

2015: “Year of the Militaristic Neocons”: Looming Global Financial Crisis and Wars?

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[The Code for Global Ethics](#)

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“The dangerous patriot: The one who drifts into chauvinism and exhibits blind enthusiasm for military actions. He is a defender of militarism and its ideals of war and glory. Chauvinism is a proud and bellicose form of patriotism, ...which identifies numerous enemies who can only be dealt with through military power and which equates the national honor with military victory.” – James A. Donovan (1916-1970), American lawyer and Commander in the United States Navy Reserve

“Where you have a concentration of power in a few hands, all too frequently men with the mentality of gangsters get control.” – Lord Acton (1834-1902) (John E. Dalberg), English [Catholic](#) historian, politician, and writer

“If you want war, nourish a doctrine. Doctrines are the most frightful tyrants to which men ever are subject...” – William Graham Sumner (1840-1910), American academic

“The great rule of conduct for us in regard to foreign nations is in extending our commercial relations, to have with them as little political connection as possible. ... It is our true [foreign] policy to steer clear of permanent alliances with any portion of the foreign world.” – George Washington (1732-1799), First President of the United States, (1789-1797), Farewell Address, 1796

These days, militaristic Neoconservatives, or [Neocons](#), have near complete control of the American government under the façade of whoever is president at the time. They direct U.S. policies at the State Department, at the Pentagon, at the U.S. Treasury and at the Fed central bank. They are thus in position to influence and frame American foreign policy, military policy, economic and financial policies and monetary policy.

This was not the case before the Ronald Reagan administration (1981-1989) when the latter adopted a neocon-inspired “muscular foreign policy” based on military intervention abroad, perpetual war, arbitrary regime changes, and [imperial worldwide governance](#) in any matters deemed to be in American interests and of that of its close allies. Even though they fared less well under the George H. Bush administration (1989-1993), when they were considered the “crazies in the basement”, they resumed their ascendance within the American government under the Bill Clinton administration (1993-2001) with the U.S.-led Kosovo war and with the irresponsible [dismantling of the Glass-Steagall Act](#), thus paving the way for the 2008 worldwide financial crisis.

The Neocons’ greatest success, however, came with the George W. Bush and Dick Cheney administration (2001-2009) when they persuaded the latter to launch the (illegal) 2003 U.S.-

led invasion of Iraq, a war still with us and expanding today, twelve years later. They also drafted the so-called "[Bush Doctrine](#)" of (illegal) preemptive wars and of forced political regime changes in other countries.

This was an ideology that the Neocons had long advanced, both when Paul Wolfowitz was Deputy Secretary of Defense for policy in the George H. Bush administration (1989-1993), even though the latter publicly repudiated it, and in various essays published by a neocon think-tank dubbed "The Project for the New American Century (PNAC)" and founded by [William Kristol](#) and [Robert Kagan](#).

After the fall of the Soviet empire in 1991, the warmongering Neocons argued that there should not be any "[Peace dividend](#)" for American taxpayers but rather that the United States should seize the opportunity to become the sole world military superpower and should therefore increase and not decrease its military spending. The intention was to establish a military [New American Empire](#) for the 21st Century, along the lines of the [British Empire](#) in the 19th Century.

Indeed, after the events of 9/11 and the arrival of George W. Bush in the White House in 2001, Paul Wolfowitz, as [U.S. Deputy Secretary of Defense](#) under [Donald Rumsfeld](#), was in a better position to push for increased U.S. military spending and for the adoption of a [new aggressive U.S. foreign policy](#). What was most troubling is the fact that the PNAC produced a paper in 2000, titled "Rebuilding America's Defenses", (of which Paul Wolfowitz was a signatory), which enigmatically noted that only a "[new Pearl Harbor](#)" would make Americans accept the military and defense policy transformations that the neocon group was proposing. Then, in September 2001, the "new Pearl Harbor" coincidentally and conveniently morphed into the 9/11 attacks.

The [war against Afghanistan](#), where the 9/11 terrorists had trained (and who came from Saudi Arabia and a few other countries), and the [war against Iraq](#), a country not even remotely connected with the events of 9/11, followed.

At the beginning of 2015, Neocons occupy key positions within the Barack Obama administration and it should be no surprise that U.S. foreign policy is hardly any different than it was under the George W. Bush administration. They are constantly pushing for provocations, confrontations, conflicts and wars. In fact, the year 2015 could be the year when many of the fires they have lit could turn into conflagrations.

Let us look at a few of them.

1. The danger of another major financial and economic crisis

On July 21, 2010, President Obama signed an already watered down version of the [Dodd-Frank Wall Street Reform and Consumer Protection Act](#) to reign in financial corruption that brought about the 2008 financial crisis. The new law was supposed to re-establish part of the provisions of the 1933 Glass-Steagall Act gutted out by the Clinton administration in 1999, in order to prevent megabanks and insurance companies from using government-insured deposits to build for themselves a pyramid of risky bets on the derivatives market (credit default swaps, commodity swaps, collateralized-debt obligations and other risky derivative financial products, etc.).

But guess what! Only four years later, on December 16, 2014, lobbyists and lawyers working

full time for the megabanks persuaded President Obama to sign a [massive \\$1.1 trillion omnibus bill](#) disguised as a Budget Bill and which contains a provision to remove a rule known as the 'swaps push-out' rule, the latter requiring insured banks to establish uninsured subsidiaries to conduct their speculative derivatives trading activities.

As a consequence, American megabanks are now back in business speculating with government-insured deposits. When the entire financial house of cards will blow out again is unknown, but you can be sure that it will, especially if a serious political or economic shock hits the economy.

I would call that 'financial brinkmanship' and I would call Obama's caving in to the megabanks 'political cowardice'. And who do you think will pay in various ways for the economic mess when it occurs? Certainly not the megabanks that transformed their insolvent asset-backed securities into newly printed cold cash after the 2008 financial crisis, but ordinary people.

The U.S. economy and many other economies are still reeling from the 2008 financial crisis brought about by corrupted politicians and bankers with their lax or nonexistent regulations and excessive speculation schemes. Such economies are vulnerable and sensitive to unforeseen financial shocks because debt-to-income ratios are still high in many countries, including in the U.S. where the indebtedness ratio reached a peak of 177 percent just before the 2008-09 economic recession and still now stands at a lofty 152 percent. (Historically, the debt-to-income ratio has remained well below 90 percent.) A sudden rise in interest rates could therefore wreak havoc with many economies.

For one, the [European Union](#) (EU), the largest world economy, is teetering on the brink of recession, suffering from various government-imposed austerity programs, from an overvalued euro currency (for those countries in the euro zone) and from the economic blowback of its conflicts with Russia over including Ukraine into NATO. Europe is indeed in the midst of a lost decade of high unemployment, low economic growth and deteriorating social conditions. And, there is no light at the end of the tunnel.

[China's economy](#), the third largest world economy, is also slowing down fast, with excess manufacturing capacity while its exports are suffering from a 25 percent appreciation of the Chinese renminbi since 2004 and from weak world demand. Moreover, its financial sector is also vulnerable to the fact that China's debt level is now at a lofty 176 percent of its Gross Domestic Product (GDP). The Chinese economy is also going through structural changes as the Chinese government pursues policies to reduce the country's reliance on foreign markets and to shift from an export-oriented model to more domestic sources of growth.

As for the [U.S. economy](#), it is still weak and unable to generate enough new jobs, despite a rebound during the last few months, while the labor force participation rate has declined from 66.5 percent before the 2008-09 recession to 62.7 percent today. The fact that millions of Americans have part-time jobs and would like to have full-time jobs, and that real wages of those who work are stagnant or falling are also indicators that things have not come back to normal.

Since there is no fiscal policy and no industrial policy originating from the U.S. government, the Fed central bank has been obliged to step in with the most aggressive monetary policy in its history. Indeed, the Fed has quadrupled its [bank lending](#) to \$4.5 trillion since 2008 and

it has pursued a policy of risky zero-rate and low-rate policies.

As a consequence, the Fed has created a gigantic [financial asset bubble](#). The unwinding of such monetary prodigiousness won't be an easy task. What's more, the U.S. government will be paralyzed by a political gridlock over the coming two years, a republican-controlled Congress being pitted against a lame-duck Democratic president, thus making it difficult for the U.S. government to respond adequately to a new financial crisis.

Another ominous sign is the collapse of the [velocity of money](#) in the U.S., just as during the late 1920s, right before the start of the Great Depression, and it is now at a nearly 20 year low. That both the American political and financial sectors are unhealthy should be worrisome for the coming years.

2. The real danger of a nuclear war with the rekindling of the old Cold War with Russia

Brinkmanship in financial matters is one thing; brinkmanship with nuclear war is another. Sadly, the neocon-inspired U.S. government is today involved in both.

Indeed, for many years now, the U.S. government has been engaged in an aggressive geopolitical warfare against Russia, first in pursuing a policy of [geopolitical and military encirclement](#) of Russia by expanding NATO to its borders with the integration of [Ukraine](#), and second, by implementing a policy of economic warfare against Russia in order to undermine its economy and, eventually, to provoke a regime change in that country. It's a game of "dare you?"

Some of the more lunatic Neocons openly call for a [new World War III](#), presumably with Russia a country against which they seem to have personal animosities. These are some of the lunatics President Barack Obama listens to.

Oil as a geopolitical tool

The 50 percent drop of oil price in 2014 may be part of a wider U.S.-led [economic warfare](#) plan to destabilize the Russian economy and provoke an [Oil Slump](#), knowing full well that 50 percent of Russian state revenue comes from its export sales of oil and gas. Above all, policy-makers in Washington D.C. want to break the Gazprom-E.U. supply dependency to weaken Russia and keep control over the E.U. via American allies such as Saudi Arabia and Qatar.

Such an artificial drop in oil price appears to be a complement to the already known decisions to saddle Russia with stiff American-led economic and financial sanctions designed by the [U.S. Treasury's Office of Terrorism and Financial Intelligence](#), (an outfit created in 2004 after intensive lobbying by [AIPAC](#)) and other attempts by the U.S. government to reduce Europe's reliance on Russian oil and gas.

Since September, Saudi Arabia, a country with excess oil capacity and low-cost production, (and in a position to manipulate the international price for oil), has suddenly and dramatically decided to sell crude oil at deeply discounted prices and to maintain its oil production at high levels in face of a declining world oil demand.

This is a reversal of what Saudi Arabia and the OPEC countries did in the fall of 1973 when they suddenly quadrupled the price for oil and provoked a global economic recession.

This is, however, a strategy similar to what Saudi Arabia adopted in 1986 when it flooded the world with cheap Saudi oil, thus collapsing the international price of oil to below \$10 a barrel, after an agreement with the U.S. government. The objective then was to undermine the economies of the Soviet Union and its then Iraq ally, even though other economies such as the Canadian economy suffered greatly from such a gambit.

This time, there seems to be a convergence of interests between the U.S. government and the Saudi kingdom. From a U.S. government's point of view, the main objective is to hurt the Russian and Iranian energy sectors and damage the finances of President Vladimir Putin's Russian government, while securing Saudi Arabia's assistance in fighting the [Islamist State \(IS\)](#) in Iraq and in Syria.

From a Saudi point of view, a world oil price war meets its regional and global objectives in three ways. First, it is well known that the Saudi government wants to dominate oil and gas production in the entire Middle East region and is in opposition to Iran and Syria for securing the rich European market. Second, the Saudi government would also like to pressure Russia to end its support for the Syrian al-Assad government. Third, Saudi Arabia also wishes to regain market shares that it lost to more costly oil from shale oil and oil sands. By lowering oil prices, Saudi Arabia hopes to reduce or even put such competing oil production out of business by making their production less profitable.

However, such a move is bound to severely damage oil production from oil shale in North Dakota in the USA and oil-producing states like Texas may fall into recession, even though the overall U.S. economy will benefit from cheaper oil. Oil production from tar sands in Alberta, Canada will also badly suffer and this means a drop in the Canadian dollar, and possibly a Canadian recession. The shale and tar sands oil industries will be the main innocent victims of the overall geopolitical policy pursued by the U.S. government and its Middle East allies.

Indeed, since the kingdom of Saudi Arabia is an American client state, it is most unlikely that such a move to flood oil markets and precipitate a stiff drop in oil price was decided without a tacit, if not an overt, approval by the U.S. government. In fact, there is wide speculation that when U.S. secretary of state John Kerry met with King Abdullah in September 2014, they allegedly struck an [overall deal](#) to that effect.

Ukraine as a geopolitical pawn

As to the destabilization of Russia's neighboring [Ukraine](#), Assistant Secretary of State Victoria Nuland has pretty much confirmed that the U.S. government was deeply involved in overthrowing the legitimate elected Ukrainian government last February, with the avowed objective of installing a U.S. [puppet government](#) in that country. This makes a mockery of democracy and only demonstrates how deeply the U.S. government is involved abroad in power politics and in aggressive interference in the domestic affairs of other countries.

[Neoconservative Victoria Nuland](#), appointed Assistant Secretary of State by President Barack Obama, has publicly confirmed that the U.S. government has "invested" \$5 billion to destabilize Ukraine and create a conflict between the latter country and Russia. It is hard not to conclude that the Ukrainian crisis is a made-in-Washington crisis. Her famous and insulting [remark](#) about Europe ["f*** the E.U."] is another clear indication that the U.S. government wished to provoke a crisis with Russia not to help Europeans but to serve its own narrow imperial objectives, whatever the costs to the Russian people and to Europeans.

What is most disturbing is the irresponsibility with which the U.S. House of Representatives passed [Resolution 758](#), on December 4, 2014, that is tantamount for all practical purposes to a declaration of war against Russia, based on false premises, distorted facts and false accusations. With that kind of irresponsible leadership, the world is presently in very bad hands.

The truth is that if [Soviet missiles in Cuba](#), 90 miles from U.S. territory, were unacceptable to the U.S. government in 1962, American missiles in Ukraine, on the Russian borders, are unacceptable to the Russian government in 2015. What's good for the goose is good for the gander. For whoever knows history, that should not be too difficult to understand.

Conclusion

If world affairs take a turn for the worse in 2015, the world should know where to point the finger at the culprits. Some people think that world events occur by pure chance and there is no planning behind them. They are wrong. Dead wrong. Bad government policies, misdeeds, false flag operations or simple miscalculations are often at the heart of many geopolitical crises, be they financial, economic or military. Sometimes, it just happens that the "crazies in the basement" are in charge.

It is becoming clearer and clearer, even for the uninformed and the misinformed among us, that the resurgence of the Cold War confrontation with Russia has been engineered in Washington D.C. and that Russia has not been the aggressor, (as the official propaganda wants us to believe), but has rather reacted to a whole series of U.S.-led provocations.

Why have there been so many destabilizing interventions by the U.S. government around the world and who profit the most from this man-made instability? This is a good question that ordinary Americans should ask themselves.

Domestically, should the U.S. economy continue to be run by bankers? Internationally, should the U.S. government pursue its policy of deliberately attempting to drive the Russian government into a corner and takes measures to destroy the Russian economy? These are acts of war. Are ordinary Americans in agreement with such policies? Who will profit the most and who will loose the most if there were to be a nuclear war with Russia? Since Europeans would be at the forefront of such a conflict, this is a question that has also to be answered in Europe.

What the world desperately needs now is a law-governed international environment, not a jingoistic and chauvinistic world empire that looks only after its narrow self-interests.

More fundamentally maybe, we should reject the false ideology of clash between nations. It is a grave and dangerous fallacy that can only lead the world to disaster.

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