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Lost Wars and a Lost Economy

By Paul Craig Roberts

10/10/06 "Information Clearing House" -- -- President Bush and his neocon nazis have simultaneously lost two wars and America's economic future.

Last Friday's payroll jobs report was a continuation of Bush's dismal record. Only 59,000 net new private sector jobs were created during September. That is about 90,000 less than would be needed to stay even with population growth. Like all jobs that the US economy has created in the 21st century, the September jobs are in domestic services.

Waitresses and bar tenders accounted for a quarter of the new jobs. The remainder were in health care and social assistance, wholesale trade and transportation, financial activities, and accounting and bookkeeping services.

US manufacturing lost another 19,000 jobs. Since Bush took office, the US has lost 3 million manufacturing jobs.

Charles McMillion of MBG Information Services in Washington DC notes that the growth of total hours worked over the current "recovery" is less than half the average rate of all previous recoveries and is the worst performance on record. Due to offshoring, manufacturing hours worked have declined 6.6% since the recovery began in November 2001.

It has been years since the US economy has created high-productivity, high-paying jobs in export and import-competitive sectors. The US manufacturing trade deficit is now twice the size of the oil import bill. The years of deficits have destroyed America's creditor status in the balance of payments. At the beginning of this month, the Wall Street Journal reported that for the first time in 90 years, the US is now paying noticeably more to foreign creditors than it receives from its investments abroad."

Jobs offshoring and work visas for foreigners are dismantling the ladders of upward

mobility that made America an opportunity society for American citizens. In the 21st century, real income growth has been limited to a few at the top, while median family income stagnates or declines. As a result of the moronic American system of tying CEO pay to quarterly results, fat cats get richer by arbitraging labor and replacing American workers with foreigners.

The current recovery is based on the expansion of consumer and public debt. The artificially low interest rates engineered by the Federal Reserve fueled a real estate bubble that encouraged Americans to refinance their homes and to spend the equity.

Another source of the “recovery” has been credit card debt which has been turned into securities and sold to investors. Credit card companies assume that the high interest rates that they charge compensate for the high default rates and, therefore, issue new cards to people already overwhelmed with credit card debt. Much of this debt is tied to derivatives in ways that no one understands.

Many of the home refinancings used interest only adjustable rate mortgages that are now pushing up monthly payments for households. As these higher payments hit over-stressed budgets, US employers plan to lay off more Americans in order to lower costs by locating production abroad and by hiring more foreigners on work visas.

Meanwhile corporate bankruptcies and other machinations are depriving more Americans of pensions and health care coverage. The growing number of Americans without health coverage will turn to the hospital emergency rooms and join the illegal immigrants in driving more hospitals and communities into bankruptcy.

Meanwhile Bush and his neocon cabal have wasted \$333,000,000,000 in out of pocket costs and several hundred billion dollars more in future costs, such as veterans care, on an illegal and immoral war in Iraq, a war that has destroyed America’s reputation in the world and caused countries threatened by Bush to pursue nuclear weapons.

All that President Bush, his government and the Republican Party care about is war, because it enriches their friends and donors in the military-industrial complex. Bush’s wars in Iraq and Afghanistan have created 99.9% of all terrorists that have ever existed.

A government whose military bombs homes, hospitals, schools, wedding parties, civilian infrastructure, tortures and abuses prisoners, and rapes and murders 14-year old girls is a government that produces a lot of “terrorists.” These so-called terrorists are enraged people who are out for revenge against the barbarians who

have invaded their countries, destroyed their homes, and murdered and mistreated their relatives.

If Bush and his neocon nazis succeed with their plans to attack Iran and North Korea, there will be even more “terrorists” for Republicans to rant about. Bush’s drive for world hegemony is the source of global instability and a new arms race.

Bush’s illegal and immoral wars are financed by foreign borrowing. At some point pressure will come to bear on the countries that are enabling America’s barbaric wars, and the foreign lenders will be forced to cut off financing. This point may be close at hand or distant, but it exists. When the dollar goes, American real incomes will fall.

Meanwhile, Americans think they are the salt of the earth, and neocons sing “Tomorrow Belongs to Me.”

*[Paul Craig Roberts](#) , was Assistant Secretary of the Treasury in the Reagan Administration. He is the author of [Supply-Side Revolution : An Insider's Account of Policymaking in Washington](#) ; *Alienation and the Soviet Economy and Meltdown: Inside the Soviet Economy*, and is the co-author with Lawrence M. Stratton of *The Tyranny of Good Intentions : How Prosecutors and Bureaucrats Are Trampling the Constitution in the Name of Justice**

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