

War and the Economic Crisis: America's moronic hegemonic policy spells disaster

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According to all accounts the US faces its worse economic crisis since the Great Depression with \$2 trillion in near-term financing needs for bailouts and economic stimulus. This is an enormous sum for any country, especially for one that is so heavily indebted that it is close to bankruptcy. If the money can't be borrowed abroad, it will have to be printed—a policy that carries the implication of hyper-inflation.

In normal life a borrower who must appeal to creditors makes every effort to bring order to his financial affairs. But not the Bush regime.

The out-of-pocket costs of Bush's Iraq war are about \$600 billion at the present moment, a figure that increases by millions of dollars every hour.

In addition, there are the much larger future costs that have already been incurred, such as long-term care for the wounded and disabled US soldiers, the replacement costs of the used up equipment, interest payments on the war debt, and the lost economic use of the resources and manpower squandered in war. [Experts estimate that the already incurred out-of-pocket and future costs of Bush's Iraq war to be \\$3 trillion and rising.](#)

Even these costs might be small if an article by Richard LaMountain in the November 2008 Middle American News is accurate. According to LaMountain, US refugee programs for Iraqis displaced by the US invasion and occupation could result in a large and growing Muslim US population. These would be people whose lives were adversely impacted by the US invasion of Iraq.

If the US maintains its pro-Israeli stance against Arabs and Muslims generally, the implications of a growing Muslim population and a government obsessed with its "war on terror" are frightening for American civil liberty. In order to contain the potential terror that it will have imported, Washington would impose a total police state. We will have our own Saddam Hussein.

To avoid the immigration that would be problematic for US civil liberties, the war must end. The war must also end in order that bankrupt Washington can borrow abroad the money it needs to bail out the US economy.

The budget authority for the annual out-of-pocket costs of the war have been rising by \$150 billion per year, an addition to the budget deficit that must be financed by borrowing abroad. A sane person might think that a government, such as the US, in need of foreign loans to save its economy, would jump at the change to get its troops out of Iraq, where

they are not wanted.

Instead the Bush regime has been struggling all year with the Iraq government in order to secure an agreement that lets the US government continue to hemorrhage hundreds of billions of dollars by keeping American troops in Iraq.

The Korean War ended 55 years ago, and the US still has troops in Korea.

Germany was defeated in 1945, and the US still has troops in Germany.

A country that must go hat in hand to its creditors must first look to where costs can be cut. Annual military spending of \$700 billion is certainly a good place to start.

But the US government has far more hubris than intelligence and is on its way to being a failed state that has to print money to pay its bills.

It is not too late for the US to save itself and the dollar standard, but it would require a rapid transition from arrogance to humility. The rest of the world can bring America down by not lending to us, in which case neither the trade nor budget deficits could be financed.

The world does not want to bring us down in this way. Our creditors would like to preserve as much as possible the values of their trillions in US dollar assets. This is easier done if the dollar remains the reserve currency. Therefore, the US government has an opportunity to go to its creditors with a plan.

This is what the plan must be: A declaration that repudiates the neoconservative goal to achieve US hegemony over the world; a budget that reduces annual US borrowing needs by several hundreds of billions by ending the Afghan and Iraq wars, by closing overseas military bases, and by cutting military spending; a new corporate tax system that brings back American jobs, manufacturing capability, and export potential by taxing US corporations' worldwide profits according to the value-added in the US.

Such a plan would demonstrate that the US respects the sovereignty and aspirations of other countries and is willing to cooperate peacefully with others as an occupant of what the Russian president has termed "our common house." Such a plan would demonstrate that the US government has come to the realization that there is a limit to its borrowing capacity and the loans that it can service and is prepared to put first things first. Such a plan would show that the US can curtail its unsustainable dependency on imports without erecting a wall of tariffs.

If the US had the leadership to approach its creditors with such a plan, a sigh of relief would emit from the rest of the world. Many of the economic hardships that Americans currently face could be avoided, and the prospect of a hyper-inflationary depression would recede.

Such a favorable outcome requires that the government in Washington give up the delusion that Americans are an "indispensable people" who have a monopoly on virtue that gives them claim to hegemony over the world.

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