

Bush's Con Jobs

Will the US Need an IMF Bail Out?

January 10, 2006

By PAUL CRAIG ROBERTS

President George W. Bush has destroyed America's economy along with America's reputation as a truthful, compassionate, peace-loving nation that values civil liberties and human rights.

Nobel prize-winning economist Joseph Stiglitz and Harvard University budget expert Linda Bilmes have calculated the cost to Americans of Bush's Iraq war to be between one and two trillion dollars. This figure is 5 to 10 times higher than the \$200 billion that Bush's economic adviser, Larry Lindsey, estimated. Lindsey was fired by Bush, because Lindsey's estimate was three times higher than the \$70 billion figure that the Bush administration used to mislead Congress and the American voters about the burden of the war. You can't work in the Bush administration unless you are willing to lie for dub-ya.

Americans need to ask themselves if the White House is in competent hands when a \$70 billion war becomes a \$2 trillion war. Bush sold his war by understating its cost by a factor of 28.57. Any financial officer any where in the world whose project was 2,857 percent over budget would instantly be fired for utter incompetence.

Bush's war cost almost 30 times more than he said it would because the moronic neoconservatives that he stupidly appointed to policy positions told him the invasion would be a cakewalk. Neocons promised minimal US casualties. Iraq already has cost 2,200 dead Americans and 16,000 seriously wounded--and Bush's war is not over yet. The cost of lifetime care and disability payments for the thousands of US troops who have suffered brain and spinal damage was not part of the unrealistic rosy picture that Bush painted.

Dr. Stiglitz's \$2 trillion estimate is OK as far as it goes. But it doesn't go far enough. My own estimate is a multiple of Stiglitz's.

Stiglitz correctly includes the cost of lifetime care of the wounded, the economic value of destroyed and lost lives, and the opportunity cost of the resources diverted to war destruction. What he leaves out is the war's diversion of the nation's attention away from the ongoing erosion of the US economy. War and the accompanying domestic police state have filled the attention span of Americans and their government. Meanwhile, the US economy has been rapidly deteriorating into third world status.

In 2005 for the first time on record consumer, business, and government spending exceeded the total income of the country. Net national savings actually fell.

America can consume more than it produces only if foreigners supply the difference. China recently announced that it intends to diversify its foreign exchange holdings away from the US dollar. If this is not merely a threat in order to extort even more concessions from Bush, Americans' ability to consume will be brought up short by a fall in the dollar's value as China ceases to be a sponge that is absorbing an excessive outpouring of dollars. Oil producing countries might follow China's lead.

Now that Americans are dependent on imports for their clothing, manufactured goods, and even high technology products, a decline in the dollar's value will make all these products much more expensive. American living standards, which have been treading water, will sink.

A decline in living standards is an enormous cost and will make existing debt burdens unbearable. Stiglitz did not include this cost in his estimate.

Even more serious is the war's diversion of attention from the disappearance of middle class jobs for university graduates. The ladders of upward mobility are being rapidly dismantled by offshore production for US markets, job outsourcing and importation of foreign professionals on work visas. In almost every US corporation, US employees are being dismissed and replaced by foreigners who work for lower pay. Even American public school teachers and hospital nurses are being replaced by foreigners imported on work visas.

The American Dream has become a nightmare for college graduates who cannot find meaningful work.

This fact is made abundantly clear from the payroll jobs data over the past five years. December's numbers, released on January 6, show the same pattern that I have reported each month for years. Under pressure from offshore outsourcing, the US economy only creates low productivity jobs in low-pay domestic services.

Only a paltry number of private sector jobs were created--94,000. Of these 94,000 jobs, 35,800 or 38% are for waitresses and bartenders. Health care and social assistance account for 28% of the new jobs and temporary workers account for 10%. These three categories of low tech, nontradable domestic services account for 76% of the new jobs. This is the jobs pattern of a poor third world economy that consumes more than it produces.

America's so-called first world superpower economy was only able to create in December a measly 12,000 jobs in goods producing industries, of which 77% are accounted for by wood products and fabricated metal products--the furniture and roofing metal of the housing boom that has now come to an end. US employment declined in machinery, electronic instruments, and motor vehicles and parts.

2,600 jobs were created in computer systems design and related services, depressing news for the several hundred thousand unemployed American computer and software engineers.

When manufacturing leaves a country, engineering, R&D, and innovation rapidly follow. Now that outsourcing has killed employment opportunities for US citizens and even General Motors and Ford are failing, US economic growth depends on how much longer the rest of the world will absorb our debt and finance our consumption.

How much longer will it be before "the world's only remaining superpower" is universally acknowledged as a debt-ridden, hollowed-out economy desperately in need of IMF bailout?

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