

and Roy shook the pillars of Fort Dix to get him relieved from duty to attend to “unfinished committee business.” English translation: to make the rounds of New York nightclubs with Roy.

The McCarthy Committee’s Army hearings were terrible. Joe had lost the support of Senate Republicans, smarting under his “21 years of treason” accusations, and the Democrats were on the warpath. I covered the Army-McCarthy hearings in anger and despair. Joe’s manner and his frequent “point of order” interruptions made him seem ridiculous—worse in politics than looking demonic. He could have weathered this. But he was brought down by his lies, some of which I knew firsthand to be so, to cover up for Roy, who in his own testimony was a veritable Pinocchio.

The Senate was poised to vote condemnation of Joseph R. McCarthy, but the few Republican senators still at his side softened that to censure. It took some doing, but Joe agreed to deliver a mollifying speech. We worked out an outline for him, but instead he launched a bitter and accusatory attack on the Senate, in effect ending his career.

When the Democrats took back the Senate, Joe McCarthy was a sick and despairing man seeking relief in the bottom of the bottle. Friends like myself, who had jeopardized their careers in supporting him, turned away.

After he died, his wife Jean asked me to write the definitive book about Joe. “You’re the only one I would trust to tell it straight, and Joe would have trusted you too,” she said. I did not have the heart to refuse. “Yes, but who would publish it?” I said. That was more a farewell than an answer. ■

Ralph de Toledano is the author or editor of over 20 books, including Notes From the Underground: the Whittaker Chambers-Ralph de Toledano Letters, 1949-1960.

Concerns over the still evolving Iraqi government are mounting due to indications that religious intolerance is growing unchallenged in the predominantly Shi’ite parts of the country.

Debate over whether Islam will be the principal source or the only source of the country’s law code and constitution is obscuring the on-the-street dominance of Islamic fundamentalists. The flight of many members of the small Chaldean Christian community to neighboring Syria and to Europe is accelerating. Christian-owned shops, particularly those selling or serving alcohol, have been vandalized or burned and their owners beaten and even killed. Many formerly secular Muslim women are choosing to adopt the veil after being harassed by self-styled guardians of Islam when they go out into the streets, creating an environment for women that is far worse than it was under Saddam Hussein. In many areas, Shia militiamen have taken on the task of policing public morality, similar to the role played by the Revolutionary Guards in neighboring Iran. In an incident in late March, a group of 20 university students consisting of both men and women was attacked after starting a picnic in a Basra city park. The attackers beat the students and shot one to death when he tried to come to the assistance of a woman who was being stripped. The woman later committed suicide. According to witnesses, the Mahdi Army militiamen of radical Shi’ite Muqtada al-Sadr objected to the picnickers playing music and to unveiled women mixing with men who were not family members. Policemen stationed in the park did not intervene and a passing British army patrol also was unwilling to get involved. Iraq is now a sovereign country with its own government, and the British no longer have any authority to interfere in police matters.



Reports by FBI observers confirm that information obtained from suspected terrorist detainees at Guantanamo Bay naval base prison has been poor and is particularly bad when it is provided under stress or using coercive techniques.

The observations were recorded in a series of dissenting memos that were submitted in 2003-04 to the Justice Department, which was setting the guidelines for interrogation methods. Some parts of the memos were leaked late last year, but the full texts were finally made available to Congress in March. The reports support similar judgments made by CIA and DIA interrogators, many of whom are convinced that the information being obtained from more than 1,000 prisoners at various interrogation centers worldwide is often dubious, marginal at best, and degrades in value dramatically as time goes by. One interrogator operating at Guantanamo reports that virtually no usable information is coming out of the grueling round-the-clock sessions. The Departments of Defense and Justice have no desire to continue to hold many of the detainees, but the prospect of turning them loose is even more unpalatable. The alternative of rendition, whereby the suspects are returned to their countries of origin for continued incarceration and possible interrogation employing more extreme methods, is also on hold due to negative press coverage.

Philip Giraldi, a former CIA Officer, is a partner in Cannistraro Associates, an international security consultancy.

What “New Economy”?

A COUNTRY CANNOT be a superpower without a high-tech economy, and America’s high-tech economy is eroding.

Corporate outsourcers and their apologists presented the loss of manufacturing capability as a positive development. Manufacturing, they said, was the “old economy,” whose loss ensured Americans lower consumer prices and greater shareholder returns. The American future was in the “new economy” of high-tech knowledge jobs. Few considered how a country could maintain a technological lead when it did not manufacture.

So far in the 21st century, there is scant sign of the American “new economy.” The promised knowledge-based jobs have not appeared. To the contrary, the Bureau of Labor Statistics reports a net loss of 221,000 jobs in six major engineering job classifications. A country that doesn’t manufacture doesn’t need as many engineers, and much of the work that remains is being outsourced or filled with cheaper foreigners.

Confronted with inconvenient facts, outsourcing’s apologists moved to the next level of fantasy. Many technical and engineering jobs, they said, have become “commodity jobs,” routine work that can be performed cheaper offshore. America will stay in the lead, they promised, because it will keep the research and development work. Now *Business Week* reports that the pledge of first-world corporations to keep research and development in-house is “passé.” Motorola and Philips now put their brand names on complete products that are designed, engineered, and manufactured in Asia by “original-design manufacturers” (ODM).

The design and engineering teams of Asian ODMs are expanding rapidly, while those of major U.S. corporations are shrinking. *Business Week* further reports that R&D budgets at such technology

companies as Hewlett-Packard, Cisco, Motorola, Lucent Technologies, Ericsson, and Nokia are being scaled back.

Outsourcing is rapidly converting U.S. corporations into brand names with a sales force selling foreign designed, engineered, and manufactured goods. Whether or not they realize it, U.S. corporations have written off the U.S. consumer market. People who do not participate in the innovation, design, engineering, and manufacture of the products that they consume lack the incomes to support the sales infrastructure of the job-diverse “old economy.”

Free-market economists and U.S. politicians are blind to the rapid transformation of America into a Third-World economy, but college-bound American students and engineering schools are acutely aware of declining career opportunities and enrollments. The advantages of a college degree are erased when the only source of employment is domestic nontradable services.

According to the *Los Angeles Times*, the percentage of college graduates among the long-term chronically unemployed has risen sharply. The U.S. Department of Labor reported in March that 373,000 discouraged college graduates dropped out of the labor force in February—a far higher number than the number of new jobs created.

As more employment is shifted offshore, goods and services formerly produced domestically become imports. No-think economists and Bush administration officials claim that America’s increasing dependence on imported goods and services is evidence of the strength of the U.S. economy and its role as engine of global growth. This claim ignores that the U.S. is paying for its outsourced goods and services by transferring its wealth and future income streams to foreigners.

Foreigners have acquired \$3.6 trillion of U.S. assets since 1990 as a result of U.S. trade deficits. For the past three years, their increasing unwillingness to acquire more dollars has resulted in a decline in the dollar’s value in relation to gold and tradable currencies. Recently, the Japanese, Chinese, and Koreans have expressed their concerns. According to a Bloomberg report, Japan’s unrealized losses on its dollar reserve holdings have reached \$109.6 billion.

The *Asia Times* reports that Asian central banks have been reducing their dollar holdings in favor of regional currencies for the past three years. A study by the Bank of International Settlements concluded that the ratio of dollar reserves held in Asia declined from 81 percent in the third quarter of 2001 to 67 percent in September 2004. China reduced its dollar holdings from 83 percent to 68 percent. The dollar will not maintain its role as world reserve currency when it is being abandoned by the region that is rapidly becoming the manufacturing and innovation powerhouse.

Misled by propagandistic “free trade” claims, Americans will be at a loss to understand the increasing career frustrations of the college educated. Falling pay and rising prices of foreign-made goods will squeeze U.S. living standards as the declining dollar heralds America’s descent into a has-been economy.

Meanwhile, the Grand Old Party has passed a bankruptcy reform that is certain to turn unemployed Americans living on debt into the indentured servants of credit-card companies. The steely-faced Bush administration is making certain that Americans will experience to the full their country’s fall. ■

Paul Craig Roberts served as Assistant Secretary of the Treasury. Copyright Creators Syndicate