

GUNS PLUS BUTTER: THE WAGES OF WAR IN IRAQ

by Edward Jayne

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They [wars] are entirely economic in their origin . . .

Bernard Baruch
address, October 2, 1935¹

It's the economy, stupid!

James Carville

The leftist historian Howard Zinn denounces warfare as a terrible mistake that is unavoidably both immoral and counterproductive.² There is much truth in this argument, especially regarding casualties, atrocities, and the various unanticipated consequences now described as blowback. However, Professor Zinn neglects to take into account warfare's many benefits, especially to aggressor nations with sufficient military capacity to help themselves by attacking others. This is historically why large and powerful nations have time and again resorted to military conflict. Their leadership knows full well what it is doing, and it usually goes about the task with great effectiveness.

Of course the soldiers killed and wounded in battle provide glaring exceptions to this rule, as do their grieving families, but for most of their patriotic fellow citizens the economic payoff is big enough to crowd from mind the comparatively modest sacrifice in human life.³ They gladly profit from national policies they do not comprehend and for which they are not directly responsible.⁴ The implied tradeoff between yield and ethics isn't debated or acknowledged; it's simply ignored. Meanwhile, battlefield losses are mitigated by such chauvinistic issues as religion, patriotism, liberty, national defense, global charity, manhood, and the struggle against evil dictators, all of which can be featured to conceal the government's true intentions and what actually happens on the battlefield and during the occupation of hostile nations.⁵

Our nation's current war in Iraq, for example, has been highly profitable to our defense industries and, more inclusively, to the economy of our entire nation. Granted, the botched occupation of Iraq has saddled our government with a huge and unnecessary financial burden, but the concomitant stimulation to our economy as a whole has been beneficial, even if the

occupation ends, as it probably shall, with the forced withdrawal of our troops after heavy casualties on both sides. Combined with various unprecedented fiscal liberties by the federal government, the invasion of Iraq will actually have helped to avert a major depression that was in the offing when President Bush came to power in 2001. Guns plus butter, both in unprecedented abundance, have very likely provided temporary relief for the nation's potentially disastrous economic problem that confronted Bush at the beginning of his presidency.

The same kind of pragmatism has applied, if not quite to the same extent, to all previous wars in American history, most recently those of Korea and Vietnam, neither of which ended well. What mattered, however, was that our economy continued to be productive as a result. While it lasted military conflict was of course brutal and wasteful, but continuing economic growth could be sustained by the confrontation. The only problem has been when the human cost of war totally exceeds its economic benefits. This happens when too many innocent people are killed and an entire nation--indeed an entire society--is utterly ruined. It also bears harmful consequences when the aggressor nation's expansionist economy is so badly dislocated by military expenditures that it no longer supports the normal balance between production and consumption needed for continued prosperity. Unfortunately, both these possibilities apply to the present situation in Iraq.

1. Earlier Wars in American History

The connection between warfare and prosperity seems relatively obvious in earlier U.S. history, especially the wars preceding the twentieth century. The American Revolution, for example, drove out unfair English competition, effectively stimulating economic enterprise among America's colonial population. In addition, English treaties and understandings with Indian tribes could be abrogated, permitting increased expansion by settlers across the Allegheny Mountains. The departure of roughly 90,000 British loyalists (described as Tories) to Canada after the war was also beneficial if for no other reason than the confiscation of their possessions. Three decades later, the War of 1812 clarified boundaries and trade relationships to the benefit of both Britain and the United States. More obviously profitable, however, were the Mexican and Spanish American Wars through the major expansion of American power at the cost of relatively few U.S. casualties. On the other hand, the Civil War did produce heavy casualties, but with the compensatory economic gain that the agrarian bias of Southern leaders in Congress no longer impeded the full-scale industrialization of the North. At last banks, factories, railroads, and ambitious millionaires could share in the financial extravagance of the Gilded Age that lasted over three decades before it finally came to an end with the panic of 1893.

World War I necessitated massive aid from the United States to all nations engaged in the conflict, even Germany, its support mostly consisting of agricultural commodities provided by Hoover's Commission for Relief in Belgium.⁶ By the end of the war, every one of these nations was indebted to American lenders, and the American people found themselves enjoying full economic parity with Europeans. Fifty-four thousand American troops were killed during the war, but this was a relatively small portion of the ten million people who were killed among all nations involved in the conflict. This was a small price to pay relative to the benefits obtained

for American society as a whole. Our immigrant European population was able to shake off its earlier reputation as impoverished and illiterate castoffs, instead becoming the prosperous saviors of Europe from German imperialism. Our industrial capacity became more competitive, our collective standard of living rose a notch or two, and our cultural achievement was significantly more sophisticated.

The Great Depression of the thirties resulted from the productive capacity of our industries having exceeded consumption. In effect aggregate supply was much in excess of aggregate demand. Much more was for sale than customers either wanted or were able to buy, either at home or abroad. As a result, factories shut down and unemployment reached unprecedented highs. The eminent English economist John Menard Keynes came to the rescue by demonstrating how governments could go into temporary debt in order to stimulate aggregate demand, thus putting industries to work again. Later, when the economy was once again in working order, Keynes explained, governments could resort to taxation, higher interest rates, and other such measures to repay the debt incurred earlier to jump-start growth. This second step was later found to be commendable but unnecessary, for the military buildup could be continued into perpetuity as long as an external military threat justified such expenditures.

At just about the same time, Hitler showed how this economic strategy could be achieved by building defense industries toward possible conflict with enemy nations. In preparation for warfare, industrial production was revived well in excess of the tax receipts needed to pay for it. The assumption was that the German government could go heavily into debt in this manner, since later victories would generate sufficient wealth to cover the losses. Also supportive of this strategy was the almost guaranteed chauvinistic response of public opinion. The more collective hostility that Hitler stirred up against the potential enemies that surrounded Germany after World War I, the greater the collective enthusiasm for military preparations that not accidentally resulted in a quick increase in aggregate demand. As a result, there were more jobs and the economy soon recovered from the depression through the collective acceptance of Hitler's foreign policy agenda. The transition seemed almost miraculous.⁷

For several years Roosevelt tried to use Keynesian economics within a strictly civilian framework, but the military threat posed by Germany convinced him to expand military production and of course with a comparable impact on the economy. Unlike Roosevelt's earlier make-work federal projects, many of them of dubious value except in the creation of jobs, military contracts seemed essential at the time as well as having maximized the so-called trickle-down effect through a vertical integration of primary, secondary, and tertiary producers. Airplanes had parts, these parts had parts, etc., and a substantial number of these various components were produced by separate corporations spread across the nation. Directly or indirectly, almost everybody benefited from coast to coast exactly as sought by John Kenneth Galbraith and others in the government able to accept this relatively simple modification in Keynesian theory.⁸ Add military costs to civilian demand, and lo, aggregate demand was restored to an acceptable level relative to the capacity for production.

By 1940 our nation was fully launched in a full-time war economy, and the Great Depression almost immediately dissolved. Not only did U.S. production levels fully recover from the depression, but they went into unprecedented overdrive during the war years that was

far bigger and more profitable than the war effort during World War I. When conflict ended in 1945 at a relatively modest human cost--of four hundred thousand American lives, compared to roughly nine million Germans and twenty-six million Russians--the United States stood alone as the dominant economic world power. It had become the first among equals among advanced industrial nations, England's successor as the single hegemonic world power.

In strictly military terms, the only major competitor left was the Soviet Union, victorious in land warfare against Germany but severely damaged, dependent on its protective corridor of buffer states from Estonia to Bulgaria. By 1949, however, when China became a full-fledged communist nation, there seemed a major threat of similar communist expansion to other countries. During World War II, communist guerrillas had led the resistance against German or Japanese occupations in such nations as Greece, Vietnam, France, and Italy. The danger that these activists, formerly our friends in the struggle against the axis powers, might assume power in their respective nations either by means of elections or guerrilla warfare, served to justify a resumption of wartime defense expenditures.⁹ Once again the Keynesian formula for military overproduction could be adopted, but this time in what would become an apparently endless "cold" war, justifying a sustained military supplement to aggregate demand.

The argument was simple enough. Our nation was suddenly involved in a brand new kind of warfare, an international conflict short of outright hostilities that nevertheless obliged heavy military preparations. For this reason, a high defense budget could be implemented into the indefinite future, thereby preventing a major depression as long as the military build-up could be perpetuated. This was a double achievement, since the costs incurred in battling the threat of communism abroad also thwarted radical activism at home as an extension of the union movement during the thirties. And thus was born the marriage between the military-industrial complex and the McCarthyite red scare at home. In effect the threat of our enemies both abroad and at home was essential to the maintenance of economic and political stability. Incessant military brinkmanship protected jobs and indefinitely postponed another catastrophic period of economic and political upheaval. Moreover, military production did not infringe upon the civilian markets, so there was no overlap in services performed. The escalating cost of futuristic weapons systems was fully complementary to the civilian economy, thereby maximizing the enlargement of aggregate demand. Heavy warfare in both Korea and Vietnam certainly helped to prime this pump, but no less beneficial were the relentless preparations for potential conflict elsewhere in the world.¹⁰

The Cold War also justified stationing troops abroad in a large number of nations. Military bases were installed in Germany and Japan at the end of World War II, and others were added over later decades to combat the threat of communist insurgency across the world. Today, according to Chalmers Johnson, there are 725 military bases abroad, and by 2001 forty-one nations contained U.S. military bases with at least a hundred personnel apiece.¹¹ As much as anything, these troops have been stationed to provide a protective umbrella for American subsidiaries abroad from the emergence of hostile governments that might curtail their practices one way or another. The successful pursuit of this objective in such nations as Haiti, Guatemala, Panama, Chile, Iran, Iraq, and the Dominican Republic has also incidentally helped to perpetuate our nation's military stance, its budget now roughly equivalent to military allocations among all other nations in the world combined. However, one fascinating exception, the 1991 Gulf War

against Iraq, involved a new and different arrangement that turned out to be even more lucrative. It combined an almost exclusive use of U.S. troops in Kuwait with the financial support of allied nations. These nations rather than U.S. taxpayers paid the costs of the operation instead of participating in it. In effect U.S. troops fought as mercenaries for all the nations involved in this transaction.

When the Berlin Wall fell in 1989, the U.S.S.R. collapsed as a viable enemy that could no longer afford to remain in global competition with the United States. Russia's rigid and increasingly corrupt socialist economy broke down as much as anything because of its inability to match increasingly steep increases in the U.S. military budget during the Reagan years. The two nations had basic differences in their methods of financing their armies, and few analysts sufficiently took into account these differences. On one hand, the U.S.S.R. government alone subsidized and furnished the military with its weapons without the assistance of banks and private investors, whereas the United States government freely borrowed from banks and other financial institutions, even foreign creditors, in order to cover military expenditures. Ultimately, taxpayers were expected to absorb the cost, but with the expectation that inflation would somewhat mitigate the problem, meanwhile providing U.S. corporations with profits both directly and indirectly to be shared by the nation as a whole on a trickle-down basis. Better than war itself, the imminent possibility of war propped up our nation's economy, whereas the Russian economy would have benefited from the absence of the constant threat of military conflict. Once the Soviet challenge finally dissolved, however, because of its financial limitations, our nation was confronted with a new, if predictable, problem--how to augment aggregate demand without excessive defense expenditures justified by the Cold War. Reagan had foolishly killed the goose, and something new was needed to replace the golden egg.

2. Toward the Iraq War

President Clinton and his favorite economic advisors, most notably Robert Rubin and Lawrence Summers, enlarged the earlier effort of George H.W. Bush to promote a more open trade policy known as globalism at least partly in order to offset major losses in defense expenditures. Through the offices of the World Trade Organization (WTO), the International Monetary Fund (IMF), the World Bank (WB), and the North American Free Trade Agreement (NAFTA), aggregate demand could supposedly be bolstered by an enlarged market for U.S. goods abroad, certainly in the agricultural sector but also in electronics and other fields of high technology inclusive of weapons systems that could be purchased by foreign governments with financial aid received from the United States. Militarism might have played a smaller role in the federal budget, but its reduction in scope would be offset by an increased emphasis on global markets that became possible with the elimination of the Soviet Union as a competitor.

Surprisingly, however, large numbers of American industrialists quickly took advantage of the arrangement by exporting their factories abroad, where profit levels could be increased resulting from lower wages, fewer fringe benefits, and reduced environmental impact standards. As the world's dominant industrial nation, we actually de-industrialized ourselves, and with enthusiastic government support. We exported much of our nation's industrial base, and this was

something new and unexpected in modern economic history, once and for all giving management its advantage over labor. Where had Smith, Ricardo, Marx, or Keynes predicted such a possibility? The export of products had always been encouraged, but not (at least to any appreciable extent) the export of jobs, in effect the export of labor to workers abroad, where labor unions did not exist any more than environmental regulations. Our nation's once seemingly inexhaustible source of wealth during the preceding century migrated first to Mexico, later to China, India, South Korea, Taiwan, and other cooperative nations on the Pacific rim inclusive of communist Vietnam (no longer seen as a domino threat).

The paradox was of almost inscrutable proportions. Through the late nineteenth century Europeans migrated to the U.S. to operate its machinery, in effect tripling its 1880 population by 1950. Beginning about forty years later, in 1990, coincidentally when the Soviet Union fell apart, U.S. corporations started to transport jobs abroad to relatively poor nations, leaving behind an abandoned industrial society plus a mounting subpopulation of overqualified, unemployed and underemployed citizens, all of whom remained useful as consumers for imports from abroad. To be sure, banks and the headquarters of major corporate headquarters have remained in our nation, usually located in prosperous major cities. Nevertheless, factories as well as the well-paying jobs they provided for workers and supervisors have gone abroad as fast as possible. The enormity of this trend (both large and potentially disastrous) had not been fully anticipated.

President Clinton was of course liberal in dealing with many issues, but, whether by accident or not, his successful promotion of globalism rather too dramatically carried on the task of Presidents Reagan and George H.W. Bush in diminishing the role of labor unions as well as subverting such populist causes as a basic minimum wage, universal health care, and environmental protection. Unfortunately, Clinton's radical experiment with economic history began to unravel toward the end of his second term in office, when the economy displayed initial signs of an impending depression after almost a decade of affluence. Indeed, globalism continued to flood the nation with cheap products, but it also fell short of the Cold War's earlier guaranteed dependence on supplementary military expenditures high enough to keep the economy afloat. The export of labor turned out to be less profitable than the arms race with the Soviet Union.

So what was George W. Bush to do once elected president in 2000? Globalism could not be abandoned, since the wealthiest and most generous financial supporters of his campaign included the managers and investors who profited the most from foreign subsidiaries. However, it seemed probable that a major depression was in the offing. The actual tipping point into economic decline began in March 2001, just two months after Bush came into office, and there was no indication how long this decline would last. Bush could not reverse the downward trend with a non-military operation big enough to sustain aggregate demand at an acceptable level. Similarly, prospects for an Alaskan nuclear shield were questionable, and no regional crisis presented itself as sufficient grist for active military intervention. Nevertheless, every economic indicator predicted an imminent major recession, perhaps the most serious economic downturn since the Great Depression of the 1930s. So what excuse could be found to buttress aggregate demand beyond the use of severe tax cuts primarily beneficial to the wealthiest segment of our population?

As if by divine intervention the 9/11 terrorist attack on the World Trade Center took place. As with the two World Wars many decades earlier, outright warfare suddenly became a possibility, for indeed there were genuine flesh-and-blood enemies to be dealt with--bloodthirsty Arab terrorists who could be seen as being even more threatening than cumbersome, jargon-ridden communists obsessed with the maintenance of a suitable *modus vivendi*. A steady and predictable dependence on war preparations typical of the Cold War could be supplanted by actual warfare itself, this time against an ideal enemy, one with a formidable military reputation that was nevertheless of little threat in combat beyond its own boundaries. Military preparations were accordingly expedited, and, sure enough, the recession bottomed out almost as if by magic by November 2001, just two months after 9/11. The economic downturn turned out to be only eight months long after almost a decade of prosperity. One might have expected the extended period of affluence that filled the nineties to be followed by an elongated period of decline, certainly one lasting more than eight months. But not true. A swift turnabout truncated any further decline that might have been anticipated, and in retrospect it seems more than likely that these two seemingly independent developments--swift preparations toward the Afghan invasion and a sudden reversal of the economic cycle--were linked by the simple Keynesian expedient discovered almost seventy years earlier of using warfare to halt a depression.

The attack on Afghanistan can therefore be seen as having been both justified and useful. Of course it was justified because Afghanistan provided a base of operations for al Qaeda, which had destroyed the World Trade Center at the cost of 3,000 lives. By most accounts Afghanistan's Taliban government was adamant in its refusal to cooperate in apprehending the terrorists, so Bush was able to launch an invasion in October and the Taliban almost as quickly surrendered. Fortunately, there were few U.S. losses, since most of the ground operations were performed by Afghan troops linked with the Northern Alliance. But just as important, the attack was useful in having provided a limited respite to our nation's economy that was worth approximately \$20 billion, the total cost of the campaign. As usual, a hefty portion of the money went to American corporations that employed American (not foreign) workers, thus augmenting both aggregate production and aggregate demand well enough to stem a major depression for at least a while.

A brief and modest upturn among our economy's leading indicators followed, but almost as quickly these indicators flattened out once again. The relatively precarious state of our nation's economy despite the Afghanistan invasion was once again obvious. The unemployment rate rose to 5.7% in October, 2002, the savings rate had plummeted from 8 percent at the beginning of the Greenspan chairmanship to almost zero, foreclosures reached the highest level in over 30 years, and the number of U.S. poor had increased almost 12% in a year's time. It seemed the U.S. economy was finally in serious trouble despite the Afghan interlude, perhaps on the brink of a major economic crisis comparable to the Great Depression. So what was to be done? The obvious answer to this question, too plain to be acknowledged with words, could also be put as a question: why not more of the same? For a bigger and more expensive war would be of commensurate usefulness proportional to its cost. By combining tax cuts and enlarged warfare abroad, Bush's agenda seemed more than sufficient to jump-start economic recovery.

As an ancillary benefit, the Afghan invasion demonstrated that intensive air attacks with the most sophisticated laser weaponry were extremely effective and resulted in few U.S. troop losses. So it seemed another, slightly larger war conducted the same way would be just about as

painless relative to its size. Moreover, its total cost could be anticipated--indeed calibrated--based on comparisons with the cost of the operation in Afghanistan. Once again a shock-and-awe invasion would be the *modus operandi* for turning the economy around, yet well short of the prohibitive social and economic costs incurred in Vietnam four decades earlier. Of course nobody publicly acknowledged this pragmatic agenda, but everything that followed fell into place as might have been anticipated based on its assumptions.

Iraq was a prime candidate for the next war for many reasons, not least its possession of untapped oil reserves by most accounts second unto those of Saudi Arabia, but perhaps the biggest in the world. Also enticing was the projected bargain-basement cost of from \$50 to \$60 billion dollars that was estimated would be needed to mount a successful invasion. Anybody linked with the administration who suggested a bigger cost was replaced, most notably Lawrence Lindsey, head of the National Economic Council (NEC), who suggested a cost of almost \$200 billion, four times as much, and General Shinseki, the head of the Joint Chiefs of Staff, who recommended the use of a couple hundred thousand troops to occupy Iraq.

Other reasons for the invasion included, (1) the ease with which Hussein could be vilified to justify the invasion, (2) Iraq's relatively harmless military defenses (its out-of-date tanks, its total lack of an effective air force, etc.), (3) Bush's ambition to complete the task his father had begun with the Gulf War, (4) the opportunity to privatize Iraq's relatively large socialist economic sector by selling off its state-owned properties to U.S. investors, thus giving an additional boost to the U.S. the economy, and (5) the equally lucrative opportunity to charge Iraq itself for the costs incurred in having saved it from an evil tyrant. The last excuse was the most ingenious of all. Unlike George H.W. Bush, who had been reimbursed by allied nations for waging the Gulf War a decade earlier, the capture and occupation of Iraq permitted the Bush administration to charge the nation of Iraq alone for American expenses incurred by its invasion and occupation. This would be done through both the confiscation of its accessible government assets and the sale of its oil abroad. The imperialist gain would in fact be blatant, essentially the same as in warfare during the most primitive times, for example when Spartans enslaved the Helots, but it would be papered over within a legal framework of financial transfers acceptable to international lawyers. Payments would be collected on a regular basis by withdrawing a fixed amount of Iraq's oil revenues into the indefinite future. For why not? The invasion was supposedly undertaken to benefit Iraq by eliminating its evil dictator, so what was wrong with billing it for services performed?

The two most important reasons for the invasion were the felt need to regain control of Iraq's vast petroleum reserves after Hussein's had parceled out contracts for future use among numerous foreign oil corporations, and the Zionist goal to neutralize Iraq as a potential enemy of Israel by installing permanent U.S. bases inside Iraq. For as Israel's current Prime Minister, Ehud Omert has insisted, anything was preferable (by implication even the total destruction of Iraq) to the continued presence of Hussein as a regional dictator hostile to Israel and with substantial military resources. Additionally, neoconservatives wanted to use Iraq's oil production in order to glut the market, thereby undercutting OPEC, while Texas oil interests were more interested in controlling Iraq's oil production in order to protect the price of oil into the indefinite future when its open sale would no longer be likely to depress world markets. The obvious conflict between these objectives was later settled in favor of controlling oil production

rather than causing a glut.¹² It was also important to prevent Hussein from carrying out his threat to shift the currency for petroleum transactions from the dollar to the euro. This change, if and when it is imposed, would supposedly bear devastating consequences to the U.S. balance of trade and our economy as a whole.

But just as compelling was the need to avert a recession through resorting once again to a war economy. A modest sixty billion dollar operation against Iraq (supposedly all that was needed) would supplement Afghanistan costs in providing a substantial antidote to our nation's declining economy, and most of the costs could be recovered from Iraq once it was captured and a client government was installed. Once again robust militarism would benefit our entire nation, and this time with a far better guarantee of success than in all previous wars. It's not that Bush, Cheney, and their loyal advisors devoted much attention to this sort of analysis. Rather, they took it for granted. They probably did little more than consult a couple of their loyal executive-branch economists to determine if and to what extent such an invasion and occupation might either hurt or benefit the economy, only to be told that these certainly wouldn't hurt. Case closed, they were in effect given the go-ahead to go to war. If the judgment were decisively to the contrary, one doubts that war plans would have been carried out.

Starting in early fall, 2002, White House spokesmen almost daily engaged in a media blitz that featured the need for immediate action because of Iraq's possession of the atomic bomb and other weapons of mass destruction as well as Saddam Hussein's supportive relations with al Qaeda preceding its destruction of the World Trade Center. These false claims endured several months after the invasion of Iraq, and when they were finally exposed, propaganda quickly shifted to the benefit of toppling Hussein as an evil dictator and replacing him with a democracy that would showcase social and economic freedom typical of western society for the benefit of other nations in the Near East. All of these "good" reasons were concocted to justify a military operation whose usefulness lay elsewhere. *Cui bono?* (to whom the benefits?) Cicero once asked, and the answer was, "to the American economy, stupid, especially its wealthiest citizens--President Bush's acknowledged political base."

3. Shock and Awe

Operation Iraqi Freedom, the invasion of Iraq that began on March 19, 2003, was swift and surgical--almost too quick to be of much benefit to our nation's sagging aggregate demand. The "shock-and-awe" tactics of heavy bombardment followed by "thunder run" tank column attacks ended with the occupation of Baghdad by April 8, just twenty days later. For all practical purposes the war seemed finished, as President Bush himself boasted in his hubristic "Mission Accomplished" speech on May 1, 2003. What remained was the task of setting up a client government whose major responsibilities may be listed as follows: (1) launching the construction of permanent U.S. military bases in order to dominate the entire Near East more effectively than ever before; (2) diverting Iraqi petroleum contracts exclusively to U.S. and British oil corporations rather than elsewhere in the world (France, Russia, etc.), (3) imposing privatization that permitted the immediate acquisition of Iraq's industries by foreign investors, of course mostly from the U.S., and (4) contracting U.S. corporations to rebuild Iraq's infrastructure that

had been damaged or destroyed by U.S. air attacks. In at least a few instances, the very same corporations that had provided the planes and munitions for these attacks were hired to replace the sites destroyed by them.

Secretary of Defense Donald Rumsfeld installed Jay Garner as Iraq's chief civilian administrator. However, when Rumsfeld discovered that Garner planned little more than to speed the formation of an independent civilian government, he quickly replaced him with Paul "Jerry" Bremer, who was more willing to promote an economic agenda in line with Bush's intentions. Bremer arrived in Baghdad on May 12 to become proconsul of the newly formed Coalition Provisional Authority (CPA), Iraq's de facto government until an acceptable indigenous government could be installed. Bremer's first two major acts were hasty and bore disastrous consequences: Order #1 banning any role in the new government for Baathists who had already served in Hussein's regime at any of the highest levels of administrative authority, and Order #2 disbanding Iraq's army instead of putting it under U.S. control. This second order also permitted Iraqi troops to retain their weapons for personal defense, an act of generosity later seen to have been an obvious mistake. Rumsfeld and others in Washington encouraged both orders, but they turned out to be counterproductive, as much as anything producing the insurgency that followed. Many of Bremer's ninety-eight orders that followed during his year in power were almost as catastrophic, converting an easy military victory into guerrilla warfare, culminating long after Bremer's departure with an unmanageable civil war in early 2006.¹³

Nevertheless, Bremer's mistakes were beneficial to the U.S. economy in two respects, on one hand intentional and on the other unintentional. His intentional service to our nation's economy was his success in transferring Iraq's government-owned industries to the ownership of American investors through rapid "institutional change" that would make Iraq's entire economy accessible to U.S. investors at bargain prices.¹⁴ This kind of privatization had already been achieved elsewhere in the non-western world by means of voluntary agreements arbitrated by the WTO, WB, and IMF. Because our trade partners at the time were sovereign nations with full independent status, U.S. negotiators were obliged to grant many concessions to them as a tradeoff for their concessions to U.S. investors and subsidiaries. On the other hand, Iraq could be dealt with as a captive nation, so a far more stringent version of globalization could be imposed almost immediately and with very little compromise. What resulted was a particularly harsh version of imperialism whose impact on the needs of the Iraqi people was obviously harmful from the very beginning.

Moreover, the American corporations brought to Iraq recruited U.S. workers at extravagant salaries. Ironically, the cumulative impact of globalization elsewhere in the non-western world mostly diminished employment prospects for U.S. workers, but not in Iraq under the rule of the CPA, where lucrative job prospects actually increased to a significant extent for U.S. workers transported to Iraq to perform tasks that could not be entrusted to the Iraqi work force. The confiscation of Iraq's industries also benefited the U.S. economy, though this economic imposition was actually prohibited by Article 43 of the 1907 Hague Regulations, which was written to prevent an occupying nation from any infringement on property rights. The U.S. Army's Law of Land Warfare later repeated Article 43 word for word, but there has been no visible effort to obstruct the American takeover of Iraq's industries by anybody in the U.S., U.N., or any other international body.¹⁵

More than 150 U.S. companies have moved into Iraq after the invasion, and with contracts in excess of \$50 billion, more than twice Iraq's entire GDP. Halliburton, the biggest beneficiary, is reported to have received \$8 billion in contracts. Parsons, the next on the list, has received \$5.3 billion, Fluor \$3.75 billion, and on down the line, suggesting an economic bonanza far more lucrative than the Oklahoma Land Rush.¹⁶ But the very biggest takeover has been oil production, which U.S. oil corporations were able to restore to almost full capacity despite frequent sabotage by Iraqi dissidents. Since 2003 oil production has remained steady at slightly more than two million barrels per day, and of this the U.S. has imported 542.6 thousand barrels per day.¹⁷ Oil revenues have thus been sufficient to pay roughly half of the reconstruction of Iraq, as expected before the invasion, but without producing any surplus in the world's oil markets as had been feared by Texas oil interests.

The cost of reconstruction has been extravagant, mostly as a result of overcharges by corporations that had received no-bid contracts from the U.S. government. Halliburton has been found guilty of having obtained \$1.5 billion in excessive charges, and many other corporations have similarly profited. By June, 2004, the CPA's budget for funding projects, dependent on \$24 billion from the U.S. government and \$18.4 billion from Iraq's oil revenue, was almost half spent, but \$8.8 billion of this money, approximately a fifth of the total, remains completely unaccounted for.¹⁸ By 2005, roughly 363 tons of U.S. currency worth six hundred million dollars confiscated from Iraqi sources abroad was shipped to Iraq in solid bricks of U.S. currency for what amounted to "walking around money" whose disbursement record was of secondary importance. As explained by Greg Palast,

Agents could check out these cash bricks, like library books. Unlike a library, they didn't have to return them as long as they brought receipts. One agent took \$23 million in a tub of cash and returned with \$6 million in receipts. Another took \$25 million and returned, it appears, with nothing at all.¹⁹

Indeed, U.S. entrepreneurs in Iraq took such extravagant liberties, but the rest of our economy, located stateside many thousands of miles away, has also benefited from this largesse, if on a more modest scale. For the money spent came from elsewhere, both confiscated from Iraq's oil revenues and, as so many times before, borrowed from the distant future by floating a lot more U.S. government bonds. Aggregate demand was accordingly enlarged, and the threat of depression could be all but forgotten.

4. Losing the War

Bremer's unintentional success in benefiting the U.S. economy was from having so badly bungled Iraq's occupation that a somewhat modest invasion, first estimated to cost a mere \$60 billion dollars, turned into a full-scale war comparable to Vietnam forty years ago. The unanticipated additional costs turned out to be all the more useful for stabilizing our nation's economy in the time-honored Keynesian manner, since a bigger and more problematic conflict turned out to be needed in boosting aggregate demand. And, how, exactly did Bremer's

occupation authority bring this about? First and foremost, as already suggested, his privatization of Iraq's industries and the blanket dismissal of troops, police, and government employees led to unemployment levels among Iraqi workers estimated between 50 and 70%. As a result, hundreds of thousands of desperate Iraqis could join the insurrection, many of them former soldiers and police officers, providing a new and far more formidable "enemy" than the professional army just defeated had been. More money was needed to cope with the problem, and this of course helped to augment U.S. aggregate demand.

Also usefully counterproductive was the effort to create a provisional Iraqi government subservient to U.S. demands. Kurds cooperated with the plan, since it let them isolate themselves from the rest of the nation. And the Shi'ite sub-population cooperated, since the use of elections to establish such a government finally gave Shi'ites an opportunity to play a dominant role appropriate to their majority status in the nation. However, the minority Sunnis, always dominant in the past, resisted this course and boycotted the several elections organized by the Americans. As a result, the provisional government, necessarily with a Shi'ite leadership, has cooperated with U.S. occupation troops pitted against the insurgents, who have been mostly Sunni. It was just a matter of time before the conflict between invaders and the host population degenerated into an indigenous religious war between Sunni and Shi'ite populations that now threatens to spread to the rest of the Near East.

Also usefully counterproductive was the ineptitude of many American contractors. Most notable was the failure of Bechtel industries to rebuild Iraq's electric power grid. Severe hardships resulted, especially during the summer of 2003, a couple months after the invasion, when the insurrection was just beginning to gather momentum. On April 17, preceding Bremer's arrival by a few days, Bechtel received a \$680 million contract for a large variety of projects, including the restoration of Iraq's electrical grid that had been a public utility under the authority of Hussein's government. Electricity had played an essential role in Iraq, far greater than in the United States, since electric pumps furnished the water supply and provided for the disposal of both sewage and garbage. Also important were refrigeration and the air conditioning needed to endure Iraq's torrid summers, as became obvious in the summer of 2003, when the temperature rose above 130 degrees Fahrenheit.

Bechtel received a contract to repair portions of the existing grid that had been damaged during the invasion, but it quickly introduced a substitute plan to build a new state-of-the-art system that would cost far more to purchase, install, and maintain. Also, its innovations would have required the service of American engineers. However, this bait-and-switch strategy first necessitated a comprehensive study that lasted five months to calculate the feasibility of such an approach, so new construction was delayed until this study could be completed. As a result, the Iraqi people, especially in the once modern city of Baghdad, were forced to endure the blistering summer months that followed without any of the basic services. This alone discredited the American occupation, and Iraqi insurgents soon learned how to sustain and intensify Iraqi anger by sabotaging the electrical lines and stations, keeping the supply of electricity as low as possible.

Even the intentionally high level of violence by U.S. troops also turned out to be a useful mistake. The shock-and-awe bombardment during the invasion was excessive at least partly to

intimidate Iraq's population. Targets were supposedly pinpointed with wonderful accuracy, but there was heavy collateral damage and many more civilians than necessary lost their lives. Later, at the insistence of Secretary Rumsfeld, the occupation force was kept as small as possible--between 110,000 and 160,000, contrary to the 50-1 formula already established in Bosnia for the occupation of a country. The use of as few troops as possible both encouraged and necessitated excessive force by these troops, and this in turn spurred further rebellion. Tactically, the strategy was misguided, and neither Bremer nor the generals in Iraq was able to explain this to Rumsfeld. On the other hand, the accidental benefit resulting from this mistake is that deepening warfare necessarily increased the Iraq budget, thereby sustaining our nation's defense industries and therefore the U.S. economy as a whole into the indefinite future.

The very worst (therefore most useful) mistake was the use of torture. Preceding the invasion the Defense Department depended upon Ahmed Chalabi and a number of other expatriate Iraqis linked with the Iraqi National Congress (INC) for obtaining intelligence about Iraq, and they seem to have been confident these individuals would continue to be useful after the capture and occupation of Iraq. However, almost all INC intelligence before the invasion was soon exposed to have been fabricated, and the U.S. military found itself hopelessly out of touch with Iraqis once the insurgency picked up momentum. Also, it didn't help that there was a dearth of competent translators available. The solution, it seems, was the robust use of torture as had already been perfected in Afghanistan and Guantanamo Bay. "Torture lite," by name, it was supposedly a less stringent version of physical abuse, though "prepping" the night before as well as the techniques of sensory deprivation, stressed body positions, water-boarding, and severe beatings were more than enough.

Conducted by experienced "professionals" (as described by Bush), torture turned out to be a partially effective source of intelligence. However, once publicized, its use backfired. Snapshots of naked prisoners during the "prepping" sessions were intended as blackmail to induce prisoners to become informants once released from prison. Soon these snapshots became pinup trophies for GIs linked with the torture facilities, and they began using cameras of their own. Snapshots fell into the "wrong hands," and predictably an enormous backlash swept across the United States and throughout the entire world beginning with the CBS "60 Minutes" expose on April 28, 2004. The systematic torture and humiliation of naked prisoners symbolized the entire American occupation. Worse yet, the threat of torture made better and more capable soldiers of the Iraqi insurgents. Outraged by the stories of torture, they were more willing to die while in combat against the Americans. For why should they let themselves be captured and tortured? Better to fight to the death, killing as many as possible before they themselves were killed. The logic is inescapable, and in fact it is hard to imagine a more effective way to improve the dedication of enemy troops than by submitting everybody captured to torture. When American troops first arrived in Iraq, they considered Iraqi combatants to be cowards; later they found them to be fanatics willing to die in order to kill. Torture had a lot to do with this diametrical transition from cowardice to suicidal audacity.

Paradoxically, the torture issue took a new turn for the worse resulting from the effort to minimize harsh publicity. The Pentagon decided to terminate visible American involvement by transferring prisoners to be tortured to detention centers under the control of Iraq's Interior Ministry. American officers could observe and perhaps even supervise torture, but they were

forbidden to engage in it themselves. Instead, Iraqi personnel, mostly Shi'ites, were expected to assume this noxious responsibility. Unfortunately, most of the prisoners tortured were Sunni insurgents, so hostilities quickly escalated between the Shi'ite and Sunni communities. Somewhat united in their opposition to Americans at the beginning of the occupation, these became opposed to each other as well. Once delegated by the U.S., Shi'ites began to torture Sunnis as sectarian enemies rather than insurgents, and the Sunnis reciprocated by using torture against their Shi'ite prisoners. Very rapidly the standoff between occupiers and the occupied underwent mitosis into insurgency plus a full-scale civil war. Of course there were other reasons as well for civil war, most notably the destruction of the Shi'ite Ankari Mosque on February 22, 2006, but the delegation of torture to Shi'ites against Sunni insurgents cannot be overlooked.

Though beneficial to the U.S. economy, the invasion and occupation of Iraq have been costly in every category. Before the Gulf War, Iraq had actually ranked as high as fifteenth out of 130 countries on the 1990 United Nations Human Development Index despite the nine-year war with Iran that had just ended.²⁰ Today Iraq is nothing less than a hopeless disaster. The entire nation has been gutted, its culture and institutions reduced to shambles. As described by one reporter, Iraq is now in chaos verging on calamity; as described by others it's in an unstoppable "meltdown." U.S. troops in one particular city, Baquba, but elsewhere as well, are now said to be confronted with "a nasty stew [sic] that includes former members of the Saddam Hussein army and paramilitary forces, the Fedayeen, angry and impoverished Sunni men, criminal gangs, Wahhabi Islamists, and foreigners [of course including al Qaeda].²¹ Everybody seems to be at war with everybody else, but with the U.S. invaders most of all.

Once the land of Gilgamesh, the matrix of western civilization, Iraq has been reduced to bloody anarchy--the nature god Humbaba's final revenge.²² Its infrastructure is in tatters, unemployment is prevalent, as many 3,000 Iraqis per month are being killed, 1.6 million Iraqi are displaced within Iraq, 1.8 million wealthy and middle class citizens have fled abroad (roughly 100,000 per month), and the fragile social contract that had persisted over decades among potentially hostile clans, factions, and religions has been irreparably debased. Whatever authority had been imposed by the totalitarian rule of Saddam Hussein has been completely shattered, and nothing but pandemonium has followed. Indeed, the entire Near East is now in jeopardy if Iraq's sectarian conflict between Sunni and Shi'ite factions spreads to neighboring nations.

President Bush and his apologists currently argue that the situation in Iraq has become so horrendous that it would be a mistake for U.S troops to leave before a stable government can once again be established that would be friendly to the United States. Their foolish assumption is that our occupation army, already feared and loathed by the Iraqis, continues to be the best agent for imposing such a government. This verges on psychosis except for the fact that our continued military presence in Iraq remains highly profitable to numerous American corporations. The most obvious analogy would be that of an incompetent quack doctor who prescribes exactly the wrong medicine for a patient, and who insists, when the patient lapses into a terrible seizure, that he (the quack doctor) is without doubt the expert needed to cure the problem, since he has lots more of the same medicine to be administered, of course in a bigger and more potent dosage (a full "surge," for example). The patient is in no position to reject the diagnosis and continues

paying his fee in more generous amounts until he finally dies, whereupon the quack doctor can pack up his suitcase full of drugs and pass on to his next unlucky patient.

Can we be surprised that 78% of the Iraqi public polled at the end of September are convinced that U.S. troops cause more conflict than they prevent? Or that 71% want these troops withdrawn within a year? Or, worse yet, that 61% actually admit to pollsters that they approve of attacks on U.S. forces?²³ White House spokesmen repeatedly claim we invaded Iraq to help the Iraqi people. Now these people obviously want us gone, and this is their choice by a whopping landslide majority. We're simply not wanted in Iraq by most of its population, and all of our earlier good excuses have been exhausted for being there. There is nothing left to justify our presence on humanitarian grounds except the preposterous notion that the furious anarchy we have unleashed can only be suppressed by its continuation. The alternative? Obviously, to bring in the UN and negotiate with Syria, Iran, and the insurgent leadership, all parties included. But of course there would be no profit in such an outcome for today's busy occupation forces.

5. The Bigger Picture

It should be no surprise that the invasion and occupation of Iraq has been extraordinarily beneficial to the American economy. For it costs money to destroy a nation, and the money spent consists of payouts to those who help produce the destruction. It's as simple as that. As a result nobody is totally innocent of what is happening. Every American plays a role, even those for whom the connection seems remote and difficult to ascertain, for example small children and subsistence farmers without telephones. Skeptics might protest their total innocence regarding both the fog and bloodshed of Iraq, but they themselves participate in any number of ways starting with their taxes and the various social services they depend on. For all Americans now share in what has been aptly described as "imperial overstretch," our government's pursuit of growth for its own sake at the expense of easy victims. The relationship is essentially similar to that of benighted British liberals at the turn of the twentieth century who were justifiably berated by Joseph Conrad and others for having shared in Great Britain's exploitation of non-western without having taken a direct role in making it happen. For how, one asks, does the survival of a shoddy and dispensable foreign regime matter as compared to the threat of recession in the U.S.? So exterminate the brutes, and accept the profits involved as an automatic benefit that needn't be admitted.

Moreover, the bigger the mistakes and the more extravagant the boondoggle in dismantling "enemy" nations such as Iraq, the more lucrative the impact on our nation's economic welfare. By December, 2006, Congress has appropriated between \$340 and \$530 billion to meet costs in Iraq, roughly *ten times* the amount first estimated, not counting the unexpectedly high costs incurred by the regular pay of military personnel, the replacement of military equipment for combat in a sandy terrain, and the mounting medical costs.²⁴ Today at least \$2 billion per week is being spent in Iraq. Add another \$200 billion spent since 2001 in Afghanistan, where hostilities have once again increased, and the total price of the two wars excluding extra costs can now be estimated in excess of 5% of our current annual GDP, more than sufficient to jump-start economic growth during a period of relative stagnation, whether

warfare is involved or not. With all declared and hidden expenses factored in as well as future interest payments, estimates of the total cost of war during President Bush's eight tumultuous years in office could be in excess of \$1 trillion. Some argue the total might approach \$2 trillion, almost one sixth of the GDP for the year 2005.²⁵ Indeed, we have become a war economy. An expenditure this large, believe it or not, has been nothing less than a boon to the current financial demands of our nation.

Why does our nation profit from the Iraq debacle? How can this kind of military extravagance be of any genuine use to the American people? The answer, once again, is that, except for interest payments, almost all the costs of the invasion and occupation consist of government expenditures to American citizens and corporations: (1) by paying the salaries and supplemental benefits of everybody involved in the operation, no matter how tenuous and indirect the connection, and (2) by awarding defense contracts to major corporations for the needed weapons, equipment and services for such an operation, again no matter how tenuous and indirect the connection. As earlier indicated, much of this funding trickles down to other businesses and consumers across the nation. For today's defense establishment continues the practice begun by Galbraith at the very beginning of World War II, if anything with better and more demonstrable results, to subsidize defense industries from coast to coast as an antidote to economic crisis. It is no accident, for example, that the prohibitively expensive B2 stealth bomber includes components manufactured *in each and every state in the nation*.²⁶ And thus the wages of war, and with overwhelming public and congressional support until Iraq's bloodshed could no longer be disregarded on the six-thirty news.

Two further benefits have included the improved defense of Israel and the control of Iraqi oil by U.S. oil interests. Whatever else has happened, there is no doubt that Iraq has been neutralized as a potential enemy to Israel now that it has been totally destroyed as a modern society with military potential that might pose any threat whatsoever to other nations. Likewise, as long as Iraq's government remains under the authority of U.S. forces, the U.S. control of its oil rights persists regardless of how ruinous the invasion and occupation have been.²⁷ For even a terrain of nothing but rubble can be drilled for oil. The second of these benefits is of obvious economic advantage to the American oil industry, also presumably with trickle-down effects for the rest of the American economy beginning with the state of Texas. In both instances the war itself can be "lost" in the sense that Iraq has been destroyed instead of transformed into a democratic showcase, as Bush, Wolfowitz, and others first promised, nevertheless with obvious usefulness for exactly the special interests that promoted the invasion in the first place.

But warfare alone has not been enough relevant to the needs of the U.S. economy. Something more was needed, so the excessive profits of the Iraq operation have been matched by budgetary recklessness across the board since the Bush administration came to power in 2001. The strategy has not been guns alone, but guns *plus* butter, and to an unprecedented extent. The flagrant generosity to corporations and the wealthiest segment of the American population over the past six years has been unique in modern American history and at odds with the Republican Party's traditional emphasis on government frugality, even during times of war.²⁸ President Bush has come up with a "tax-less, spend-as-much-as-possible" policy that is far more lavish than the supposed "tax-and-spend" policy of Democrats that indignant Republicans have repeatedly denounced during elections. Unprecedented extravagance has turned the government

inside out to provide every short-term advantage conceivable to American corporations and wealthy taxpayers, and to a certain extent with trickle-down benefits to the public at large.

Ten major examples of this excessive generosity may be listed here:

1. An indifference to the need for a balanced federal budget. In 2002, the last year of Clinton's presidency, the budget surplus peaked at \$236 billion, 2.4% of the GDP. However, by 2005, after four years of Bush's presidency, there was a deficit of \$477 billion, 4.2% of the GDP. Altogether, this was a 6.6% difference, comprising an estimated \$700 billion loss. To accommodate this expansion in government debt, Congress has increased borrowing limits four times over five years, raising these limits from \$6 to \$9 billion. When Bush took office, his loyal economists predicted a tight budget, but they were wrong. Forty percent of the loss can be attributed to economic factors, but the remaining 60% was caused by policy changes, 27% by spending increases inclusive of the Iraq war, and 33% by tax cuts.²⁹
2. An excessive use of tax reductions, especially for the rich. The Economic Growth and Tax Relief Reconciliation Act of 2001 produced a \$1.35 trillion tax cut over ten years. Additional tax cuts almost every year since have increased the expected loss to the federal treasury over the next ten years to \$2 trillion, a full sixth of today's annual GDP. Paul Wolfowitz, Bush's first Secretary of the Treasury, actually resigned because of his opposition to excessive tax cuts. Moreover, the supervision of corporate taxes has been significantly loosened. Corporate audits have been reduced by as much as 21% in time spent on each audit over the past five years.
3. A willingness to reduce interest rates to the very bottom in order to spur business activity. Toward this end, the Federal Reserve Board dropped interest rates to an unprecedented level, with short-term interest rates brought as low as 1%. This measure exceeded all reductions in U.S. economic history except during the late fifties, and the inevitable result has been an expansion in business investment as well as an enormous housing market bubble that has spurred the U.S. economy for the past several years.³⁰
4. A willingness to let the dollar drop in value against other currencies. Since its peak in February 2002, the United States Dollar Index has actually fallen from 120 to 83.23, a forty-five percent decline. Last year (2006), the euro increased more than eleven percent against the dollar, and economists expect it to reach a high of \$1.40 during 2007.³¹ Today, Bush administration economists are exerting pressure on China to float the Yuan against the dollar, a measure that would drop the value of the dollar even further. Until now China has pegged its currency to the dollar in order to keep the price of its products in the United States as low as possible. The advantages of abandoning this arrangement for a cheaper dollar include increased exports that improve the GDP and a reduction in the federal debt when repaid in less expensive dollars. On the other hand, disadvantages include the increased cost of imports and oil and gasoline prices as well as the possibility of a severe inflation.

5. An unduly friendly relationship with the petroleum industry. When Bush and Cheney went to the White House, both with strong connections to the oil industry, many asked to what extent they would promote the interests of oil corporations in Washington and to what extent they would defend the American public from the rapacious practices of these corporations. It turns out their primary loyalty has been to oil. This is most notable in the invasion of Iraq to obtain control of its oil reserves. Also, the administration's regulatory agencies turned a blind eye to the swindle of California's energy industries spearheaded by Enron, as they did to the price of \$3 per gallon gasoline last summer at the same time as oil corporations were making windfall profits. All in all, the price of oil has risen from \$24.5 per barrel in 2000, to \$73.9 per barrel in July 2006, roughly three times as much. Repeatedly we are told that market forces are the sole reason for this increase, but there is no evidence that the White House or regulatory agencies appointed by Bush "jawbone" oil corporations except possibly just before major elections. To add insult to injury, Congress has appropriated a \$15 billion subsidy to the oil industry to encourage oil exploration--as if they don't already have encouragement enough.
6. The encouragement of pork-barrel congressional expenditures. President Bush enjoys a perfect record of having signed all appropriations bill, no matter how extravagant their allocations. During fiscal 2005, for example, he signed thirteen appropriations bills that included 15,877 earmarked special interest spending items. These cost altogether \$47.4 billion for the benefit of congressional districts and industries represented by lobbyists, too many of whom are ex-congressmen. The highway authorization bill in early 2006 included 6,371 earmarked items costing \$25 billion.³² All of these belong to the category of pork barrel expenditures, almost all of which are obtained by local congressmen for the benefit of local businesses.
7. A drastic reduction of government regulations in order to augment corporate profits. Regulatory agencies are now run by executives obtained from exactly the industries to be regulated. Fines and inspections have been reduced to such an extent that corporations can bypass most of the restrictions once intended for the protection of the American public. For example, despite an average of 5,000 truck-related accidents per year, the trucking industry has been able to increase maximum driving hours of truckers from 60 to 77 hours over seven consecutive days and from 70 to 88 hours over eight consecutive days.³³ Similarly, despite widespread food poisoning (each year 5,000 Americans die of it and 325,000 are hospitalized), Congress has permitted cutbacks in FDA inspections from 35,000 to 3,400 per year and Agriculture Department inspections from 9,000 to 7,500 per year.³⁴ Similarly, sub-prime adjustable-rate mortgages have been promoted by banks to such an extent that as many as 20% of the loans are predicted to end in foreclosure now that the housing bubble has ended.³⁵ Similar liberties have been granted in virtually every industry.
8. A refusal to accept the importance of global warming and environmental reform. By rejecting the Kyoto Accords and stonewalling any serious treatment of the issue, Bush perpetuates the opportunity of U.S. industries to engage in harmful practices whose elimination might prove to be costly. The automobile industry, for example, can continue to market vehicles with relatively high emission levels, corporations can retain outdated

smoke stack technology, the effluent waste of factories in rivers and unsafe holding ponds can continue unabated, etc.

9. An extension of deregulation to Wall Street that can be euphemistically described as having “enhanced the mobility of risks” in the financial markets.³⁶ Among other things, lower interest rates plus an increase in borrowing limits from \$6 to \$9 trillion have resulted in investment banks “making riskier deals and increasing the likelihood of defaults among highly leveraged firms.”³⁷ Today, hedge funds have a global daily turnover of \$6 trillion and can no longer be effectively regulated. Even worse, so-called credit derivative markets, which began in 2001, reached \$26 trillion this last June, involving deals an estimated 90% of which have been improperly recorded. As a result many investment bankers anticipate a large increase in related investment failures during the next major recession.

10. The secret classification of our nation’s money supply. Soon after Ben Bernanke was appointed Chairman of the Federal Reserve Board in November 2005, it was announced that effective March 2006, M-3, the principal source of money supply, would no longer be announced.³⁸ This secrecy is unprecedented, and its importance cannot be ignored. It means that inflationary levels in money supply can be produced without public knowledge, and it facilitates monetizing the debt (i.e., letting the Federal Reserve deal with recession and other such problems through the excessive creation of new money). It also obscures trends in the stock market resulting from shifts in the money supply. True, the Federal Reserve Board enjoys more flexibility because of this change, for example in coping with money speculators during a rush on the dollar. However, the overall impact can be highly inflationary, setting the stage for more severe problems at a later time.

Any three of these policies combined would help to boost the economy. However, their full-throttle admixture would suggest that the Bush administration is doing everything in its power to prevent stagnation, if not a major depression such as had been expected when Bush first took office. Of course robust warfare against “evil” enemies has played an enormous role in producing this turnabout, but so did these other measures as well.

Here a new and more basic *modus operandi* suggests itself: that all the federal expenditures (military combat included) might seem costly, but they were encouraged to the extent that they helped to keep the U.S. economy afloat. Just as James Carville posted on Clinton’s wall, “It’s the Economy, stupid,” Bush has recognized the absolute importance of “felt prosperity” by the American public, for example during the weeks preceding the 2006 election. Significantly, our nation had an acceptable unemployment level at 4.4%, a low inflation rate at 3%, and Dow Jones Industrials were peaking at unprecedented levels, having advanced from 10,132 in 2000 to 12,156 on the day of the election. But most of all, corporate profits before taxes have risen over this five-year period from \$708 billion to \$1,740 billion, almost two and a half times as much. Add it all up, and this has been an extraordinary increase, sufficient to have enlarged the GDP more than 20%, from \$10.12 billion in 2000 to \$12.31 billion in 2006. Combined, this vibrant cluster of seemingly healthy variables suggests a robust economy, good cause for the reelection of incumbent congressmen.³⁹ Examined more closely, however, all these variables turn out to be today’s equivalent to the Potemkin villages, affording an almost

fraudulent semblance of health and vitality dependent on gratuitous warfare, excessive tax reductions, and potentially ruinous debt levels.⁴⁰ The Republican defeat across the board in the 2006 election might have surprised everybody, but it was amply deserved.

Howard Zinn and others insist that the benefits of Bush's economic plan have mostly profited the wealthiest Americans. And indeed this seems to be the case. The top 10% have profited from economic distortions during the Bush administration more than those with lower incomes, the top 1% more than the top 10%, and the one thousand-plus billionaires most of all. It seems a full third of our nation's total income went to the top 1% and more than half of that went to the top tenth of 1%. This has produced a major redistribution of wealth in favor of the wealthy, thrusting us into another Gilded Age similar to the 1870s and 1920s, and with comparable levels of extravagance. As just one example, the most successful traders working for Goldman Sachs actually earn from \$17,000 to \$33,000 *per hour*.⁴¹ On the other hand, Mexican workers now employed for reconstruction in Louisiana are in many instances treated as slave labor while blacks who had previously lived in New Orleans are effectively confined in trailer camps a couple hundred miles away.

All boats are supposed to rise during times of prosperity, but this has no longer been the case during the Bush administration. We might think we are more prosperous, but we're not. We might enjoy the illusion of prosperity on TV, in movies, and at the mall, but too many of us are falling into debt, living from one paycheck to the next. Why, one asks, if the American economy has become so amazingly lucrative resulting from two quick wars, extreme tax cuts, and other such measures, have median hourly wages of American workers adjusted for inflation dropped 2% since 2003? Why does the bottom 60% of American workers earn less than 95 cents in 2004 for each dollar they earned in 1979, and why are the poorest 60 million Americans paid less than \$7 per day?⁴² While corporate profits and the stock market prosper, the real income of the American public has actually dropped. What kind of a trickle-down effect is that?

This question might seem unanswerable *unless* the economy has indeed been on the verge of stagnation, if not a major depression, since the year 2001. If this be the case, as well it might, excessive stimulation has been needed in order to jump-start sustainable growth once again. A dyed-in-the-wool elitist could accordingly argue with Hobbesian callousness that it's perhaps regrettable the wealthiest individuals take by far the biggest piece of the economic pie, but at least Americans lower on the scale have been preserved from severe economic deprivation comparable to what happened during the nineteen-thirties. The great majority might lose in the arrangement, but not by as much as would otherwise have been possible. They are winners in the sense that they're not dire losers. They are far better off, for example, than their counterparts in Iraq or Afghanistan or South America.

However, the larger problem is that the solution to the American crisis through over-consumption finally has its limits, since neither our government nor our nation as a whole absorb the costs finally involved. Bush has stretched the American Empire far beyond its capabilities by having used lower taxes, especially for the wealthy, to augment extravagant military and civilian expenditures in supplementing aggregate demand. Unfortunately, our government can only engage in this kind of legerdemain by borrowing huge amounts of money from elsewhere. Our nation's supposed "war debt" in Iraq, the payment of salaries and government contracts to

Americans engaged in the war effort, has necessitated a much bigger and more ominous debt, the money our government actually takes on credit from lenders in order to splurge in this fashion. Our treasury now pays prohibitive amounts to the war effort, and to do this it owes prohibitive amounts to institutional creditors (mostly foreign nations) in order to bridge the widening divide between reduced taxes and higher costs resulting from warfare and pork barrel projects. As of September 2006, this debt was \$8.5 trillion (about two-thirds of the GDP). This is almost half again as much as the 2000 national debt of \$5.674 trillion, which was roughly 58% of the GDP at the time. The 8% increment in the debt-GDP ratio between Clinton's administration in 2000 and Bush in 2006 might seem relatively modest except for the success of the Bush administration in inflating the GDP every way he could.

Also potentially disastrous has been the rapid increase in the trade deficit with foreign nations. From a deficit of almost zero in 1992, when Clinton became President, the deficit rose to approximately \$360 billion dollars by 2000, and since then it has risen to \$776 billion, more than 6% of the GDP. Of course rapid globalization was Clinton's presidential shtick, so it should be no surprise that the balance of payments suffered during his presidency, given the flight of U.S. industries that resulted. Now under Bush, however, this imbalance has more than doubled. As a result, the dollar is caught in the middle between the artificially cheap Yuan and the increasingly strong euro, which is beginning to seem a better medium of exchange for petroleum transactions. To use a football analogy, the U.S. economy today is being tackled high by the euro and low by the Yuan, and with the increasing likelihood that foreign nations will sooner or later terminate their financial support by converting their dollar holdings into the euro.

The irony here is that the United States is now threatened by its lender nations almost as much as by its proclaimed enemies. For the several dozen nations that have acquired bonds are led by Japan (almost \$900 billion) and China (\$700 billion, of a total \$1 trillion in reserves among all currencies). Specifically, the Chinese investment in dollars, well exceeding the declared cost of the Iraq war, bears a disconcerting similarity to the generous American financial support of allied nations in both World Wars that culminated with clear-cut U.S. economic hegemony as early as 1947. True, as described by the historian Niall Ferguson, our nation's present arrangement with China might be little more than a "fortunate and quite possibly ephemeral conjunction between Asian parsimony and Western profligacy."⁴³ However, all evidence suggests the same pivotal international tradeoff is beginning to gather momentum once again, this time with the U.S. expected to play the fall guy to China within another decade or two. No military buildup or direct military encounter would be needed in this instance. The Chinese could simply sit back in comfort and watch (and occasionally help) our inept leadership stumble from one calamitous intervention to the next to preserve its dwindling hegemonic role, then join in with the EU to pick up the pieces.

A major question today is exactly when foreign creditors begin to shift their investments from U.S. Treasury securities to protect themselves from further decline in the value of their dollar holdings. They would be doing this to avoid the collapse of the dollar on international markets, but such a response would contribute to the decline. Increased withdrawals would accelerate the downward trend, and the dollar could quickly drop to a dangerous level, perhaps half as much or less than today. This has happened before. In the mid-twenties, for example, unprecedented hyperinflation let the German government pay off exorbitant war penalties

exacted by the allies for a fraction of the amount originally expected. If the dollar sinks low enough, we can expect a comparable inflationary takeoff that destroys the value of possessions, savings, and fixed income as well as drastically reducing the standard of living for most of the U.S. population.

Modern nations obviously want to protect themselves from the collapse of the dollar, and they are beginning to take the necessary steps at this time. In August 2006, Italy announced it would shift its investment from U.S. government bonds to those of Great Britain, and other nations such as Sweden and the United Arab Emirates have indicated they might follow suit. Switzerland, Iran, and Qatar have recently cut dollar holdings, the latter two respectively by \$4 billion and \$2.4 billion, and just a couple months ago Russia and other members of OPEC have reduced dollar holdings two points from 67% to 65% while increasing their euro holdings from 20% to 22%.⁴⁴ This is a small but significant change, for it suggests more to come. Meanwhile, the abortive struggle of Thailand, a relatively minor player in the world's financial markets, to defend its economy against monetary fluctuations caused by the reduced value of the dollar foreshadows future difficulties for the rest of the world if trends continue as they have.⁴⁵ Among all these nations the amount transferred from the dollar to another currency must be kept small enough to protect the value of the dollar and thus their total holdings in dollars, but large enough to expedite their avoidance of losses as much as possible. None of these nations wants to go broke paying for the war in Iraq.

Again, it is estimated that two-thirds of the world's currency reserves are kept in dollars by Central Banks for nations that import oil. Should oil transactions be conducted with the use of currencies other than the dollar, as both Saddam Hussein and the present Iranian government have threatened at one time or another, these dollar holdings would substantially decline, since they would no longer be needed in the purchase of oil. As a result, the abandonment of the dollar would intensify, and currency speculators can be expected to join the fray, selling short in order to reduce the value of the dollar as much as possible to maximize their gain. Both of these possibilities can and ought to be avoided, but whatever the outcome, the dollar can be expected to decline in value. Some have speculated on a continuation in the dollar's depreciation until the trade deficit drops to less than 1% of the GDP, a sixth of its current value.⁴⁶ Such a drop could very likely result, however, in serious difficulties that bring unprecedented levels of inflation. Prospects are more precarious than many economists want to admit.

6. A Final Assessment

According to a recent USA Today/Gallup poll, Bush's popularity rating dropped to 28%, the lowest yet. It might have risen by then, but not by much. Americans find repulsive his lies, his ineptitude, his macho posturing, his corn-pone Texas accent, his incessantly bad judgment, his pretense of compassion, and his refusal to compromise and admit his mistakes. They deplore his elongated vacations, his excessive dependence on Cheney's twisted judgment, and his ultra-conservative appointments at every level of government. They cannot forgive his fraudulent excuses to invade Iraq, his willingness to fill prison camps and so-called "black sites" with prisoners, too many of whom turned out to be innocent, and his total indifference to prisoners

being tortured to the brink of death for worthless intelligence.⁴⁷ Bush's critics are disturbed that well over 3,000 U.S. troops have been killed in the line of duty, and that Iraqi civilian deaths are somewhere between 120,000 and 700,000 and could easily reach a million before the war comes to an end. They also disdain his excessive reliance on domestic surveillance, his excessive use of civilian reserve troops, his ineffective response to the New Orleans flood, his misbegotten effort to transfer social security funding into the stock market, his refusal to admit the importance of global warming and stem cell research, and his fraudulent medical plan intended to enrich the pharmaceutical industry. He does not even seem to have been able to stage-manage the sponsored execution of Saddam Hussein with a modicum of decency.⁴⁸ For many Americans he is a horrible, horrible president, probably the worst in our nation's history.

Those who continue to support Bush can argue, on the other hand, that he is to be judged more favorably because he inherited an economy on the brink of depression as well as the loss of U.S. industries abroad beyond anything anticipated. Bush was actually in a more difficult situation than most Americans realize when he first came to office. When globalization fell short and too many industries relocated abroad, Bush realized something new and big enough was needed to fill the gap. Thanks to 9/11, he was able to implement the needed strategy, a guns-plus-butter approach even more lucrative than the Cold War had been. A controlled war economy was needed, but also a high-growth domestic economy equivalent to the mid-twenties, when low interest rates additional to an ample money supply and reduced discount rates put the stock market into orbit for half a decade. By combining the two--war plus financial largesse--Bush has produced what seems a healthy economy into the indefinite future. The war admittedly turned out to be ugly, but "it's the economy, stupid," and almost as important, it's the *perception* of the economy that really matters. Thus was conceived Bush's full-throttle economic strategy to benefit the nation and his friends most of all, once again through a top-down redistribution of wealth in favor of the wealthy.

As often the case, however, the cure promises to be worse than the malady. A limitless spending spree has only limited benefits. When the dollar finally collapses from extravagant budgetary dislocations, as it probably shall, today's defense industry profits and the control of Iraqi oil will seem relatively insignificant compared to the economic losses suffered by the rest of the nation, indeed by the whole world. For Bush's effort to squeeze more profitability for our corporate and financial community has been just that--"merely a squeeze"--a dubious strategy to maximize income in an otherwise lethargic (if not moribund) economy.⁴⁹ One suspects, in fact, that Bush's current financial team led by Secretary of Treasury Henry Paulson and Ben Bernanke, the Chairman of the Federal Reserve Board, is now more interested in the immediate task of postponing a major economic crisis than in any achievable holistic solution. If the Bush team can deliver Bush relatively intact through the final two years of his presidency, that would be sufficient. The embarrassment of surrender and unacceptably high interest rates can be blamed on the next president, or perhaps the president after that.

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End Notes

¹ The entire context of Baruch's statement: "Wars are no longer dynastic. They are entirely economic in their origin, and their economic motive sometimes works two ways, one external and the other external. See *The New York Times*, Oct. 3, 1935, p. 12.

² Howard Zinn, "Why War Fails," *The Progressive* (November, 2006), pp. 14-15. Also Howard Zinn's fascinating interview with Amy Goodman, "Howard Zinn on The Uses of History and the War on Terrorism," on DemocracyNow, December 18, 2006 at <http://www.democracynow.org/article.pl?sid=06/12/18/1326231&mode=thread&tid=25>

³ I personally remember my mother having found employment as a riveter in a Connecticut defense plant, Vought Sikorski, in early 1942, permitting the family to return home from Florida to live once again with an adequate standard of living. I can still recall my mother having informed my brothers and me that she had just seen a new secret weapon that would win the war, a plane that could fly straight up, down or sideways--the incredible helicopter. My later experience on military bases during my middle teens has much to do with my present concern about American foreign policy

⁴ Here I paraphrase Götz Aly in *Hitler's Beneficiaries: Plunder, Racial War, and the Nazi Welfare State* (Metropolitan Books, 2007), p. 8.

⁵ David Hoggan's *The Myth of the New History: The Techniques and Tactics of the New Mythologists of American History* (The Craig Press, 1965), provides an excellent assessment of the motives and tactics of our government in all its wars up to and including the Korean War.

⁶ Regarding contributions to Germany see John Hamill, *Strange Career of Mr. Hoover* (William Faro, 1931), pp. 306-30--cited by Eustace Mullins, *The Secrets of the Federal Reserve* (Bankers Research Institute, 1993), pp. 69, 72-73.

⁷ Admittedly this analysis is superficial. For a more elaborate explanation of German profiteering during World War II at the expense of occupied nations, see Götz Aly, *op. cit.*

⁸ See Richard Parker, *John Kenneth Galbraith: His Life, His Politics, His Economics* (Farrar Strauss, 2005), pp. 135-38. Parker obviously wrote his biography of Galbraith with close and friendly supervision by Galbraith himself.

⁹ The classic study of this problem is Gabriel Kolko's *The Politics of War: The World and United States Foreign Policy, 1943-45* (Random House, 1968).

¹⁰ The two primary texts at the time that served to expose this practice were Fred J. Cook's *The Warfare State*, with a foreword by Bertrand Russell (Macmillan, 1962), and Victor Perlo's *Militarism & Industry: Arms Profiteering in the Missile Age*, with a preface by J.D. Bernal (International Publishers, 1963). It should be mentioned here that the Korean and Vietnam Wars bore different relationships with the general economy but in the end with essentially the same results. The Korean war, described in Kondratieff terms as a "trough war," complemented World War II in bringing to an end the period of stagnation that began with the Great Depression. As measured by Dow Jones, the stock market advanced from 200 to almost 300 toward the end of the war, then fell off slightly before climbing to 500 in 1956 and almost to 700 in 1959. In contrast, the Vietnam war, described as a "peak war" that culminated two decades of growth, was far more volatile, having fluctuated between 600 and 1,050 during the conflict, then plummeted to lower than 600 over a period of eighteen months before rising again to 1,000 in 1976, almost 3,000 in 1987, and almost 12,000 in 1999. The overall pattern of growth over fifty-five years from 1945 to 2000 can be seen as having been exponential, and each of these two wars--in Korea and Vietnam--contributed in its own way to this pattern. See my paper, "A Kondratieff Model of U.S. Cultural History," (Oct., 2005), at my website edwardjayne.com, for an explanation of the principles involved.

¹¹ Chalmers Johnson, *The Sorrows of Empire: Militarism, Secrecy, and the End of the Republic* (Metropolitan Books, 2004), pp. 24, 156-60.

¹² Greg Palast discusses this conflict of interest in *Armed Madhouse* (Dutton, 2006), pp. 52-56, 84-101.

¹³ I discuss these orders at greater length in my piece, "Bush Does Iraq: Anatomy of a Failed Operation," pp. 9-13, in both dissentvoice.org and my website at <http://www.edwardjayne.com>,

¹⁴ The particulars of this economic takeover are explored in depth by Antonia Juhasz in *The Bush Agenda: Invading the World, One Economy at a Time* (Regan Books, 2006). Most other texts on the war ignore this aspect, which suggests plans for a sustained occupation from the very beginning.

¹⁵ Juhasz, pp. 193-95.

¹⁶ Listed in "Bush Does Iraq," p. 13.

¹⁷ Juhasz, pp. 251-53.

¹⁸ Juhasz, pp. 238-39--cited in "Bush Does Iraq," pp. 14-15.

¹⁹ Greg Palast, *Armed Madhouse* (Dutton, 2006), p. 75.

²⁰ Juhasz, p. 198.

²¹ Richard Oppel's *New York Times* front page article, "Iraq Militants Dominate City, and Attacks Surge," April 16, 2007.

²² My allusion is to Humbaba, a nature god killed by Gilgamesh with the help of Enkidu. Gilgamesh was a Sumerian king around 2,800 B.C. in the city of Uruk at the edge of the Euphrates River. My suggestion is that the modern Iraqis finally seem to be punished for Gilgamesh's hubris in having rejected nature by an act of gratuitous violence. I am also suggesting that the land of Gilgamesh is now under invasion by a nation that believes in a Hebraic god who emerged a full millennium later and had far more terrible intentions than the unfortunate Humbaba.

²³ "Poll Says Most Iraqis Want U.S. Out." *New York Times*, Sept. 29, 2006, p. A12. It is to be noted that Baker's *The Iraq Study Group Report* mentions this poll's results on p. 35 without identifying their source. Significantly, this report neglects to the 71% who want U.S. troops out within the year. Meanwhile, the approval rating for the war in the U.S. is down to 17%, and the most recent poll by *Army Times* indicates that only a third of U.S. troops in Iraq approve of the conduct of the war and that only half of them consider success to be likely. See Bob Herbert, "Another Thousand Lives," in *The New York Times*, January 4, 2007, p. A23.

²⁴ *The Washington Newsletter of the Friends Committee on National Legislation*, no. 712 (November/December, 2006), p. 2.

²⁵ *Iraq Study Group Report*, p. 32.

²⁶ Mentioned by Chalmers Johnson in the excellent documentary by Eugene Jarecki, *Why We Fight*.

²⁷ The American control of Iraqi oil is mentioned with careful wording in *The Iraq Study Group Report* (Vintage, 2006), under the authority of James Baker et al., pp. 18, 24, 39, and 65. The authority of the central government is emphasized as a goal, presumably as a means of securing full U.S. control by means of profit-sharing agreements.

²⁸ This paradox is explored with indignation by Richard Viguerie in his recent book, *Conservatives Betrayed: How George W. Bush and Other Big Government Republicans Hijacked the Conservative Cause* (Bonus Books, 2006).

²⁹ "The Federal Budget Developments and Outlook," web piece at www.dallasfed.org/news/educate/2004/04ecsummit-viard.pdf

³⁰ Greg Leiserson and Jeff Rohaly, “The Distribution of the 2001-2006 Tax Cuts,” Tax Policy Center (Nov. 15, 2006) at www.taxpolicycenter.org/publications/template.cfm?PubID=9926

³¹ Jeremy Peters, “Dollar’s Skid Puts a Glow On the Euro,” *The New York Times*, Jan. 3, 2007, p. C1.

³² Donald Lambro, “Over a Barrel, Bush Seeks Line-Item Veto to Cut Pork,” March 9, 2006 at www.townhall.com/columnists/DonaldLambro/2006/03/09/over_a_barrel_bush_seeks_line-item_veto_to_cut_pork

³³ “Making the Highways Less Safe,” *The New York Times*, Dec. 10, 2006, Section 4, p. 11.

³⁴ “Has Politics Contaminated the Food Supply?” *The New York Times*, Dec. 11, 2006, p. A29.

³⁵ Ron Nixon, “Study Predicts Foreclosure for 1 in 5 Subprime Loans,” *New York Times*, December 20, 2008, p. C4.

³⁶ Quoted from Garry Schinasi’s book, *Safeguarding Financial Stability*, by Gabriel Kolko in “Weapons of mass financial destruction,” *Le Monde Diplomatique*, October, 2008.

³⁷ Gabriel Kolko, *Ibid.*

³⁸ Robert McHugh, “What’s the Fed Up To With the Money Supply?” *Safehaven*, December 23, 2005.

³⁹ I twice use the word *robust* in a pejorative sense because in my opinion it wonderfully typifies the greed and optimistic thoughtlessness of the George W. generation.

⁴⁰ It should be emphasized that the numbers listed here would ordinarily have delivered the election to Republicans despite the third-term hex. However, Republicans fell prey to the congressional scandals, the inadequate response to the Katrina hurricane, and the incessant publicity about Iraq. As a result, Democrats returned to power in both houses of Congress. What a pity it must have seemed to Republicans concerned about presumably more basic issues.

⁴¹ Henry Blodget, “The Bonus Army,” *The New York Times* (Dec. 20, 2006), p. A27.

⁴² David Kay Johnston, “’04 Income in U.S. Was Below 20000 Level,” *The New York Times*, November 28, 2006.

⁴³ Niall Ferguson, *The War of the World: Twentieth-Century Conflict and the Descent of the West* (Penguin, 2006), p. lxi.

⁴⁴ Haig Simonian, et al, "OPEC and Russia cut dollar exposure to two-year low," on the web at Financial Times FT.com (Dec. 11, 2006).

www.citywire.co.uk/partner/default.asp?section=0&vid=87446

⁴⁵ Thomas Fuller and Wayne Arnold, "Bangkok Blames the Dollar Even as Markets Rebound," *The New York Times*, December 21, 2000, p. C2.

⁴⁶ 2005 euro currency report. This unsigned article also maintains that a 43% decline in the dollar would be needed to reduce the trade deficit by half through higher exports.

www.spectruminvest.com/downloads/2005_Euro_Report.pdf

⁴⁷ Something between 30 and 100 of torture victims were somehow killed in the process. Bush's sadistic tendency was evident in his childhood pleasure in blowing up frogs with firecrackers, his satisfaction with his modern record of 152 executions while serving as governor of Texas, and his indifference to the use of torture in Abu Ghraib until it was publicized. In the presence of a reporter he actually mimicked with a sneer the plea of Karla Faye Tucker, one of the individuals executed in Texas: "Please don't kill me." (see Kitty Kelly, *The Family: The Real Story of the Bush Dynasty* (Doubleday, 2004), pp. 585-87.

⁴⁸ One can only be surprised that the execution of Hussein was scheduled to precede the "surge" (once called escalation) of U.S. troops in Baghdad. For a more inclusive list of Bush's transgression, see my web piece, "Bush Wrong 36 Ways," later slightly revised, "Bush Wrong 40 Ways," the latter in my website, edwardjayne.com

⁴⁹ An excellent assessment of the current difficulties of the U.S. economy relevant to employment despite Iraq and Bush's domestic financial strategy is to be found in Paul Craig Roberts' essay, "Nuking the Economy," <http://rense.com/general75/nuking.htm> The "squeeze" reference derives from *Heart of Darkness* (Norton Critical Edition, 1971), p. 6, where Joseph Conrad explained how the Belgian occupation of the Belgian Congo involved a "squeeze": "They grabbed what they could get for the sake of what was to be got. It was just robbery with violence, aggravated murder on a great scale, and men going at it blind--as is very proper for those who tackle a darkness" [hence the title of the book]. "What redeems it," Conrad argued, "is the idea only." And of course Conrad's "idea" later turned out to be blind idealism suggestive of Bush's optimistic rhetoric about democratizing Iraq. As Conrad later explained, ivory was the "real" issue during the occupation of the Congo, just as oil can be seen as the real issue today. I myself use the word *squeeze* relevant to both the oil to be taken from Iraq and the increasingly difficult task of maintaining healthy economic growth in the United States.