

resources—manufacturing supremacy and the dollar as world reserve currency.

America alone emerged from World War II with manufacturing capability. It is easy to dominate world trade when no one else can produce anything. The benefits that free-trade economists attribute to America's postwar experience were due to the impairment of every other country's ability to produce. Great Britain was impoverished by two world wars and overwhelmed with war debts. The Breton Woods agreement dethroned the British pound sterling and established the U.S. dollar as reserve currency. This has been the source of America's strength.

It is a strength that is close to exhausted by chronic budget and trade deficits that have sorely abused the reserve currency role, while the neocons' grand designs for hegemonic power completely ignore the diminished economic basis on which U.S. power rests. Today Asia, or even individual countries such as Japan or China, could easily topple American hegemony simply by dumping their holdings of U.S. Treasury bonds and abandoning the use of the dollar as reserve currency.

Tough-talking neocons who are creating conflict with our major bankers, such as China, and with energy-rich countries, such as Russia, are leading America into ruinous conflict that serves no sane purpose. Indeed, the U.S. could not even wage war in Iraq if the Chinese were not lending us the money. What Gordon Prather calls the "neocon-crazies" are likely to discover that the U.S. is about as hegemonic as Hitler was at Stalingrad—and the consequences of their will to power can be just as destructive for America. ■

Paul Craig Roberts was assistant secretary of the Treasury under President Reagan.

The revelation that the Department of the Treasury and the CIA have been routinely monitoring international banking transactions

should be seen as part of the Total Information Awareness program proposed by former Defense Department contractor John Poindexter three years ago. Poindexter's proposal, which assumed that the government needs to know everything about everyone all the time, was publicly rejected by Secretary of Defense Donald Rumsfeld after public and media outcry. With White House support, it was subsequently quietly revived and integrated into the much broader surveillance program run by the NSA that has been data-mining telephone, fax, and e-mail transmissions. The data is shared across the intelligence community, including the FBI, and employs link analysis to uncover suspicious patterns that may have terrorist connections. The electronic bank transactions that are being monitored have provided significant leads but not recently. Bank transaction linkage analysis resulted in the capture of al-Qaeda operative Riduan Isamuddin, better known as Hambali, in Thailand in August 2003. Hambali, believed to be the key financial link between al-Qaeda and the radical Indonesian group Jemaah Islamiyah, was also the mastermind behind the 2002 Bali bombings that killed more than 200. There was also an alleged early 2003 operation in which the bank transaction database helped identify a U.S. citizen later convicted of helping an al-Qaeda member launder \$200,000 through a Pakistani bank. Since 2003, however, the program has not produced any new information resulting in exposure of terrorist activity. In the wake of the arrest of Hambali, professional terrorist groups like al-Qaeda have understood the security vulnerability of wired international funds. Couriers carrying cash now often service their direct funding requirements, and money used for operations is very often raised locally to avoid any financial trail.



The improbably named House Homeland Security Subcommittee on Intelligence, Information Sharing, and Terrorism Risk Assessment

has responded to traveler complaints by demanding that the Transportation Security Administration (TSA) take steps to improve its travel watch list. According to the subcommittee, TSA frequently engages in information dumps to expand the database. As more names of suspected terrorists are discovered worldwide, the list becomes longer and more inclusive without any effort to add further identifiers to determine whether the Abdul Mohammed who lives in Des Moines might be the person of the same name who was identified in Kashmir. When names pop up on the list as a traveler checks in, the "hit" frequently has to be resolved through a manual check of files, which almost always results in a missed flight or worse. This would presumably be acceptable if anyone were actually detected as a result, but law enforcement sources suggest that no terrorist has ever been caught because of the TSA list. The current watch list just does not work and, worse, once you are on the list, it is almost impossible to get removed. Plans to introduce a much more inclusive and complicated system called Secure Flight, in which travelers register in advance to establish their identities, have stalled due to technical problems, privacy protection issues, and lack of funding.

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Afghanistan on the Edge

Insufficient troop strength and rampant corruption imperil the nation-building project.

By Stewart Nusbaumer

KABUL, AFGHANISTAN—President Bush recently called Afghanistan “the first victory in the war on terror.” Earlier Secretary of Defense Rumsfeld boasted that Afghanistan was “a model of success for Iraq.” Here is the truth: there is no victory in Afghanistan, and it’s a model only for disaster.

In the five years since a U.S.-led coalition ousted the Taliban, the radical Islamists have reorganized and re-established themselves in the countryside, and today Afghanistan is embroiled in a full-fledged guerrilla war. Suicide attacks are surging, U.S. air strikes are twice as frequent as in Iraq, combat-related deaths in the last two months total nearly 1,000, Taliban attacks number a dozen every day, bombs are exploding in central Kabul, and numerous provinces are devoid of any reconstruction activity. After recently rushing several thousand new troops to Afghanistan, European nations are considering sending several thousand more.

Bob, who works for a foreign security firm he doesn’t want me to name, between sips of hyper-potent tea explains the stick-and-carrot strategy. I’ll condense his fable—one Bob insists came true a half century ago in Malaysia.

The stick of military force clears a contested area of insurgents, enabling the carrot of economic development to win the “hearts and minds” of the people. The stick and carrot work in tandem: stick clears, carrots take root, stick clears more and more carrots take root. Eventually, economic carrots are everywhere and the military stick retires to Florida.

“You Yankees have to remember,” Bob is getting worked up—it might be the tea—“when trying to win hearts and minds, you don’t blow bodies to smithereens. That’s a fundamental point.”

OK, a great story with a twist of British sarcasm, but I want the caffeinated contractor to explain his earlier statement, “The United States is falling flat on its bloody face again.”

Bob leans forward, “The U.S. came to Afghanistan with a tiny stick so the Taliban, the drug lords, the warlords, the tribes—the whole gang of usual Afghan thugs—crushed its carrots.”

“That sounds bad.”

“You can’t rebuild a country when thugs control the countryside.”

It’s hard to argue with a Brit when he’s right. The U.S. military umbrella to implement reconstruction never materialized. There were not enough troops, and most of them were focused on eliminating al-Qaeda before being transferred to Iraq. As fast as schools were built, they were burnt down. A military commander in Kandahar recently pleaded with NGOs not to build any more schools because they will just be destroyed.

The spiraling cost for private security kills other public-works plans. “We’re not doing anything down there,” said an NGO employee from Helmand province, a Taliban and poppy stronghold. “The security situation is very bad. That makes construction projects too expensive.” A RAND Corporation study determined that Bosnia—a success story by comparison—has 19 soldiers per 1,000 residents, while Afghanistan has 1 soldier

per 1,000. On the way to victory in Afghanistan, someone forgot to bring the troops.

“If anyone ever did a study on where the money really goes,” says an Asian NGO whose contract for rural electrification was cancelled because of the violence, “like for salaries and overhead—security is our biggest cost—they would be shocked. You know, everyone here is making nice money.” He adds, “Officially we’re not supposed to talk to the press.”

In his tent-office sitting behind a table piled high with papers and books, parliament member Ramazan Bashar Dost has no problem talking to the press. “It is mafia system in Afghanistan—the cabinet, the UN staff, big embassies like U.S. and Japan staffs, also economic staffs of EU. The system has no transparency. USAID not doing competitive bidding—American company awarded contract, subcontract work to Afghan company. It’s mafia system with lots of corruption.”

His dark eyes project gentleness and determination. “We the Afghan and the American people have the same interests, but minority of Americans and Afghans killed system. Americans pay much taxes at home,” he hesitates, “their money in Afghanistan is not used for good things.” He places his hand on my forearm, his voice remains soft yet strong, “Twelve billion dollars much money, but life for Afghans is worse today. Afghan people are hungry, no jobs, life is harder. Much money go to corruption.”

In Afghanistan, the international community for reconstruction and development is large and diverse—800 NGOs