

# Deep State 101: A Refresher Course

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Caesar: The Ides of March are come.

Soothsayer: Ay, Caesar, but not gone.

— *Julius Caesar*, Shakespeare

GRANADA, NICARAGUA – Today, we stop the horses and circle the wagons.

For 19 years, we have been rolling along... exploring... discovering...

We began with the assumption that we didn't "know" anything... so we kept our eyes open.

Now we know even less.

### **Campfire Tale**

But we've covered a lot of ground. So, let's take a brief pause to get our bearings... and to sit in front of the campfire and tell our tales.

New readers of the *Diary* are invited to pull up a log. You need to know what we've seen so far. It will help make sense of what you read tomorrow and in the future.

And, yes, this is going to take a little longer than a normal *Diary*...

We've been exploring a wilderness unknown to most humans – a money world that is very different from the way it is s'posed to be. In the press lately are reports of "fake news." Well, guess what? The money system is fake, too.

If you are an investor... or preparing to retire... or just someone who is interested in how the world works, listen up.

Because it doesn't work the way they tell you in the civics books... Economics 101... or in the mainstream press. It is much more complex, corrupt, and dangerous.

### **Pareto's "Foxes"**

But let's start with the government, which controls – directly or indirectly – about half the U.S. economy. It was not intended to be so big, so powerful, and so intrusive. But then, it hardly resembles the blueprint described in the Constitution.

Elections matter a whole lot less than you think.

As the great Italian economist Vilfredo Pareto explained, no matter what you call your government, over time, it will be taken over by the cunning insiders and hustlers he called "foxes."

There are always some smart people able to manipulate, control, and subvert the government and use its police power (governments claim a monopoly on the use of violence) to get what they want.

What do these foxes want?

Money. Power. Status. The usual.

There is nothing underhanded about it. Nothing sinister or surprising. And you don't need to believe in conspiracies to understand it.

The subversion takes place right out in the open. But because it is so different from what we are looking for, we don't even see it.

But it's really very simple: You spend your time earning money. The foxes spend their time figuring out how to get it from you – by taxation, legislation, regulation, or an ingenious phony-money system.

## **Deep State**

The concept of the “Deep State” was first applied to countries such as Turkey and Egypt.

These are places where military-police-security insiders put screws to your thumbs, forcing you to do as you were told. Elections changed ruling parties and their leaders. But the real power was elsewhere.

Author Mike Lofgren popularized the use of the term in the U.S. But he had a much broader view of the Deep State. Lofgren:

The Deep State... is the story of our time. It's the thin red line that runs through the war on terrorism, and a militarized foreign policy. Also the financialization and deindustrialization of the economy, and a social structure that has given us the most unequal income distribution in almost a century.

Lofgren worked as a Congressional staffer with “top secret” clearance for decades. He noticed that business went on as usual regardless of which party won the White House.

Gradually, he came to see that the public spectacle we see on TV and call “politics” is only a small part of the governing system.

The important decisions are made by the “foxes” – bureaucrats, lobbyists, campaign contributors, and crony businesses.

It was no accident, for example, that not a single member of Congress even bothered to read the Obamacare legislation – a sweeping program that affected almost everyone and altered one-seventh of the nation's GDP.

They knew there was nothing they could do about it.

## **Hybrid Association**

The Deep State is big... diffuse... and adaptable. Lofgren calls it a “hybrid association” of key elements of government and parts of top-level finance and industry.

It is respectable – even prestigious – including university professors and think tank analysts as well as lobbyists and contractors. It doesn't care which passport you hold, which party you vote for, or what you think.

It includes liberals and conservatives. Republicans as well as Democrats. Platonists and Aristotelians.

Internally, these different interests compete for money and power.

The “conservatives,” for example, want to direct more of your money to the military-security industries. The “liberals” want to favor cronies in the social-welfare industries.

Even within sectors, there is competition. The Navy may want more ships. The Air Force may want more planes. The Army may want more tanks.

## **Bread and Circuses**

Most of the news you hear focuses on these battles within the Deep State to see who will get the most of your money.

Elections shift the favors from one crony industry to another. The faces change. Budgets are adjusted, marginally. But the major goal of the insiders remains: to keep the power and money ed in their direction.

The lines can rant about a victory for the Right or a defeat for the Left. But behind the scenes, the real winner is always the same: the Deep State itself.

That's why, though President Obama and President George W. Bush were very different personalities with very different ideas,

they kept the major programs going in the same direction for the last 16 years: war abroad and entitlements at home.

If the expression “war and entitlements” has a familiar ring to it, it is no accident. “Bread and circuses” was a similar expression 2,000 years ago.

Not much has changed. Rome was an empire then. The U.S. is an empire now.

“Avoid foreign entanglements” was advice given to the new nation by its “father,” George Washington. But a century later, the advice was forgotten.

And today, there is scarcely a foreign power anywhere in the world – no matter how insignificant – with which the U.S. doesn't want to tangle...

...and no messy war, clumsy trade deal, squirrely treaty, or wasteful foreign aid program that it doesn't want to get entangled in.

### **“America First”**

There are patterns in history as there are in an individual life. People are born. They grow up. They make mistakes. And then they die.

So, too, does a nation grow. And if it is able – if it develops sufficient firepower – it becomes an empire, not just a nation among equals, but *primus inter pares*.

It becomes “America First.”

America first took the road to empire around the same time that its GDP became the world's largest – in the 1890s.

President Teddy Roosevelt and newspaper mogul William Randolph Hearst ginned up the Spanish-American War.

Roosevelt, vainglorious and bulled, pioneered the art of killing barely armed foreigners for Great National Purpose.

His Rough Riders invaded Cuba and then the Philippines. As many as a quarter of a million Filipinos died to make English the country's official language.

Obviously, the Philippines posed no threat to the safety of the United States of America. But when an empire's blood is up, there is no stopping it.

Empires follow paths of their own – dictated neither by voters nor by elected leaders.

People don't necessarily want to have an empire. They don't necessarily believe you when you tell them they have one, either.

Most Americans – even today – believe they live in a republic governed by the Constitution.

But they come to think what they must think when they must think it.

Empires require imperial thinking. People think that they should go to “war” with crime, drugs, and poverty at home.

And overseas, they invade Vietnam... Grenada... Afghanistan... Iraq... you name it.

### **Hidden Motive**

The wars are rarely “won” in a conventional sense. It is almost impossible to win them because the war aims are often unclear or simply unattainable.

In the War on Drugs, for example, the more the feds try to stop drug taking, the more the profit margins for illegal distributors fatten, attracting more dealers and more drugs.

And in the War on Terror, it is unlikely that victory is even conceivable. Terror is a tactic, not an enemy. It is not going to

disappear.

But as senseless as these wars appear, there is a hidden motive. Wars are profitable – for the Deep State and its war industries.

The wars provide a justification for shifting wealth from the real economy to the war economy. And from people who engage in win-win transactions – trading goods and services with each other to make each other's lives better – to the win-lose economy of guns, prisons, and artificial legs.

Empires love wars. But America's foreign wars – like so much else in our current monetary-government system – are fake. There is no real danger from the enemy.

None of America's enemies from the past half-century were capable of invading the U.S., stealing our money, ravaging our women, or defeating our armies.

These fake wars were simply a way of transferring money – from the people who earn it to the foxes in the war-fighting sector, including the Pentagon.

General Smedley Butler, who served in the Philippines as well as in World War I, was at his death the most highly decorated marine in history. He summed up his role:

I served in all commissioned ranks from a Second Lieutenant to a Major General. And during that time, I spent most of my time being a high class muscle-man for Big Business, for Wall Street, and for the Bankers.

“And for the politicians and the Deep State,” he might have added.

### **Mortal Blow**

Like financial bubbles and love affairs, empires are unstable.

Typically, an empire expands until it is either defeated or bankrupted – often both. As more and more of the economy is put on a war footing, less and less is available to produce real wealth.

Growth slows. Debts increase. Eventually, the debts implode... and the empire is out of business.

Alternatively, or often in parallel, as the empire reaches farther and farther from its homeland, it creates more and more enemies.

Eventually, it is “overstretched” and is ready for a comeuppance – usually delivered as a mortal blow by the empire next in line.

But America's empire has a peculiar flaw... like a doomsday bug, embedded in its DNA.

Tune in tomorrow for the rest of this campfire tale...

Regards,

A handwritten signature in cursive script, appearing to read "Bill Bonner".

Bill