

Freeman's Fight

The Israel lobby gets its man—and tips its hand.

By Philip Weiss

CHARLES FREEMAN JR.'S withdrawal of his acceptance of a high-level intelligence position in the Obama administration was a national-security drama more riveting than an episode of "24." The moral was clear: even a president who owes his job to a progressive movement in American politics could not support a longtime public servant who had made the mistake of criticizing Israel. Fierce advocates of the Jewish state, notably Sens. Chuck Schumer and Joe Lieberman and Reps. Eric Cantor and Steve Israel, played important roles in Freeman's exit, while present and former officials of the American Israel Public Affairs Committee flitted in and out of the wings.

The message to all office-seekers is obvious. "They want to kill the chicken to scare the monkeys. They want other people to be intimidated," Freeman told *The American Conservative* just before he withdrew his name to be chairman of the National Intelligence Council. He went on, "If the administration does not stick with me, then it's destroying the argument that the Israel lobby is only a mythic entity and does not control the public space. . . . It will show the world that it is not able to exercise independent thinking on these issues."

If there was encouraging news in the administration's collapse, there it was. When Director of National Intelligence Dennis Blair announced Freeman's withdrawal late on the afternoon of March 10, the matter was on center stage, in plain sight of what Freeman calls "the American political class."

Three hours later, Freeman issued a statement directly accusing the Israel lobby of "doing widening damage to the national security of the United States." He wrote that its tactics "plumb the depths of dishonor and indecency and include character assassination, selective misquotation, the willful distortion of the record, the fabrication of falsehoods, and an utter disregard for the truth." He continued:

I believe that the inability of the American public to discuss, or the government to consider, any option for U.S. policies in the Middle East opposed by the ruling faction in Israeli politics has allowed that faction to adopt and sustain policies that ultimately threaten the existence of the state of Israel. It is not permitted for anyone in the United States to say so.

Freeman's ability to say so to a wide audience was electrifying and unique. His charge was soon mentioned in the chief boroughs of liberal opinion, National Public Radio, the *Washington Post*, and the *New York Times*. *Time's* Joe Klein called his exit "an assassination," and *The Atlantic's* Andrew Sullivan said it was a "scalping." Unlike countless other incidents in which American policy on the Middle East has been compromised behind closed doors, this time the Israel lobby was seen fleeing the scene of the crime.

The drama began on Feb. 19, when the *Foreign Policy* blog reported that Blair, a retired Navy admiral, was plan-

ning to name Freeman to chair the National Intelligence Council, which sorts out the reports of the many intelligence agencies and presents them to the White House. In 2007, one of its assessments, concluding that Iran had halted its nuclear-weapons program following the invasion of Iraq, chilled the neoconservative drive to attack Iran. "No one has ever made the case that it's a primary policy-making role," says William Quandt, the longtime expert on the Middle East.

Freeman is hardly a cipher. An outspoken and formidable thinker firmly in the realist camp, he spent four decades in the State Department marked by his poise in the presence of heads of state. In 1972, at age 29, having mastered Mandarin, he was saving Richard Nixon, whom he regarded as "totally lacking in personal grace, with no sense of the proper distance to keep in human relations," from embarrassment with Zhou En-Lai on the famous trip to China. Twenty years later, as an Arabic speaker, he was interpreting George H.W. Bush—a fellow Yaleman and blueblood who fixed his name forever as "Chas"—to King Fahd as ambassador to Saudi Arabia during the Gulf War. Freeman is a throwback. He celebrates his Puritan roots and the idea of wide historical reading for its own sake. He is also completely dedicated. He lost his third son in India because of poor medical treatment. He lost a 30-year marriage in Saudi Arabia during the long hours of the Gulf War.

"Frankly I was hoping to see him

become a secretary of state,” says Edward Kane, a former CIA official who heads the Cosmos Club’s program on foreign affairs.

Freeman’s position on the Middle East made such ambitions pointless. In fact, he had resisted being sent to the region in the 1980s because of the “totalitarian” character of debate over American policies there—the lobby’s “virtual hammerlock on American foreign policy,” as he told an interviewer in the mid-’90s. He went on bluntly:

The American Jewish community, which had always been extremely suspicious of people who trafficked with the Arabs ... became increasingly hostile to Arabists in the State Department. It essentially became difficult, if not impossible, for Foreign Service officers dealing with the Arab world, or with the Middle East generally, to take anything other than a stance that was assertively loyal to causes espoused by the Israelis... By the ’80s, as AIPAC ... achieved the transcendent influence in the Congress that it did, there was an atmosphere of intimidation, worthy of the McCarthy era, in many respects, imposed on Arabists.

Following his retirement from government in 1995, Freeman took over from George McGovern as head of the Middle East Policy Council, a think tank that gets Saudi support and seeks to educate Americans about the Arab and Muslim world.

I asked him whether he is an Arabist. “What is an Arabist?” he countered. “Maybe it’s just someone who speaks Arabic. Someone who understands the Arabs. Obviously, that’s a bad thing. We shouldn’t understand the Arabs. We might actually think they have justice on their side. We might want to negotiate with them rather than clobber them.”

Freeman openly admires Israel: “The good has outweighed the bad in Israel for a long time. I would like to see Israel survive and prosper. Right now it is doing itself in and taking us with it.” Years ago, he became aware of how fierce adherence to Israel in our political class was damaging both nations. “I came to all this really very late,” he says. “I was an admirer of what I thought was a humane society in Israel. What really got me was when I was in Abu Dhabi many years ago and turned on the local TV. There was a home video of two Israeli plainclothesmen pulling a Palestinian teenager out of his house and kicking him in the head, and when he was semiconscious, they shot him in the back of the head. And the same story was on the back page of the English language newspaper, with six panels from the video. I thought, when this hits the U.S. press, all hell will break loose. Well, it didn’t ever hit our press. The self-censorship extended to a point that it was really dangerous to our society.”

Freeman made no secret of these views at the Middle East Policy Council. After the cancellation of the Dubai ports contract in 2006, he denounced the political class for exploiting the popular prejudice of “Arabophobia.” Soon after, when the *London Review of Books* published Stephen Walt and John Mearsheimer’s bombshell essay on the Israel lobby, Freeman unapologetically celebrated the scholars.

“He does not hide his light under a bushel, and we’ve been waiting a long time for these ideas,” Edward Kane says. Adds Jim Lobe, a foreign-policy correspondent for *Interpress*, “I can tell you from personal experience that he is absolutely brilliant and incredibly well-rounded in his knowledge.”

In 2005, Freeman’s friend Boyden Gray saw his appointment to be ambassador to the EU held up for months because of his association with realist

thinking on the Middle East, and he had to visit with AIPAC before he could take the job. Freeman’s case was far more serious. His appointment had only been leaked when it drew the wrath of the Israel lobby. Steve Rosen, a former AIPAC staffer who is under indictment for allegedly passing secrets to the Israelis, immediately attacked Freeman on the website of the Middle East Forum, a neoconservative think tank. “Freeman is a strident critic of Israel and a textbook case of the old-line Arabism that afflicted American diplomacy at the time the state of Israel was born,” Rosen said. He quoted this horrifying statement by Freeman: “Israeli occupation and settlement of Arab lands is inherently violent. ... And as long as such Israeli violence against Palestinians continues, it is utterly unrealistic to expect that Palestinians will stand down from violent resistance and retaliation against Israelis.”

At least Rosen was straightforward about his concern with Israel. The same cannot be said of the pack that followed him. They focused on the money that the Middle East Policy Council receives from Saudi Arabia and several cold-blooded statements that Freeman had made justifying Chinese repression in Tiananmen Square and Tibet (which his supporters attempted to dignify, not always persuasively, as “realist”). The group included Gabriel Schoenfeld at the *Wall Street Journal*, Jonathan Chait and Martin Peretz at *The New Republic*, Jeffrey Goldberg at *The Atlantic*, and Michael Goldfarb at the *Weekly Standard*. All Jewish, all supporters of the Iraq War, which Freeman vigorously opposed.

The focus on the China and Saudi connections is typical of the Israel lobby’s work. While it quietly spreads the word about its ability to take scalps, it does not like to do so publicly. That might force Americans to debate the

slaughter in Gaza or the ongoing oppression of Palestinians in the West Bank. Far better for Freeman's critics in Congress—notably Joe Lieberman in the Senate and Eric Cantor, Shelly Berkley, and Mark Kirk in the House—to talk about Saudi Arabian money, which was never an impediment to Hillary Clinton's appointment to be secretary of state, though her husband's library was showered in it.

The good news in the Freeman case is that he was even named in the first place and that he got a public defense. Writers Joe Klein, Richard Silverstein, M.J. Rosenberg, and Glenn Greenwald, all Jews, said that the issue was whether there was any room in the discourse for critics of Israel. Klein called the attackers a “mob.” Robert Dreyfuss at the *Nation* denounced the “thunderous, coordinated assault.” Steve Walt characterized the campaign as a McCarthyite witchhunt with an important negative function: making ambitious public servants afraid to say anything about Israel. “Freeman might be too smart, too senior, and too well-qualified to stop,” he wrote before the appointment was scuttled, “but there are plenty of younger people eager to rise in the foreign policy establishment and they need to be reminded that their careers could be jeopardized if they followed in Freeman's footsteps and said what they thought.”

There could be little doubt what was at stake. Jim Lobe said on Scott Horton's radio show that the fight was the “first big test of the influence of the so-called Israel lobby in the Administration.” Freeman wrote to friends, “I suspect that my appointment won't be final till the fat lady at AIPAC sighs.”

The fight dragged on for nearly three weeks. Freeman's critics circulated e-mailed comments he had made about China on a foreign-policy listserv, and eight congressmen, including House

Minority Leader John Boehner, called on Blair to investigate Freeman's links to Saudi Arabia. Blair wrote back that Freeman had his “full support” and said that he “has never received any income directly from Saudi Arabia or any Saudi-controlled entity.” He defended him against angry questioning by Joe Lieberman on the morning of March 10. But by then, several Republican senators were demanding answers from the White House. Dianne Feinstein reportedly called for a meeting of senators with Freeman. He was gaining endorsements from influential journalists like Andrew Sullivan and James Fallows, but no congressman was lifting his head above the melee to support Freeman.

As for Obama, he said not a word, just as he said nothing about Gaza. Finally, by the afternoon of March 10, Blair had changed his mind. “I came to a conclusion, as did Denny Blair at the same time,” Freeman told *TAC*, “that I couldn't accomplish what I wanted to do.” Yes, he could come up with quality intelligence products, but his presence would hurt their credibility. “I left for the same reason that I accepted the job, for the best interests of my country.”

Chuck Schumer quickly made clear that this was a White House decision, and it was all about Israel. “Charles Freeman was the wrong guy for this position,” Schumer said. “His statements against Israel were way over the top and severely out of step with the administration. I repeatedly urged the White House to reject him, and I am glad they did the right thing.”

Then Freeman issued his barnburner of a statement saying it was all about “a Lobby intent on enforcing the will and interests of a foreign government.” “There is a special irony in having been accused of improper regard for the opinions of foreign governments and societies by a group so clearly intent on enforcing adherence to the policies of a

foreign government—in this case, the government of Israel,” he wrote. “This is not just a tragedy for Israelis and their neighbors in the Middle East; it is doing widening damage to the national security of the United States.”

National Public Radio's Robert Siegel described Freeman's charge as “angry” and suggested that he was merely the Marty Peretz of the Arabs. The *Washington Post* called it a “crackpot” conspiracy theory and tirade. Meanwhile, Freeman's supporters rallied to his side. Steve Walt called Obama a “wimp.” “Caving on Freeman was a blunder that could come back to haunt any subsequent effort to address the deteriorating situation in the region,” he wrote. Andrew Sullivan said that the affair showed that when push comes to shove, Obama is behind AIPAC “110 percent.” Joe Klein noted that Schumer and company have made Washington “even less hospitable for those who aren't afraid to speak their minds, for those who are reflexively contentious, who would defy the conventional wisdom.”

This is where I differ from Chas Freeman's new friends. Years ago, he understood that the Israel lobby produced secret resentment among its victims throughout Washington. More recently, John Mearsheimer told me that Israel's critics are engaged in a kind of “mortal combat” in which career and reputation are at stake. Having long battled the Israel lobby, these men have no illusions about how it operates and still dare to speak out. Others—for instance those who say that it just controls Congress, not the White House—are now awaking to its methods. This is the great lesson, and even joy, of Chas Freeman's mugging. A lobby operates best as a “night flower,” Steve Rosen once said. The Freeman takedown happened in broad daylight. Sunshine means everything in a democracy. Now the diverse political forces who want to change our Mideast

policy can find one another.

Speaking to this magazine two days after his withdrawal, a reflective Freeman framed the episode as a chance to educate Americans. He only regretted imprecision—that he had blasted the lobby rather than doing more to emphasize the reflexive organizational American support for the policies of the right-wing Israeli government.

Of the Gaza assault, he said, “I don’t think they wanted to do anything but beat the living daylight out of the Palestinian people. *Schrecklichkeit* [a World War I German policy of intimidation] is the basis of this policy, and it makes it harder and harder for more and more people here to overlook.”

Freeman was gratified by the wide support he had gotten from Jewish writers. “I think the most courageous people on this issue are those of Jewish origin or faith. They have the most at stake in this. These things are being done in their name.” He said he hoped that his withdrawal would allow Americans to talk about what Israel is doing in a historical and diplomatic light:

I am interested in seeing the survival of a humane and not a thugish Jewish state in the Middle East. I am interested in finding ways of coming to grips with the fact that the perpetrators of the Holocaust and those who halted it accept Israel’s right to exist, but in the region in which it does exist, no one accepts its right to exist. That’s the problem we must overcome.

As for himself, at 66, having severed his institutional connections, Freeman has a chance to “redefine myself.” He doesn’t expect to have any role in government, directly or indirectly, “but one thing I’m not going to do is shut up.” ■

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Insuring Disaster

Why are we bailing out AIG—again?

By John Carney

IN LAST SUMMER’S blockbuster “The Dark Knight,” the Joker invites one of the top crime lords of Gotham City to the rundown warehouse where he has stashed his ill-gotten gains. The mobster stares in awe at the huge stack of money the arch-criminal has amassed. But a moment later, his awe turns to horror as the Joker sets the money aflame.

“This town deserves a better class of criminal,” he explains.

The exchange reveals the deep evil of the Joker. Unlike a common criminal, he doesn’t just want to steal money from others. He wants to destroy their wealth.

When Americans discovered a few weeks ago that federal officials had spent another weekend of Diet Coke-fueled all-nighters concocting yet another bailout of the American International Group, they might have been reminded of this scene. This was the fourth time since September that taxpayers had rescued AIG from collapse. The new \$30 billion infusion from the Treasury brought the total amount of taxpayer dollars delivered to AIG to \$160 billion.

The new money was needed because AIG had suffered \$60 billion worth of losses in the last four months of 2008—the biggest quarterly loss ever recorded by a single company. In fact, not many companies have even come close to being large enough to lose that much. So is AIG the most efficient wealth-destroyer the world has ever seen? Is AIG the Joker?

Fortunately not. It isn’t actually setting our money on fire. It is not destroy-

ing the fortune the government has handed it.

Unfortunately, AIG does bear more than a superficial resemblance to the Joker’s crime lord guest. It is perhaps the most efficient redistribution machine ever built. Instead of destroying taxpayer wealth, AIG has been spreading it around to a clutch of well-connected banks, domestic and foreign. As AIG’s chief executive, Ed Liddy, has explained, the company is acting as a conduit to funnel money from taxpayers to dozens of financial institutions around the world.

At the heart of AIG’s problems is a financial product called a credit default swap, which is really just an insurance contract on debt. If a borrower failed to pay off a loan fully, an investor protected by a credit default swap would be able to collect the outstanding amount from the insurance company. The idea was that credit default swaps would reduce the risk to any investor who bought bonds. In the best of worlds, they would reduce risk throughout the financial system by spreading out the costs of defaults. But that’s not how things worked out.

Instead, credit default swaps came to be used by banks in a way that no one anticipated—to avoid banking regulations. And AIG decided to get into the business of enabling this scheme.

Banks around the world operate under guidelines that determine how much capital they must hold in reserve. The rules, known as Basel II, say that the riskier the assets held by a bank, the