

U.S. Wars Are Bankrupting the World

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The endless and infinite “war on terra” is bankrupting the planet. I don’t mean moral bankruptcy; that goes without saying. I mean financial bankruptcy. And don’t take my word for it. This is the argument made in a new book called “Terrorism and the Economy: How the War on Terror Is Bankrupting the World,” by Loretta Napoleoni, a financial reporter for Internazionale, l’Unita, il Caffè, Mondo e Missione, El País, Vanity Fair Spain, and Vanity Fair Italy.

Perhaps Napoleoni is insufficiently subservient to Wall Street to write for U.S. newspapers — unlike, say, the United States government: “Washington needs Wall Street’s help to keep international investors funding the U.S. debt,” the author explains, “which in turn provides the \$1.6 billion needed each month to keep troops in Iraq and Afghanistan.” Which explains the lack of criminal prosecutions and serious regulation of Wall Street.

Napoleoni traces some surprising changes in the world financial system over the past nine years to the latest U.S. warmaking spree: “Though it may sound implausible, as soon as the West focused its attention on the war on terror, the United Arab Emirates and the rest of the Persian Gulf began experiencing an unprecedented economic boom. Money started to flow toward their economies.” The U.S. government did not investigate the sources of terrorist funding, but did put restrictions in place through the PATRIOT Act that led money launderers to take their business to Europe, which suffered from that transfer as well.

The U.S. claimed it wanted to cut off the terrorists’ lifeline, but Napoleoni finds little evidence of action behind the claim. Instead she sees Bush’s failure to pursue bin Laden’s bankers as in line with his failure to try to prevent 9-11 or to capture or bring bin Laden to trial. The 9-11 attacks were Bush’s excuse for war, and war was what he wanted.

Napoleoni sees the “war on terror” as a response to Islamic jihad and draws a comparison to Saladin’s jihad as a response to the Christian crusades. The Pope’s call to “liberate” the holy land in 1095, Napoleoni writes, was for “the starving masses of Europe . . . a way of feeding themselves and an escape from a life of misery and suffering. For the knights and nobility, it offered an opportunity for economic expansion. . . . Europe was a colony of Islam. Today the Muslim world feels equally subjugated to the West.”

One of the ultimate aims of the Islamic insurgency, Napoleoni writes, is “to bleed the American economy until it is bankrupt.” Bin Laden has “even calculated the amount of profits that Americans have accumulated from the sale of Arab oil. For every barrel sold over the last twenty-five years, he claims they pocketed \$135. The total loss of income adds up to a staggering \$4.05 billion per day, which he describes as the greatest theft in history.”

U.S. actions these past nine years have tended to self-inflict the economic wounds bin Laden

desires, while simultaneously building al Qaeda into a more powerful and efficient enterprise. The United States had tended to tolerate money laundering because it benefitted the economy and the domestic money supply. The PATRIOT Act imposed regulations on money laundering and therefore on international banks, which immediately began advising their clients to avoid and divest from dollars. International crime syndicates took their money laundry to Europe. The war on terra also drove the price of crude oil through the roof. But it was the otherwise unregulated free-for-all on Wall Street that did the most damage to the U.S. and world economies. “The likelihood that bin Laden will destroy us is extremely low,” writes Napoleoni, “the likelihood that finance will do so is, on the other hand, extremely high, a virtual certainty.”

U.S. propaganda “magnified al Qaeda’s power exponentially. . . . On 9/11, few knew that this was nothing more than political theater and that few Muslims had ever heard of al Qaeda. . . . Saddam Hussein’s Iraq had no ties whatsoever to bin Laden. . . . [T]he invasion of Afghanistan decimated al Qaeda. Yet we believed what politicians told us.” Our policies — destabilizing Iraq, Indonesia, Pakistan, and the Horn of Africa — created shell states and easy recruitment for terrorism, which we thereby helped make more affordable. “The 9/11 attacks cost al Qaeda \$500,000, while the Madrid massacre cost only \$20,000, and the London suicide bombings less than \$15,000. Osama bin Laden no longer operates costly training camps but relies upon the proliferation of jihadist websites to indoctrinate and train a new generation of jihadists at rock-bottom prices.” The U.S. has spent trillions on war, while Iraqis have successfully fought back for less than \$200 million.

We can’t waste money this way without Wall Street, which is “as free and unregulated as it was before the credit crunch.” We’d transferred “bad risk accumulated by the private sector to the balance sheet of the state,” rather than eliminating it as needed. “In March 2009, the share prices of companies and banks ‘saved’ by governments were all below the levels at which the state had purchased them. . . . The desire to maintain, at any cost, a damaged and anachronistic system will only bring ruination.”

Instead, Napoleoni suggests, we should restructure the financial system, nationalize the banking sector, prune all the deadwood that does not serve the real economy, outlaw damaging products like derivatives, and preserve insurance operations while allowing gambling operations to collapse. We might learn from Islamic economics, which Napoleoni describes as “the opposite of capitalism”:

“In the Eastern world, the selfish behavior of each individual, aimed at maximizing profits and minimizing costs, is not believed to miraculously enrich entire nations. In the short shadow of the minarets, wealth comes from cooperation and joint ventures between banks and clients.” Drawing on this source, we might require that money always be invested in the real economy, thereby banning speculation on securities not tied to the underlying companies.

And instead of paying people to do nothing, through unemployment compensation, Napoleoni argues we should pay people, the unemployed and recent graduates, to convert our industries to clean energy, build infrastructure, and redesign our manufacturing base. Sounds like a plan that would even take care of the much bemoaned enthusiasm gap.

David Swanson is the author of “Daybreak: Undoing the Imperial Presidency and Forming a More Perfect Union”

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