thugs in Syria and complaining when these arms are used in Iraq.

Ron Paul recently wrote that none of the military adventures the US has been involved in in the last 25 years had done any good at all. I do not know why he didn't extend it to 50 or 60 years.

There is no question about US military power but there are a lot of very serious questions about its choice of targets. On balance it seems clear that the US does more harm than good in its foreign affairs.”

After the dissolution of the Soviet Union in 1991, the Deep State faced its biggest threat: It no longer had a plausible enemy. Since then, it has brought the US jackboot down on a series of pseudo-enemies – all laughably inferior to the Pentagon.

But with all its firepower... all its superior military technology... and all its trillions of dollars in spending... did a single one of America's wars since the end of the Cold War result in a clear or honorable victory?

Instead, one fumbled mess led to another. Enemies became angels; allies became devils. You'd think this would bring the American public to its senses. Maybe all this spending, blustering and bombing is not really paying off? Maybe it is creating more enemies than it defeats?

But that is just the point: For the plain people, a war is little more than a Super Bowl with mortal stakes. They holler and hoot for the Homeland team. They salute their heroes and hate the enemy, even when they're not sure who the enemy is.

The peace that followed World War II almost put them out of business

Those who do the thinking, on the other hand, have another agenda. They are just as happy with a defeat as a victory. Victory, and the peace that followed World War II, almost put them out of business. It is war, not peace, that pays. And war pays well.

The US “security” industry has about \$1 trillion a year in spending power. You can buy a lot of votes with that kind of money. And you can build a lot of mansions in the Virginia suburbs.

The Deep State is now in charge. The fix is in.

