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THE (SHORT) CASE AGAINST UNIVERSAL BASIC INCOME

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CENTRAL BANKING AND WORLD EMPIRE

Interview with Scott Horton

L A R A - M U R P H Y R E P O R T



Central Banking and **World Empire**

Interview with Scott Horton

Scott Horton is author of *Fool's Errand: Time to End the War in Afghanistan*, director of the Libertarian Institute, host of the Scott Horton Show podcast and Antiwar Radio on KPFK 90.7 FM in Los Angeles, opinion editor of Antiwar.com.



Lara-Murphy Report: Although you are famous as a foreign policy expert, whenever you interview one of us (Murphy) for your radio show, you are clearly one of the most knowledgeable commentators on Austrian business cycle theory. So can you explain your background in Austrian economics? How do you know all this stuff about central banking?

Scott Horton: I'm not sure when I first read the Austrian explanation of the 1929 stock market crash and Great Depression, and the rest of the boom and busts since—it was probably *The Creature From Jekyll Island* by G. Edward Griffin when I was in high school. I had lived through the 1980s real estate bust in Texas and had learned a bit about inflation and such here and there already, so this all seemed very correct to me right away. And I could see how self-serving the government school version I had been taught had been in claiming that the



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business cycle was due to a lack of government control in the previously completely free market and that the Federal Reserve and other reforms were made to smooth out these otherwise natural disruptions. So I know Bob and the Mises guys are right about this stuff, though I'm no economist myself at all. Of course central banking is the biggest rip-off in the world—the richest businesses and government get to create money for free for themselves while the rest have to work for real, and largely to pay them back plus interest for money we borrow

from them that they just created?! I get angry just typing it. And by a large measure this inflationary policy is responsible for the overall stagnation of wages and growth of wealth for workers and small business owners over the decades, as well as the massive transfer of wealth upward to the 1% of the 1% by the financialization of every kind of fraudulent instrument of Wall Street derivative, blind-default swap garbage paperwork, rather than actual production, all of which is based on artificially low rates and reserve ratios. It's hard to imagine how much has been lost in opportunity costs and "marginal" businesses which otherwise would have made it, and the lives that would not have been destroyed without all this manipulation. As William Greider shows in *Secrets of the Temple*, the Fed keeps charts and graphs measuring American bankruptcies, divorces, suicides, foster care, and other of the most important factors of our quality of life, as they constantly push to see how much punishment we can take. They measure their own virtue in their willingness to cause Americans severe economic, and therefore personal, pain, and they measure their bravery in refusing to let up on those policies that they deem necessary, whatever the cost to the people.

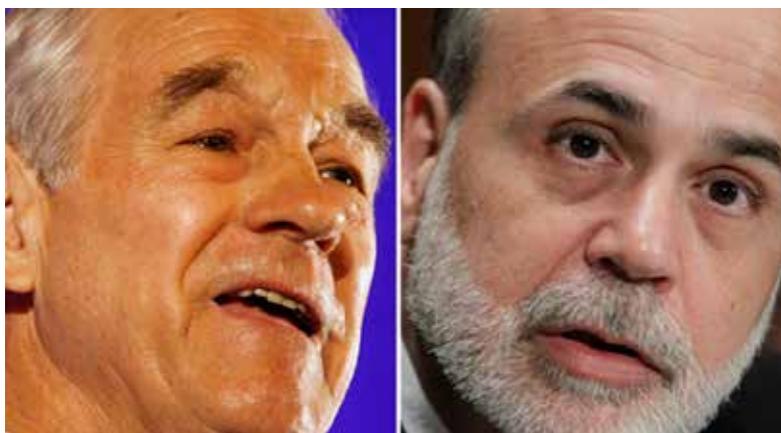
Lara-Murphy Report: Since we brought it up, let's have a follow-up question: What is the connection between the central bank and war? Is it just a coincidence that Ron Paul wanted to End the Fed *and* bring the troops home—or do those two positions go together nicely?

SH: Yes, well as Ron Paul and others have shown and explained before me, government-backed monetary expansion and borrowing helps to defer the costs of America's wars until later on, making the war seem "free," at least at first. Remember, George W. Bush even sent these \$200 and \$300 "rebates" in the mail to all taxpayers, two years in a row, as though these were our dividend checks for our share of the profit from the money we were all making off of his invasion of Iraq. Then it isn't just that we have to pay the money back in taxes eventually, but we all have to suffer from the disruptions caused by that easy money-induced boom and bust cycle. So millions of average people are standing in line at the unemployment office and getting foreclosed on and losing their retirement, but don't realize that that wealth destroyed and time wasted is ultimately their share of the cost of the empire and the Iraq War II catastrophe, for example. As the hawks say, "we have to have a central bank because what if we need it for war?" And as Dr. Paul replies, "Exactly."

LMR: This publication is primarily financial, but our readers understand the connection between sound economic policies and the broader philosophy of economic freedom and limits on the role of the State. Now we'll ask you to make the case to possibly expand the horizon a bit more. Suppose we have readers who

know full well that the federal government doesn't have the competence or the moral right to, say, run the schools or fix the inner cities. What implication does that perspective have for foreign policy?

SH: I understand that this is a sensitive topic, especially for people who either were in the military themselves or have close relatives who were. But we need to be grown-ups here and admit the obvious fact that the USA is the world empire: the dominant political, financial, and military force on the planet, and therefore—obviously—is the cause of most violence and disruption on earth as well. It shouldn't matter if you're from here or Outer Mongolia, the facts are the



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facts. Read retired U.S. Army colonel and academic historian Andrew Bacevich's latest book, *America's War For the Greater Middle East*. It's about how the government of the middle part of North America thinks they have the right to “lead” southwestern Asia to death the same way they did to southeast Asia a generation ago. The “War on Terrorism” is a sideshow to this empire-building. Terrorism is a reaction to, and then a great excuse for, the policy of dominance that the U.S. sought there in the first place. Just as I would, in his book Bacevich starts with the CIA overthrow of Iran's government in 1953, the reaction to that (and the start of the CIA's Afghan War) in 1979, and all the consequences and counter-reactions to those policies ever since then. The only thing that changed

with the end of the Soviet Empire 25 years ago was that they were no longer in our way. Virtually every fight in the Mideast, and in Eastern Europe, East Asia, and even in Africa, since then, have been either caused by, or at least been negatively participated in, by the Americans. In fact, the American people have no state enemies on the planet. Our only enemies, al Qaeda, are the result of U.S. government policies in the first place, and our government's policies since declaring war against them 17 years ago have only increased their influence, rather than diminish it, in every case. When it comes to foreign policy, we need to look at consequences, not only the officially stated intentions, just like we should do when it comes to economic policies.



“Well, the U.S. government certainly doesn’t keep its promises.”

LMR: We know it’s a complex story, but can you give our readers a quick summary of why you think President Trump should *not* have pulled out the “Iran deal”? In particular, doesn’t history show us that governments don’t pay attention to contracts anyway? What’s the big deal here?

SH: Well, the U.S. government certainly doesn’t keep its promises. Before the current administration broke the 2015 Iran JCPOA [Joint Comprehensive Plan of Action], which is what people mean by “the Iran deal,” the U.S. government broke the 1994 deal with North Korea in 2002, betrayed Saddam’s ceasefire deal to give up his chemical weapons, nuclear program, etc., from 1991—which he had in fact lived up to by the end of that year—in 2003, Gaddafi’s 2003 deal with the war in 2011—and, most infamously, broke Bush Sr.’s promise to Gorbachev in 1990 that the U.S. would not expand the NATO military alliance east of Ger-

many if the USSR would withdraw, beginning with Bill Clinton's push just a few years later. Nor has the U.S. ever lived up to its promise in the Nonproliferation Treaty to dismantle its nuclear weapons.

Iran, on the other hand, has lived up to its NPT [Nonproliferation Treaty] obligations, including their Safeguards (inspection) Agreement with the International Atomic Energy Agency, all along. The right-wingers are correct in a sense, because Obama did lie when he said that the JCPOA prevented an Iranian weapons program and therefore war. But Obama's claim was wrong be-



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cause in fact the Iranians never *had* a nuclear weapons program at all. And as Gareth Porter shows conclusively in his book *Manufactured Crisis*, the nuclear weapons “research” Iran was supposedly involved in before 2003 was based on Israeli forgeries and misinterpreted military intercepts regarding possible “dual-use” technologies and equipment, which were later all accounted for as being used for benign purposes. (If you’re curious, the official position of the CIA and other U.S. intelligence agencies is that Iran’s weapons research was real but stopped after the U.S. invaded Iraq and got rid of their enemy Saddam Hussein for them in 2003.) All other accusations regarding explosives testing chambers

at the Parchin military base, secret enrichment and testing facilities “exposed” by the Mujahideen e Khalq communist terrorist cult, etc. have all been proven frauds. All the 2015 JCPOA did was double-extra lock down all of Iran’s Safeguarded civilian nuclear facilities compared to before: Iran reduced their stockpile of low-enriched uranium, by shipping it out of the country, so that it cannot even theoretically be available to be further enriched to weapons grade; they closed down 2/3 of their centrifuges at one facility and all of them at the other; they poured concrete into their heavy water reactor, destroying it permanently, and therefore completely closing off a possible plutonium route to a bomb (even though they never had a facility to reprocess plutonium waste from that reactor



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into weapons fuel anyway); and they signed an Additional Protocol and Subsidiary Agreements to their Safeguards Agreement with the IAEA [International Atomic Energy Agency], allowing for increased inspections and surveillance at all nuclear facilities, and beyond, including the mines and centrifuge factories. And contrary to the hawks’ constant cries, the IAEA may even inspect Iranian military bases if a majority of the powers that signed the deal (e.g. the U.S. and its allies, Britain, France and Germany) voted that there was credible evidence supporting a suspicion that any illicit activities under the deal were taking place there. And all Iran got in exchange for this was some actually-barely-existent

sanctions relief and some of *their own money back* that the Carter Administration had had frozen after the revolution in 1979, and that an international court had ruled that the U.S. government needed to give back. In other words the Iranians bent over backwards to satisfy U.S. pretended “concerns,” while from a non-proliferation standpoint it was better than the Western powers could have hoped for. And then the U.S. broke the deal anyway.

Now that the U.S. has quit the deal, the Iranians, thankfully, and a bit predictably, have decided to try to keep the deal with the rest of the UN Security Council powers, including America’s closest European allies, to stay within it. After all, they weren’t making nuclear weapons in the first place, and continuing



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to be able to prove that beyond a shadow of a doubt has been their best plan, so far, for keeping the U.S. from attacking. But even if they do leave the deal, they would still be in the NPT, and thus the IAEA could still verify the non-diversion of their nuclear material. And though that is good enough for any reasonable person, under Bush and Obama, their already-Safeguarded program was still considered a danger. It took the new extra restrictions of the JCPOA to take the option of war off the table, as they say. (Not that Iran attempting to make nuclear weapons would be a legitimate excuse to attack them, just that’s the frame of the discussion and the policy on both sides.) If the U.S. succeeds in pushing Iran out of the deal as well – or, worst-case, the Nonproliferation Treaty, as well – as a

consequence of the renewed sanctions on their economy, it will be a major success for those who would prefer to use Iran's nuclear program as an excuse to launch another disastrous war.

LMR: Your book calls for bringing the troops home from Afghanistan. Can you make that case to a hardnosed reader who thinks foreign interventions are necessary to prevent another 9/11?

SH: Again, U.S. intervention in the Middle East far predates and explains anti-American terrorism from that region. As the Joint Staff policy planners at the Pentagon used to say as a regular refrain back in the 1990s, before Ft. 77 was flown into it on September 11th, "Terrorism is a small price to pay for being a Superpower." During all the prosecutions of al Qaeda and proto-al Qaeda members in the 1990s, U.S. military intervention as motivation for their acts of terrorism was never secret or in dispute. It was the federal prosecutors' theory of the case, as well as the plain language of the guilty's post-conviction statements – beyond question. It wasn't until George W. Bush's post-September 11th speeches that the government pushed the modern line that radical Islam, rather than radical politics, were behind the terrorists' motivation; that this strange Muslim perversion of the Judaeo-Christian God made men into insane psychopathic killers bent on attacking innocence and virtue for daring to be so pure and free. But these were Ronald Reagan and George W. Bush's own father's former mujaheddin fighters from their 1980s Afghanistan war (whom we supported against the Soviets) who had blown back against the United States due to American combat forces stationed on the "holy" Arabian peninsula, being used to bomb and blockade Iraq for a decade after Iraq War I, support for Israel's wars in Palestine and Lebanon, support for "President" Mubarak in Egypt and King Fahd in Saudi Arabia, and so on. They said so themselves, repeatedly, all through the 1990s, leading up to September 11th. Even the 9/11 Commission admitted this was so – in one small footnote in the back of their report. (I make the full case about all this in the first chapter of my book.) Look, as Ron Paul often has to say, nobody is defending terrorism—but we need to be honest about what the terrorists themselves are saying is their motivation.

And just look at the chaos our government has spread in the region, as well as more attacks here, in the time since then. In 2001, the total size of al Qaeda was Osama bin Laden and 400 men in exile on the border between no-man's-land and the last ends of the earth. Exploiting the American people's granted writ to find and get, "dead or alive," the perpetrators behind the September 11th attack on our country hiding out in Afghanistan, the U.S. has invaded, attacked, and/or overthrown or attempted to overthrow the governments in Iraq, Yemen, Somalia,

Libya, and Syria—none of these nations having had any role whatsoever in the September 11th attacks, nor any alliance with bin Laden or his group. In some cases, such as in Iraq War II, the war had the unintended effect of bolstering and expanding the al Qaeda movement beyond Osama bin Laden’s wildest dreams. In other cases, such as in Libya, Syria, and Yemen, the Obama Administration deliberately put the United States *back on the side of these jihadists* against their enemies, who, in the case of the Ba’athist government in Syria and the Houthi government in Yemen, are backed by or are at least friends with Iran. The con-

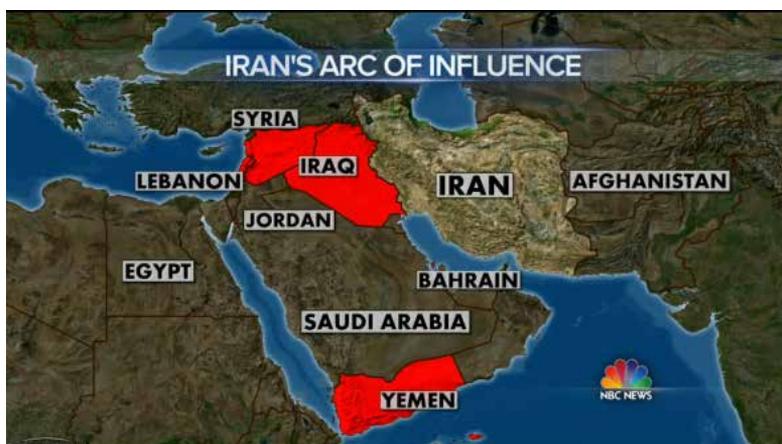


“In other cases, such as in Libya, Syria, and Yemen, the Obama Administration deliberately put the United States back on the side of these jihadists against their enemies, who, in the case of the Ba’athis government in Syria and the Houthi government in Yemen, are backed by or are at least friends with Iran.”

sequences of the Libya war of 2011 include the murder of Ambassador Chris Stephens and others by America’s Libyan terrorist allies in 2012, a significant portion of the European refugee crisis, the literal institution of chattel slavery of blacks, and foreshadowing decades of further conflict, that jihadists have since spread the war down into Mali, Niger, and Chad in the Sahel in northern Africa and beyond.

In Syria, Obama’s CIA support for the “moderate rebels,” as was known all along, only bolstered the most powerful insurgent group on the battlefield, Jabhat al Nusra, which is nothing other than the Syrian-dominated faction of al Qaeda

in Iraq, or the worst part of the Sunni-based insurgency that fought the U.S. in Iraq War II – Abu Musab al Zarqawi’s guys – and still sworn blood-oath loyal to al Qaeda leader Ayman al Zawahiri, the butcher of New York City. We often truncate the story, looking back, but this went on for two years before, in the spring of 2013, ISIS – the Iraqi-dominated faction of al Qaeda in Iraq – split off from al Qaeda in a dispute over oil and strategy, and carved out a large piece of territory in eastern Syria, and then a year later, invaded and conquered all of western, predominately-Sunni Iraq, declared their “Caliphate,” the Islamic State, and confiscated every bit of U.S. military equipment Obama had left behind in those provinces. W. Bush, Obama, and the “Caliph Ibrihim,” Abu Bakr al Baghdadi, had turned Osama bin Laden’s pathetic little group that got lucky once into



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an actual nation-state; one with a landmass and population the size of Britain, the powers of taxation and conscription and an army of tens of thousands. This of course necessitated the launching of *Iraq War III* against the Islamic State in 2014, which is only wrapping up now, in the first half of 2018, and leaving thousands of young bin Ladenites scattered to the winds, many heading home to Europe, and possibly the U.S., to commit further attacks.

Let me wrap up with one more major point. See, the reason the U.S. is now back on the side of the Saudi-backed bin Ladenite terrorists is that W. Bush’s Iraq War II of 2003–2011 served to greatly enhance the power and influence of Iran in Iraq and the region. Iran is not the enemy of the American people, but it

is a huge thorn in the side of the American empire in the Middle East, insisting as they do on a great deal of independence from the American order since their revolution in 1979. So in 2006, the Bush government realized their error: that unlike the exiles' promises, new Shi'ite dominated Iraq would not give the U.S. greater influence over Iran, but instead had empowered Iran in Iraq, giving them much more influence there than the United States had. And so the U.S. started what they called "the redirection," to "correct" this pro-Iranian, pro-Shi'ite error of the Iraq invasion with the "Sunni turn," which meant support for jihadist groups in Iranian-allied Syria and Iran itself. This is ultimately the policy taken up by Barack Obama, as well as the U.S. allies of Saudi Arabia, Qatar, Turkey, and Israel, beginning in 2011 and 2012. Think of the attempt to depose Assad in Damascus as basically a consolation prize after turning most of Iraq over to Iran's friends and being unable to reverse it.

As Obama himself agreed in his interview with journalist Jeffrey Goldberg in *The Atlantic* in 2012, regime change in Syria through support for "rebel" groups would be a great way to lessen Iran's influence in the region. And as the Saudi Foreign Minister, Prince Saud al-Faisal, was quoted telling his co-conspirator in this policy, Secretary of State John Kerry, "Daesh [ISIS] is our response to your support for the Da'wa [America's favored pro-Iran party in Iraq since 2004]." Now that this policy has exploded in the American people's faces by helping revive the post-Iraq War II bin Ladenite movement on the Sunni side, and worse—from the point of view of the American empire and its allies,—helping to actually expand Iranian influence in Syria, as they and their Lebanese allies, Hezbollah, and Russia have all come to Syria to back the Syrian state military against these Western and allied-backed Sunni insurgent and terrorist groups there, the U.S. hawks, as well as the Israelis, especially, want to pretend that history just started all over again, *again*, and that nevermind how it got this way, U.S. forces must stay in Syria, if not to fight the thousands of ISIS and al Qaeda fighters left over after the crushing of the Islamic State, then to counter the rising influence of Iran and its friends, somehow, before they ever consider withdrawal.

In Yemen, the U.S. attacks al Qaeda, but much more so the U.S. fights *for* al Qaeda there, against their enemies the Houthi government in the capital, Sana'a. In the last three years of war there, tens of thousands have been killed as al Qaeda in the Arabian Peninsula, responsible for the underpants bomber, the ink cartridge plot and Charlie Hebdo attack in Paris, France, among others in the West, has seized entire towns and swaths of territory in the country, as well as military bases stocked with weapons. As Yemen expert Michael Horton (no relation) told journalist Mark Perry, "[Sen. John McCain] complained that we were Iran's air force in Iraq. Well, guess what? Now we're al-Qaeda's air force in Yemen." Again

the official justification for this perverse policy is the hollow accusation that Iran is arming the completely blockaded Yemeni state, when in fact U.S. and Saudi claims of Iranian influence there have probably done more to actually increase it than anything Iran has done at all. Even Obama himself admitted that the Iranians had warned the Houthis not to take the capital city since it would provoke a violent Saudi response, which is exactly what happened.

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of the worst humanitarian crisis on the planet right now, with an outbreak of cholera last year which infected hundreds of thousands of people. The U.S. helps Saudi enforce a total blockade on all sea and air trade in the north of the country. Only humanitarian relief ships have been allowed through, and even then the Saudis have repeatedly attacked and destroyed cranes and other equipment at the port, and enforced periodic embargoes even on relief supplies, while shortages of fuel make further distribution much more difficult if not impossible in any case. The Saudis and Americans bomb markets, weddings, hospitals and funerals. Hungry and starving people die of otherwise highly survivable infections. Later

studies of the “excess death rate” will surely show hundreds of thousands of innocent people killed from this war, just as in the U.S. war across the way in Somalia, but I guess, like always, we’ll have to save that one for another day. (I have written about this for the Future of Freedom Foundation in the past.)



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Just like with any government program, the national security state is made up of people with their own interests and points of view within the context of the larger pursuit of permanent global political and military hegemony. The U.S. “national interest,” as we citizens might perceive it, has virtually nothing to do with their missions. As we’ve seen, they will even sell out their most basic post-September 11th counter-terrorism mandate to support the very same terrorist groups that have attacked us against other adversaries, when regional dominance, in other regions of the world than our own, “demands” it. So the empire is treason to the American people. It can never be trusted with our security again.



Note: The economists and financial professionals interviewed in the LMR are given the freedom to express their views, without necessarily implying endorsement from the editors.



The Lara-Murphy Show



Episode 33: Carlos and Bob Read the Intel Report on Russian "Hacking"

JANUARY 9, 2017

Subscribe to our podcast on iTunes, Google Play, or Amazon.

Carlos and Bob read the declassified version of the 25-page report issued by the US intelligence community on the alleged intrusions and interventions of the Russian government in the US election. As it turns out, there's not much there. Carlos still has every right to be skeptical of this whole enterprise to convince Americans that "Putin picked our president."

Mentioned in this episode:

- The official intelligence report: https://www.dia.ic.gov/~/media/Document/ICA_2017_014.pdf
- DIA Chief James Clapper says Assange not credible: http://www.dia.ic.gov/~/media/Document/ICA_2017_014.pdf
- Same James Clapper caught lying to Congress in 2013 about NSA spying on Americans: <http://www.washingtonpost.com/news/energy-environment/wp/2013/07/13/clapper-lying-to-congress-about-nsa-spies-on-americans/?hpid=hp%3Aenergy-environment%3Ahomepage%2Fstory&hpid=hp%3Aenergy-environment%3Ahomepage%2Fstory>

Mentioned in this episode:

- [Financially, article explaining the story](#)
- [Murphy explains the moral implications of price manipulation](#)
- [How to invest in the market during a crisis](#)
- [Examples from the Lara-Murphy Show](#)
- [Other Carlos and Bob's book, BUY PRIVATIZED BANKING GREATLY INCREASES](#)

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