

Chapter 3

The Political Economy of ‘Homeland Security’ in the U.S.A.

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Introduction.

During the George W. Bush administration (2000 – 2008), bad government has been good business, particularly since 11 September 2001. In 1999, reported the prestigious economic journal, *Dollars and Sense*, nine private companies had federal homeland security contracts. Today, in 2009, a total of more than 33,000 companies have contracts with the United States Department of Homeland Security.¹

According to Mathew Rothschild, editor of *The Progressive Magazine*, more than 23,000 representatives of private industry are now working with the FBI and the DHS. These representatives call themselves the *Infra Group*. Membership to this group, according to Rothschild, is rapidly growing, and they receive classified government information on suspected terrorist threats before it is announced to the general public. In return, the IG members are expected to provide information to the government.

To join this elite committee, each person must be sponsored by an existing *Infra Gard* member, chapter, or partner organization. On the application form, prospective members are asked which aspect of the critical infrastructure their organization is associated with. These areas include: agriculture, banking and finance, the chemical industry, defense, energy, food, information and telecommunications, law enforcement, public health, and transportation.²

At the time the United States entered the First World War, the American government organized a national network of men who named themselves, “The Four-Minute Men,” who were prepared to deliver a 4-minute patriotic speech anywhere, at any time they were called upon. This organization was the brainchild of George Creel, an advertising executive from Colorado who was appointed to head U.S. government Committee on Public Information in 1917. The strategy of the Public Information Committee was to influence public opinion against Germany, to promote self-sacrifice for the war effort and to launch the Four-Minute Men” whenever such direct tactics were necessary to assure popular support of the war. Eventually, the network of Four-Minute Men grew to include some 75,000 speakers across the North American continent.

At the end of 1919, the infamous Palmer Raids indicated that the U.S. government had kept files on countless immigrants and labor activists who were thought to be sympathetic with the Bolshevik Revolution. In the matter of a few days, thousands were arrested across America, and before it was over hundreds had been deported, including many U.S. citizens, as “undesirable aliens.”³

¹ Ben Greenbert, “Corporate Security,” in *Dollars and Sense*, 19 February 2008.

² Mathew Rothschild, “The FBI Deputizes Business,” in *The Progressive*, March 2008.

³ Virginia Bernhard, et al., *Firsthand America* (St. James, New York: Brandywine Press, 1993) pp. 718-721.

Again, during the Second World War, more than 110,000 Japanese Americans, most of whom were U.S. citizens, were arrested and forced to live an indefinite period of time in camps called “relocation centers” for reasons of national security.⁴

After World War II, the United States government continued to place large numbers of people on what officials called *The Security Index*, which made them automatically vulnerable to losing their jobs and their civil rights, and even to be arrested *en masse* and placed in “Detention Centers” under martial law. Once a name was placed on this *Index*, even if the FBI found that a mistake had been made, it was nearly impossible to have the name removed this list of those who could be imprisoned without charges, unless one agreed to inform on others.⁵

Up until the mid-1960s, most working-class Ku-Klux-Klan members enjoyed police protection as they murdered, bombed, burned, raped, shot and beat Black Americans and their civil-rights allies with impunity.⁶

The history of cooperation between U.S. corporations and government agencies is commonly known in Latin America. In Argentina, for example, the Ford Falcon automobile is emblematic of *state terror*. In the late 1970s, police, military, and paramilitary all used this automobile because Ford Motor Company had exclusive contracts with the Argentine security forces throughout the Dictatorship.

Likewise in Colombia, the Coca Cola corporation has a history of contracting paramilitary forces that have murdered and tortured labor union activists, as does United Fruit Co. in Guatemala, etc., etc.

It is in the context of this long history of U.S.-sponsored paramilitary interventions at home and abroad that the *Infra Guard* can best be understood. One American business owner told Mathew Rothschild that *Infra Guard* members are being advised on how to prepare for a martial law situation. He had attended a small local meeting where *Guard* members were told by FBI and Homeland Security officials what they may be called upon to do:

The meeting started off innocuously enough, with the speakers talking about corporate espionage. From there, it just progressed. All of a sudden we were knee deep in what was expected of us when martial law is declared. We were expected to share all our resources, but in return we'd be given specific benefits. . . . Then they said when *–not if–* martial law is declared, it was our responsibility to protect our portion of the infrastructure, and if we had to use deadly force to protect it, we couldn't be prosecuted.⁷

⁴ Francis Feeley, *The History of an American Concentration Camp* (St. James, New York: Brandywine Press, 1995).

⁵ Archie Baron, *The Un-Americans*, BBC film documentary, 1992.

⁶ See William T. Martin Riches' essay, “Mississippi did Burn: The Film Industry and International Terrorism in the USA,” in *Terror and its Representations, Studies in Social History and Cultural Expression in the United States and Beyond*, ed. by Larry Portis (Montpellier: Presses universitaires de la Méditerranée, 2008), pp.139-53. See also, David Cunningham, *There's Something Happening Here: The New Left, the Klan, and FBI Counterintelligence* (Berkeley: University of California Press, 2004).

⁷ Mathew Rothschild, *op.cit.*

Stephen Holmes in his book, *The Matador's Cape: America's reckless response to terror* (Cambridge University Press, 2008), formulates a series of questions to expose the "intellectual fallacies" of the War of Terror:⁸

- Did Islamic religious extremism cause 9/11 ?
Holmes rejects any direct connection between Islamic religious extremism and the 9/11 Attacks.
 - a) Emphasizing religious extremism as the motivation for the 9/11 plot "terminates inquiry prematurely and encourages us to view the attacks ahistorically, as an extreme expression of Islamic fundamentalism. In fact, this approach is tautological and explains nothing: "Suicidal terrorism is caused by a proclivity to suicidal terrorism."
 - b) Holmes believes that "the mobilizing ideology behind 9/11 was not Islam, nor even Islamic Fundamentalism. He believes what mobilized the 19 hijackers –15 of whom were Saudi Arabians, 2 of whom were Egyptians, and 1 Lebanese— was not religion at all, but rather "a narrative of blame" provided by Bin Laden.
 - c) The presence of U.S. troops in Saudi Arabia since the First Gulf War, in 1991, was a far graver offense than the Soviet invasion of Afghanistan. Bin Laden demonized the United States.

- Why did American military pre-eminence breed delusions of omnipotence?
Here, Holmes, discusses some hidden agendas which served to distort rational policy-making in Washington, D.C.
 - a) Cheney's desire to expand executive power and weaken Congressional power;
 - b) Rumsfeld's desire to field-test his theory that in modern warfare Speed is more important than Mass;
 - c) The plan of some of Cheney's and Rumsfeld's advisors to improve the security situation of Israel;
 - d) The Bush administration's desire to create a new set of permanent U.S. military bases in the Middle East to protect U.S. oil supply in case of a collapse of the Saudi Monarchy;
 - e) The desire to invade Iraq in order: 1) to avoid putting all the blame for 9/11 on al Qaeda, which Bush was incapable of destroying during the first nine months after 9/11; and 2) to avoid acknowledging that Clinton was right when he warned Bush and his top officials that al Qaeda was the main security threat to the U.S.

- How was the war in Iraq lost ?
Here he discusses the significance of L. Paul Bremer's disbanding of the 200,000 Iraqi military.

⁸ The following information in this list of questions come primarily from Chalmers Johnson, "A Guide for the Perplexed," first published at *TomDispatch.com* Internet site: http://www.tomdispatch.com/post/174852/chalmers_johnson_12_books_in_search_of_a_policy, October 22, 2007, visited on 20 February 2009.

- How did a tiny group of individuals, with eccentric theories and reflexes, recklessly compound the countries post-9/11 security nightmares ?
 One explanation Holmes offers is that the Neo-Cons in the Bush administration were so bewitched by Cold War thinking that they were simply incapable of grasping the new realities of the post-Cold War world. “In Iraq, the lack of a major military rival excited some aging hard-liners into toppling a regime that they did not have the slightest clue how to replace. . . .”
- What roles did Vice President Dick Cheney and Secretary of Defense Donald Rumsfeld play in the Bush administration?
 The importance of bureaucratic politics and Cheney and Rumsfeld’s successful manipulation of the naïve Bush. The result of inter- and intra-agency battles in Washington, D. C. confused any understanding of the terrorist threats held by a few highly placed calculating bureaucratic infighters. Rumsfeld and Cheney controlled the military and when they were given the opportunity to rank the country’s priorities in response to the 9/11 Attack, they emphasized the importance of the government agency which they happened to control.)
- Why did the U.S. decide to search for a new enemy after the Cold War ?
 Although the thesis of Samuel Huntington, in “The Clash of Civilizations and the Remaking of the World Order” was discredited very early, and it was clearly established that “there is insufficient homogeneity in Christianity, Islam, or the other great religions for any of them to replace the Soviet Union, Huntington determination “to find homogeneity only because he is looking for it” did influence vested interests –both political and economic— within the United States after the fall of the Berlin Wall at the end of 1989.
- What role did left-wing ideology play in legitimating the war on terror ?
 The idea of “humanitarian wars” in the 1990s –Yugoslavia, and Somalia— supported by anti-genocide activists made a powerful rhetorical case for casting aside existing decision-making rules and protocols. This, Holmes argues, may have influenced the Bush administration to do the same in their fight against “the evil of Terrorism” outside the Constitution and International Law. This rhetorical device may have been adopted by Cheney and Rumsfeld to appeal to the wider public with “humanitarian talk” and also to silent potential critics.
- How did pro-war Progressives help to stifle national debate on the wisdom of the Iraq war?
 They tried to convince us that the Israeli-Palestine Conflict was not just a tribal war over scarce land and water, but rather one part of a larger Spiritual War between Progressives and Liberalism, on the one hand, and Reactionary Irrationalism, on the other.
 - a) According to this logic, Osama bin Laden and Saddam Hussein represented the same elements of extremism: The distinction between Anti-terrorism and Anti-fascism is collapsed in order to provide a foundation for the identity of the new enemy: “Islamofascism”.

- b) The purpose was to recruit Christian fundamentalists in their support of the War on Terrorism.
- How did “Democracy” by military force become America’s mission in the world ? Promoting democracy is a political solution to America’s fundamental problem of Islamic Radicalism.
 - a) Islamic radicalism is authoritarian and repressive.
 - b) Terrorism is not the enemy, but merely a tactic that Islamic Radicals have found to be effective.
 - c) The problem is that the Pentagon is ill-equipped to promote Democracy.
- Why is the contemporary American anti-war movement so weak ?

Among the important lessons that George W. Bush, Dick Cheney, Donald Rumsfeld, Karl Rove, and others learned from the Vietnam War was that if you want to suppress domestic questioning of foreign military adventures, then you must (i) eliminate the draft, (ii) create an all-volunteer army, (iii) reduce domestic taxes, and (iv) maintain a false prosperity based on foreign borrowing.
- How did the embracing of American unilateralism elevate the Office of the Secretary of Defense over the Department of State ?

The International institutions created by the U.S. after World War II –including the World Bank, the IMF, and NATO—allowed the U.S. to rule indirectly, using seemingly “impartial” international institutions and eliciting cooperation from other nations. This tried and proven formula was not followed after 9/11 and as a result, the U.S. State Department was eclipsed by the Department of Defense, which is an institution hopelessly ill-suited for diplomatic and nation-building missions.)
- Why did the United States battle lawlessness with lawlessness (for example, by torturing prisoners and concentrating extra-Constitutional authority in the hands of the President)?

George W. Bush’s legal council is the University of California-Berkeley law professor John Yoo, who authored the “torture memos” for President Bush, denied the legality of the Geneva Conventions, and elaborated a grandiose view of the President’s war-making power.

 - a) But why would an ambitious legal scholar labor for years to develop and defend an historical thesis that is manifestly untrue? What is the point, and what is the payoff?
 - b) Professor Yoo is a member of the “Federalist Society,” an association of conservative Republican lawyers who claim to be committed to recovering the original understanding of the U.S. Constitution and which includes several Supreme Court justices.

Stephen Holmes concludes the discussion of these questions with a “devastating condemnation” of the American neo-liberal political elite:

If the misbegotten Iraq War proves anything, it is the foolhardiness of allowing an autistic clique that reads its own newspaper, and watches its own cable news channel to decide, without outsider input, where to expend American blood and treasure –that is, to decide which looming threats to stress and which to downplay or ignore.⁹

In his review of Holmes' book, Chalmers Johnson identified four fallacies which he believes helped to create the crisis now experienced in the U.S.

- (1) Conflating strategies against “non-state terrorists” with strategies against “Rogue States” [al Qaeda and Iraq].
- (2) Adopting two contradictory strategies: a) “shock-and-awe” against Muslims and b) “regime change”
- (3) The adoption of “Humanitarian Wars” in the 1990s : this new imperialist ideology was “high jacked” by Neo-Conservatives.
- (4) The use of police in a “Lawless Society” where the rule of law and “checks-and-balances” are replaced by “strong executive power.”

The solution, for Johnson, is to dismantle the American Empire and the “Military-Industrial-Political Complex.” The Model to follow, he believes, is Great Britain after World War II and the Suez Canal fiasco (November 1956), in order to save Democracy and the American Republic.¹⁰

The Best of Times.

The United States Congress passed Public Law 107-56 on April 25, 2001. This voluminous bill, which few lawmakers actually read before voting its passage into law, was given the name “U.S. P.A.T.R.I.O.T. Act,” an unlikely acronym for “Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001”. The Bill passed in the House of Representatives on the morning of April 24, by a final vote of 357 to 66, with 9 abstentions. The following afternoon, the U.S. Senate passed the Bill with a vote of 98 to 1, with 1 abstention. The federal law makers had in one fell swoop weakened centuries of legal precedents which protected civil liberties in the United States. This law authorized the detention of immigrants for indefinite periods of time; it allowed “sneak-and-peek” searches of homes and businesses without owners’ or occupants’ permission or knowledge; it allowed the FBI to search telephone, email, and financial records without a court order; and it expanded access of law enforcement agencies to business records, including library and financial records.¹¹

⁹ Stephen Holmes, *The Matador's Cape: America's Reckless Response to Terror* (London: Cambridge University Press, 2007), p.301.

¹⁰ Chalmers Johnson, “A Guide for the Perplexed,” published at *TomDispatch.com* Internet site: http://www.tomdispatch.com/post/174852/chalmers_johnson_12_books_in_search_of_a_policy, October 22, 2007, visited on 20 February 2009.

¹¹ See U.S. Government Records, “FINAL VOTE RESULTS FOR ROLL CALL 398,” at <http://clerk.house.gov/evs/2001/roll398.xml>, and the “U.S. Senate Roll Call Votes 107th Congress - 1st Session on October 25, 2001” at http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=107&session=1&vote=00313, visited on 16 March 2009.

“Sunset” clauses were written into many provisions which would deactivate the certain laws beginning on December 31, 2005, four years after the passage. The supporters of the PATRIOT Act tried to make these laws permanent, while critics tried to remove those laws which they felt threatened civil liberties.

The USA PATRIOT Improvement and Reauthorization Act was passed by Congress in early March 2006 and signed into law by President Bush on March 9, 2006. The U.S. Senate support was once again an overwhelming majority; this time 95 to 4 vote, with one abstention, and the House voted in favour by a vote of 280 to 138, with 14 abstentions. However, due to the vigilance of several civil liberties organizations, most notably the American Civil Liberties Union (ACLU), the Center for Democracy and Technology (CDT), the Electronic Frontier Foundation (EFF), and the Electronic Privacy Information Center (EPIC). These four groups closely watched the proposed legislation and have continued to critique the laws after their passage. As a result, many of these laws have been judged unconstitutional.¹²

The Homeland Security Act was passed by Congress in November 2002. The Department of Homeland Security is the third largest cabinet department in the U. S. federal government, after the Department of Defense and the Department of Veteran Affairs.

The Department of Homeland Security combines several government agencies and entities, including the United States National Guard, the Federal Emergency Management Agency, the United States Coast Guard, U.S. Customs and Border Protection, U.S. Immigration and Customs Enforcement, United States Citizenship and Immigration Services, the United States Secret Service, the Transportation Security Administration, and Civil Air Patrol. It employs more than 200,000 people. The Secretary of DHS is a Cabinet post: the Secretary was Tom Ridge, named by President Bush in January 2003, followed by Michael Chertoff in February 2005. On January 20, 2009, the Senate confirmed Barack Obama's appointment of Janet Napolitano to be the third Secretary of Homeland Security. The budget of DHS was \$69.1 billion in 2006. In 2007, Congress allocated \$50.4 billion to DHS, and in 2008, a budget of \$43.2 billion was allocated.

Over the years, the DHS has been subject to increasing criticisms. One criticism stems from the U.S. government response to Hurricane Katrina (August 29, 2005) was widely criticized as being inadequate, despite the large budget FEMA had at its disposal. (This budget reached \$8.02 billion in 2008.) A second criticism of DHS concerns perceived threats to citizens' privacy and computer security. Another complaint is the excessive waste and ineffectiveness of this new Department. The DHS was accused last year by the U.S. Government Accountability Office of loosing \$2 billion in waste and fraud cases which included credit card abuses, and making purchases of excessively priced items such as boats and beer brewing kits. A forth criticism of wasting money revolved around a \$42-million data mining tool, which had to be abandoned because it was misidentifying people. And on top of all this waste and fraud, a survey found that employee morale at DHS was near the bottom of all government agencies, which has raised concerns about the supervision and management of this Department.

In a speech to business people on March 20, 2007, the former U.S. Secretary of the Treasury under President Clinton and future Director of the White House National Economic Council, under President Obama, Lawrence Summers spoke about the risks facing the global economy.

¹² “USA PATRIOT Act Additional Reauthorizing Amendments Act of 2006” at <http://www.govtrack.us/congress/bill.xpd?bill=s109-2271>, visited on 29 August 2008.

Among them geopolitics was at the top of his list. “It is like something out of Dickens [he told the group]. You talk to international relations experts, and it is the worst of all times. Then you talk to potential investors, and it is one of the best of all times.”¹³

Nowhere is the disconnect between reality and the euphoria of financial markets more vast than in Tel Aviv, where the “incredible Israeli shekel is climbing to seven-year highs against the dollar. Gary Dorsch, editor of “Market Oracle” in the United Kingdom, describes the “miracle” of Israeli economic growth as follows:

The “Incredible” Israeli shekel’s climb to 25 cents U.S. comes amid reports that Syria is positioning thousands of missiles on its border with Israel. Iran and Syria have restocked Hezbollah with thousands of missiles and rockets in defiance of U.N. resolutions, and Sheik Nasrallah is once again capable of striking Tel-Aviv. Iranian backed Hamas has transferred tons of explosives and missiles into the Gaza Strip and is firing Qassam rockets into southern Israel on a daily basis.

Iran’s deputy interior minister is explicitly warning that in the event of an American attack on its nuclear installations, Iran would fire tens of thousands of missiles at Israel. Global investing always involves geo-political risks, and nowhere are the stakes higher than in the nine miles between the West Bank and the Mediterranean Sea.

In spring 2007, Israeli Prime Minister, Ehud Olmut’s popularity fell to an historic low of no more than 2%. Seventy percent of Israeli voters wished that he would resign immediately, and the right-wing Likud Party, headed by Benjamin Netanyahu, gained in popularity while eagerly attempting to attract foreign investments.

When Netanyahu was finance minister, Israel eliminated all corporate and dividend taxes on foreign investments of more than \$200 million by multinationals. A record flow of foreign capital into Israel’s economy and capital markets followed. In 2006, investments totaled \$21.2 billion. In the summer of 2006, Warren Buffet of Berkshire Hathaway Investors purchased an 80% share in Iscar, the Israeli metalworking company, for \$4.1 billion. “With this purchase,” the American company announced, “we are sending an indirect message to the world for foreign investors to make similar investments.” And following Israel’s 31-day war with Hezbollah in Lebanon in the summer of 2006, Buffet told reporters, “Berkshire Hathaway and Israel will be here forever, as Israel and the U.S. will be here forever.” Several weeks later, U.S. billionaire Donald Trump declared his support of Israel as a profitable investment opportunity: “I am confident that Israel’s future can only go in one direction, and that is up.” Trump purchased a site in Rama Gan to build his 70-story “Trump Plaza Tower,” next to the Israeli Diamond Exchange, for \$300 million. Trump also reported his plans to build a 647-room resort hotel in the coastal town of Netanya.¹⁴ [fnt#11 : *Ibid.*]

Israel’s economic growth has been powered by its technological industries. In proportion to its total population, Israel has more engineers and more scientific papers published than any other country in the world. (Israel has 135 engineers per 1000 residents, compared to the United States, which has only 85. Large multinational corporations such as Cisco Systems, Motorola, Intel, IBM, Nortel, Microsoft, Mitsubishi, Deutsche Telekom, as well as aviation

¹³ Gary Dorsch, “The Incredible Israeli Shekel, as Israels Economy Continues to Boom,” in *Market Oracle*, 8 May 2007, <http://www.marketoracle.co.uk/Article947.html>, visited on 16 March 2008.

¹⁴ *Ibid.*

and space companies, have set up subsidiaries and research centers in Israel and have invested in Israeli technology incubators, and venture capital funds.

Intel has been active in Israel for more than 30 years with annual exports of \$2 billion, and employing more than 5,000 workers. Intel has built a second \$4 billion chip plant in Israel that began operating in the latter part of 2008.

Israel has more technology patents registered in the U.S. than China, Russia and India combined. The percentage of Israeli high-tech exports in proportion to its total exports rose from 45% in 1995 to 60% in 2006, when Israel recorded a balance of payments surplus for the first time. High-tech consulting services from Israel to foreign businesses increased by 10% in 2006, to \$19.3 billion, or 31% of Israel's total exports that year.¹⁵

Despite (or because of) the continued conflicts in the Middle East, "the flood of foreign investment into Israel has not stopped." In 2006, it amounted to 2/3 of the net investment in Russia and 1/3 into China. "In large part, Israel's high-tech industries," writes Gary Dorsch, the editor of "Market Oracle" from the United Kingdom, "are a spin-off from its need to maintain a qualitative military edge over her potential enemies, in a very hostile neighborhood. Israel was the first to develop pilot-less drones and is one of only 6 countries around the world that can launch its own satellites."¹⁶

The Worst of Times.

The economic bubble had not yet burst when Jonathan Cook wrote his contemporary account of *Israel and the Clash of Civilizations: Iraq, Iran and the Plan to Remake the Middle East* (Pluto Press, 2008). In this book, Cook asks several interesting questions, such as: Why do Israel and the U.S. seem to be intent on extending the "war on terror" to the strongest Middle East state, Iran, since it is uniquely positioned to alleviate the crisis in Iraq? Why turn the "clash of civilizations" into an added Sunni-Shia struggle and risk making an unstable situation worse? And who controls American foreign policy, given the influence of the Israel lobby in the United States?¹⁷

Cook points out that Iran has sought dialogue with the United States for many years, but that Washington, D.C. has constantly refused. He also points out that key policy advisors have for many years, since the 1980s, advocated a non-military solution to Iraqi nationalism under Saddam Husain. Even the U.S. oil interests were opposed to all-out war and military occupation in Iraq. Furthermore, an expansion of this war into Iran, according to these advisors, would assure regional turmoil, greater instability, and an intensification of conflicts targeting Americans, and assuring higher oil prices and possible global recession, with no assurance of a favorable outcome. Why risk it?

An answer to this question has been suggested by U.S. academics such as, John Mearsheimer, Stephen Walt, and James Petras. According to these authors, the Israel lobby's influence in the United States reaches to the highest levels of government, as well as the cloakrooms of

¹⁵ *Ibid.*

¹⁶ *Ibid.*

¹⁷ The information in this section comes from Stephen Lendman's review of Jonathan Cook's book published on 8 February 2008 on Counter Currents.org, under the title, "Jonathan Cook's 'Israel And The Clash of Civilizations'," <http://www.countercurrents.org/lendman080208B.htm>, visited on 20 March 2008.

Congress, the boardrooms of corporations, the faculty lounges of academia, and the naves of churches, particularly fundamentalist Protestant churches. These are the locations, according to this argument, where Israeli interests are most forcefully represented, and have been for decades.

However, Jonathan Cook takes a different view, and argues that Israel and the United States have formed a mutual alliance, pursuing well defined interests. The Israeli government persuaded Neo-conservative administrators that both countries shared mutual interests: The U.S. interest in controlling the world's oil supply to achieve world domination was at the heart of this strategy.

As early as the 1980s, at the start of the Reagan administration, Ariel Sharon, an influential military officer at the time, introduced a "radical departure" from the traditional Israeli strategy of either seeking a negotiated peace or waging war on its hostile neighbors. His new plan was to actually achieve hegemony in the region by developing a technological superiority in weapons. This plan became known as "The Sharon Doctrine," and by 2001 it reflected the views of Israeli National Security Advisor, General Uzi Dayan, and the Mossad Chief, Ephraim Halevy. They called 9/11 a "Hannukkah Miracle" because it provided the opportunity for Israel to dominate its enemies. Henceforth, every outbreak of "Islamic terror" could be lumped together as "a threat to world stability."

An even more extreme strategy than "The Sharon Doctrine" was concocted in 1982 by a senior Israeli Foreign Affairs Ministry Advisor, Oded Yinon. He proposed transforming Israel into a regional power by breaking up Arab states into ethnic and confessional groupings which Israel could more easily control. It was this strategy that caught Dick Cheney's imagination and is reflected in his notorious vision of "permanent war that won't end in our life times."

The strategy adopted by the United States and Israel, according to Cook, is to create "organized chaos" throughout the region. Already in the 1980s, the Israeli newspaper correspondent for military affairs at *Haaretz*, Ze'ev Schiff, wrote that it was in Israel's best interest to dismember Arab countries into "feuding mini-states." Iraq, for example, could be reduced to a Shi'ite state, a Sunni state, and a separate Kurdish region. Since this declaration, Israel has been implementing this strategy in the Palestinian Territories, along with new weapons, urban warfare tactics, and crowd control techniques.

There is one problem in this plan to remake the Middle East, however. The possibility that another Middle East state may develop nuclear weapons and challenge Israel's military hegemony in the region looms over the entire Israeli plan.

Meanwhile, realistic or not, this strategy has been very profitable for many businesses and it has contributed to Israel's "economic miracle" by selling services and hardware in response to violence at home and elsewhere.

Israeli technology firms pioneered the homeland security industry. They still dominate it, and they have made Israel "the most tech-dependent" country in the world. Israel continues to be the fourth largest arms exporter in the world, after the United States, Russia, and France.

Today, the U.S. Department of Homeland Security is one of Israel's biggest customers for air passenger profiling, biometric IDs, video and audio surveillance equipment, prisoner

interrogation systems, fiber optics security systems, unmanned drones, high-tech fences, thermal imaging systems, tear gas products and ejector systems, and much more.

This advanced, international version of the “military-industrial complex” offers no long-term guarantees of stability. The immediate fallout is unpredictable, but as long as the motor force of this economic growth is high-tech and high profits, nations around the world have much to fear.

The Grand Strategy, if Jonathan Cook’s analysis is correct, confirms that the “Oslo Accord” died with the assassinations of Rabin and Arafat. The new model, supported jointly by Israel and the U.S. is the Palestinian division between Mahmoud Abbas’ FATAH Party in the West Bank and Hamas in Gaza. As long as the Palestinians remain divided they can be marginalized. The Bush administration and the Israeli government were confident that what was working in the Territories could be applied throughout the entire region.

As early as 1996, this strategy was expressed in a U.S. Policy paper entitled, “A Clean Break,” authored by three Neo-Con political advisors, Richard Pearle, Douglas Feith, and David Wurmser. In this paper, they predicted that after Saddam fell and the repressive order based on Sunni leadership collapsed, Iraq would be “ripped apart by the politics of war lords, tribes, clans, sects, and key families. . . .” British and American intelligence agencies confirmed this view of “post-invasion chaos,” because Iraq was one of the least cohesive states in the Middle East.

This knowledge, however, fits perfectly with the strategy that Washington and Israel had already adopted. It served to further justify the “war on terror,” and such chaos was the precondition for the Israeli goal, namely splitting the country into three mini-states, with the Kurds, the Shias, and the Sunni living in perpetual conflict.

The Pentagon has proceeded accordingly to cantonize Iraq’s largest cities “Israeli style” by enclosing neighborhoods with 12-foot walls and requiring special IDs for entry. The same plan has been made for Lebanon, where the large Shia population has been targeted for marginalization, with the Christian and Sunni minorities supported by Israel.

The old colonial strategy of “Divide and Rule” is being attempted in Iran as well, were, according to U.S. journalist Seymour Hersh, the CIA is conducting “black operations” and have been since 2006. The objective, as in Iraq, Lebanon, and Palestine, is to create ethnic tensions throughout the nation, to promote conflict, and attempt to destabilize the government and push it into a confrontation with Washington. CIA operatives are working with Azeris in the north of Iran, and in the southeast of the country they are working with Baluchis rebels, and with the Kurds in the northeast. They also have their own special forces inside the country, as well.

The Grand Strategy shared by Washington and Israel is to remake the Middle East by spreading instability and promoting inter-communal strife. According to Jonathan Cook, a different outcome is possible: new political, religious, and social alliances could take formation across this entire region. The Washington-Israeli strategy would indeed lead to “war without end,” and to huge financial profits for a very few.

Conclusion.

Homeland Security is one of the fastest-growing Industry groups in the world. More than 30,000 companies have business contracts with the Federal government, while in 2000 there were only 9 companies with such contracts.

Since September 11, 2001, agencies associated with the United States Department of Homeland Security have paid private contractors more than \$130 billion, the top ten contractors receiving about half that amount, or roughly \$65 billion. Vision, a subsidiary of General Electric Corps., is the biggest recipient, with \$15 billion in contract revenue. Three other beneficiaries of government largesse are IBM, L-3 Communications, and Honeywell.

The U.S. Office of Management and Budget reported for fiscal year 2003 (ending September 30, 2003) that the 22 government agencies that joined to form the DHS represented a combined budget of \$28.2 billion. For fiscal year 2006, this budget had grown to \$40.3 billion, and for fiscal year 2007, President Bush requested \$42.7 billion. Placed in the larger context of the U.S. economy, however, Homeland Security production spending represents no more than 0.5% of the GDP, or approximately equivalent to the “weight-loss” industry.

Nevertheless, many people are concerned that the Security and Surveillance markets will continue to grow, and there is evidence that this may be in fact true.

- Attendance at the annual conferences organized by the National Homeland Defense Foundation over the past three years had increased from a few hundred to more than 1000.
- An industry publication, “Government Security News,” launched in September 2001, has expanded its circulation and switched from a quarterly to a bi-weekly publication.
- In 2006, 50 conferences on Homeland Security were organized, compared to none four years before.
- The number of companies awarded homeland security contracts grew from nine, in 1999, to 3,512 in 2003 (when the DHS was formed), to a total of 33,890 in 2007. This represents an increase of ten fold in just four years.
- Also, the number of lobbies has increased. In 2001, there were only 2 lobbying firms registered with the U.S. Senate Office of Public Records as homeland security lobbyists. By the end of 2005, the number of registered HS lobbyists had increased to 543.

The phenomenal growth of the security and surveillance industries since 2001 is explained by high profits. Large companies have been beneficiaries of *non-competitive contracts*, the means by which the DHS distributed some \$28 billion between 2001 and 2006. In fact, 21% of the revenues of the top 10 companies with HS contracts came from non-competitive contracts. The Big Ten companies get the big contracts, which amounted to about 2/3 of the total spending since 9/11, or some \$87 billion.¹⁸

The largest expenditure of the U.S. Department of Homeland Security, about 1/3 of its total budget, is spent on Data-Processing Services. The second largest expenditure, about \$23 billion, has been spent on Alarm and Security Systems, like the baggage screening machines that InVision and L-3 corporations manufacture. Other big-budget Homeland Security products include guard services, radio navigation, printing and book-binding equipment, and temporary trailers for housing and office use.

¹⁸ “Business in the Beltway: Big Time Security,” in *Forges Magazine*, 28 August 2006.

Governments and businesses worldwide spent more than \$50 billion in 2006, according to Department of Homeland Security officials, to protect against terrorist attacks. By contrast, the motion-picture industry and the music industry each generate around \$40 billion annually. But HS productions are growing and the \$50 billion figure is expected to double by 2010. The U.S. security and surveillance market generated \$29 billion in revenue in 2006, from the threat of terror. About 70% of this amount came from federal, state, and local government contracts.¹⁹

Large government contracts were awarded to the *Halliburton* subsidiary, *Kellogg, Brown and Root*, which received \$385 million to establish temporary detention and processing capabilities on the U.S. border regions, in the event of a large influx of immigrants into the U.S. Another corporation was Unisys, which received a contract of between \$308 and \$750 million to build, secure, and manage the information technology infrastructure for the Department of Homeland Security and one of its agencies, The Transportation Security Administration. Five large multinational corporations bid for the \$2 billion contract with the DHS to provide surveillance on the U.S. borders:

- *Lockheed Martin* (LMT)
- *Raytheon* (RTN)
- *Boeing* (BA)
- *Northrop Grumman* (NOC)
- *Ericsson* (ERIC)

In 2004, another large corporation, *Accenture*, won the largest single ever awarded by the DHS. This contract could run for 10 years and would generate \$10 billion for the company. The project is to introduce biometrics and other technologies for the purpose of surveillance of foreign visitors as they enter the U.S.

In the absence of another major terrorist attack in the U.S., Europe, or Japan, the market for security goods and services is expected to increase to \$178 billion by 2015 (triple its current value). But a major terrorist attack in one of these countries, according to Homeland Security Research (the industry tracker), could increase the global market to \$730 billion by 2015 (a more than 12 fold increase).²⁰

Growth has shifted from Airport security, immediately following 9/11, and Information Technology, and combating Bioterrorism with detection devices and the stockpiling of vaccines, to new areas, including technology for surveillance, detection of nuclear and other weapons of mass destruction. While the homeland security business is much bigger in the US than in any other country or region, this is beginning to change. In Europe, India, and China security and surveillance production is growing. It is estimated that by 2015, the United States will make up only 42% of the global market.²¹

There appears to be no limit to the expansion of the new security and surveillance industries, as any new terrorist attack is enough to silence critics who say too much money is being spent on homeland security.

¹⁹ "Homeland Security Generates multibillion dollar business," in *U.S.A. Today*, 9 October 2006.

²⁰ *Ibid.*

²¹ *Ibid.*

The threat of attack is a state of mind which can be easily produced, but not easily dispelled.

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