



Written by [Bob Adelman](#) on December 6, 2010

American Austerity and the End of Wars of Choice

Foreign Affairs, the mouthpiece of the Council on Foreign Relations, is like a 500-pound canary: When it speaks, people listen. Gary North referred to the article in the November-December 2010 issue entitled "American Profligacy and American Power" as "a turning point ... the first official announcement ... that the Federal deficit is out of control ... which threatens the survival of America's position as the world's most influential political-military participant."



The bona-fides of the co-authors put them at the very pinnacle of influence in the [Anglo-American establishment](#) and when the article opens with the same conclusion reached years ago by little-known and oft-derided economists from the Austrian School, it is a sign of acceptance, disappointment, and capitulation.

The U. S. government is incurring debt at a historically unprecedented and ultimately unsustainable rate....These levels approximate the relative indebtedness of Greece and Italy today.... The United States has not been so indebted since record keeping began in 1792.

Although estimating that the Republic may have two or three years of relative calm in the financial markets, it will not last: "The United States will not be allowed [by its creditors] to spend [the next] ten years leveraging itself.... If U. S. leaders do not act to curb this debt addition, then the global capital markets will do [it] for them, forcing a sharp and punitive adjustment in fiscal policy."

Authors Roger Altman and Richard Haass hold that unless sharp spending cuts and huge tax increases are installed very soon, defaults will ensue affecting every area of the economy, including entitlements, basic government services, and especially the military. They properly blame the George W. Bush administration for cutting taxes and then spending whatever revenue increases those tax cuts were supposed to generate on the wars in Iraq and Afghanistan and on the prescription-drug enhancement under Medicare. From 1998 to 2008, public debt per capita increased by 50 percent: "The eight years of the Bush administration saw the largest fiscal erosion in American history." And when the Great Recession hit in 2007, gargantuan stimulus programs were enacted, increasing the debt load on the country to an astonishing \$14 trillion, with anticipated annual deficits of \$1 trillion "as far as the eye can see."

Their litany of historical judgments and decisions made by politicians is familiar to many, but their conclusion is remarkable: "The post-2020 fiscal outlook is downright apocalyptic." There are two trends in place that cannot be reversed: the aging of the population and the inevitable increase in the cost of servicing the national debt. The intersection of those two trends will essentially stop the American economy as all available capital that would otherwise be invested in capital, equipment, and innovation



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will be absorbed by the debt markets. This is the “crowding out” effect that Austrians have predicted for years.

The reasons that interest rates must increase are easy to see: Rates are historically low, and lenders will demand higher rates to offset the increasing likelihood of default or monetary inflation. The authors are not impressed that the recent mid-term elections will have an impact on policies designed to shrink the deficit.

Recent polls indicate that public discontent over deficits and debt is sharply rising, but it is not clear that this translates into support for specific tax and spending changes. Indeed, the magnitude of the tax increases and spending cuts required makes a voluntary deal unlikely.

And so, outside forces will “impose” solutions on the country, resulting in a “profound shift in U.S. fiscal policy.... Deficits will be cut sharply through a combination of big spending cuts [and] tax increases.... No category of spending or taxpayers will be spared.” Those sharp cuts, according to the authors, will be ugly, punitive, and immediate.

However, their big concern is that these forced cuts will also heavily impact military spending, which would interfere with the Anglo-American elitists’ plans to use American-funded interventions to promote their agenda for a global government. The reason for their concern is that every category of government spending will be cut, and “politics demands that the pain be shared.”

In other words, cuts in entitlements and domestic discretionary spending will only be achievable if they are coupled with reductions in defense expenditures....

There will [as a result] be fewer resources available to undertake *wars of choice* along the lines of Iraq and what has become a war of choice in Afghanistan. [Emphasis added.] Nation-building is a time-consuming, labor-intensive, and expensive exercise....

This does not mean that there will not be wars of choice — a conflict with Iran is a possibility given its nuclear ambitions — but rather that such wars will be both less common and more limited in their aims.

The *Foreign Affairs* article concludes by restating its disappointment that with America’s fiscal decline also goes their plan to install the New World Order according to their timetable.

It is fiscal, economic, and political failures at home that are threatening the ability of the United States to exert the global influence that it *could and should*. [Emphasis added.]

Gary North says that as these new austerity measures are imposed on the American citizens, cuts in military spending “will end the dreams and schemes of the faceless experts who have quietly directed the ship of state ever since 1921. Their gravy train will come to an end.”

Photo of Richard Haass: AP Images



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