

Billions, Trillions, Who Cares?

by [Llewellyn H. Rockwell, Jr.](#)

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For those of us who balance our checkbooks to the penny, government finance exists on another planet. Thanks to the institution of central banking, and the ability of the economy to generate unfathomable amounts of money for the tax state, we read daily headlines announcing figures in the billions and trillions. To us mere mortals with mortgages and electrical bills, these figures are darn near meaningless.

They are meaningless in another sense too. There are some things that government money can't buy. Peace, order, prosperity, and freedom in Iraq are among them. Iraqi military dictator Paul Bremer, in a fit of something approaching honesty, has admitted that "several tens of billions" are necessary in order to rebuild what the US destroyed.



We aren't talking here about setting up shopping centers and stock exchanges. This is only to get the power back on and clean water flowing again.

"The UN estimates that to get a more or less satisfactory potable water system in the country will cost \$16 billion over four years. The 2,000 megawatts we need to add now just to meet current demand will cost \$2 billion, and the engineers tell me we probably should spend about \$13 billion over the next five years to get the power system" back in shape he told the *Washington Post*. It is "almost impossible to exaggerate" the country's economic needs.

Spoken like a true central planner with an unlimited budget. He bears no personal liability for the success or failure of his plan. He need only

assist in bamboozling Congress to continue to authorize money for the ghastly "reconstruction" effort.

So long as the government is spending the money, what incentive does it have to economize on resources? At least an elected government could face some reprisal from the voting population. But a foreign military dictatorship is radically detached from the interests of the population it rules. In fact, the occupying military regards the Iraqi population as divided between good guys (compliant and passive) and bad guys (people who visibly resent US presence and are seen therefore as potential threats).

Any Iraqi who resents the US presence is decried as a "Saddam loyalist," as if the only two choices Iraq faces are between two forms of dictatorship. More absurdly, any Iraqi who attempts to do anything about the US presence is seen as a "terrorist." On September 11, we learned that people who come from foreign nations and use sneaky tricks to destroy our infrastructure and people are terrorists. But now we are being told that the people who *resist* foreigners who destroy infrastructure and people are the terrorists.

In any case, these are no conditions under which to rebuild anything. But they are the perfect conditions to spend vast amounts of money with nothing to show for it in the end. As a wildly imperfect analogy, think of how Mike Tyson blew through \$300 million before declaring bankruptcy. He was no financial wiz. He was just a guy who drew crowds of paying customers to see him beat up on others, and suddenly found himself earning 8 digits. His fortune didn't last because his temperament is disinclined to long-term investment.

We laugh at Tyson's mismanagement but at least he earned his money by providing something others want. The same cannot be said for the US government. It takes all the money it has by force, and goes through a Tyson-level fortune in less than two hours, 12 times a day, every day of the year. Nor do the people the government beats up on enter the ring voluntarily. What the US is doing in Iraq makes Tyson seem like a model of humanitarianism and financial prudence.

But let's block that metaphor and move on to the fundamental economic problem: even with the best of intentions, government has no way of knowing the correct production priorities or best means of achieving them. It's the socialist calculation problem, identified by Mises in 1920,

all over again. The US decided early on that it would not allow the country to be managed privately. It has kicked out cell phone companies, airlines, and oil field operators it has not specifically approved. What this means is that the US is attempting to rebuild the country socialistically – in both means and ends – which cannot work.

Meanwhile, even large cities are denied electricity most of the day. Oil is smuggled out every day, even as oil infrastructure is blown up to keep the US from taking what it does not own. Kidnapping for ransom and other forms of crime are rampant. Car theft is routine. Collaborators are killed daily, as are US troops. And in the midst of this, President Bush vows to "stay on the offensive." If this is offense, God protect us from defense.

The presumption from the beginning of this war has been that any country can be brought to its knees with a strong enough show of force. This seems to be the only model the Bush administration knows. Once having embarked on a blood and awe path in the name of freedom, it is on the verge of being the last holdout in the world to claim its policy as a success. "The more progress we make in Iraq, the more desperate the terrorists will become," says Bush, when the truth is that the more of a mess the Bush administration makes of Iraq, the more desperate the Bush administration becomes.

The symbols of failure are all around us. Pick your favorite: the UN headquarters and the Jordanian embassy in Iraq being bombed, soldiers being killed every day, the skyrocketing oil price, the widespread assumption that Bush lied us into this war, the growing popularity of Saddam and Osama in the Muslim world, the growing radicalism of Muslim youth worldwide, the rising anger of families of US servicemen and women. Any one of these means failure of the Bush policy, and no amount of protest from paid spokesmen is going to change that.

The US started this mission with the assumption that there is nothing that bombs cannot accomplish. We were told of the amazing, wonderful success of this war on Iraq, and how it liberated the people of Iraq. All this time later, with Iraq in ruins and worse, they are still defending the disaster, and they will continue to do so. Now they tell us that there is nothing that dollars cannot accomplish if they are spent on the right things. Who believes them?

Whatever the results of an immediate US pullout from Iraq, it would be

better than the continuing military occupation. Bremer and his henchmen shouldn't get one thin dime.

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Llewellyn H. Rockwell, Jr. [[send him mail](#)] is president of the [Ludwig von Mises Institute](#) in Auburn, Alabama, and editor of [LewRockwell.com](#).



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