

SUPERPOWER? REALLY?

By Michael Ventura

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Liberals and conservatives habitually speak of the United States as a superpower. Neocons like Norman Podhoretz advise that our “only option” with Iran is “to go to war” [*The Week*, June 8, p.6.] -- as though we can. A *New York Times* commentary on Iraq blithely states that no matter the outcome “the United States would still be the sole world power” [Jan. 14, p.WK1] -- as though we are. Bush planners aim at establishing a “permanent” U.S. military presence in Iraq [*Christian Science Monitor*, June 12, p.1] -- as though we could. And presidential candidates of both parties speak as though we can accomplish anything if we’re well-led. Well, as Roky Erikson once said, “You can believe that story if you want to.”

Consider, first, global economics; then China; then the state of our military.

The Economist, (Feb. 14th, p.18): “Typically in the past, when America’s economy has weakened, the rest of the world soon flagged. But this time... the rest of the world has speeded up even as the American engine has lost steam... [Gross national product] per person is now growing faster in the euro area than it is in America. Domestic demand is also booming in emerging economies in Asia, the Middle East, and Russia... [And] most of China’s growth comes not from exports but from domestic demand...” Since World War Two, and until recently, American consumption has been the world’s primary economic force -- which is why the world had no choice but to tolerate our misadventures. Now many nations are booming on their own, in cooperation with each other. The U.S. is still important but it’s not *necessary*.

The Economist, April 14, p.12, under the headline “Come in number one, your time is up”: “America used to be the world’s biggest exporter. First it was pushed aside by Germany, and now it has been outclassed by China... In global finance, too, America and the dollar are being shoved off their pedestal. The dollar is still preferred as a reserve currency, but it is no longer the favourite form of cash for households and firms. *There are now more euro[s] ... in circulation than there are dollars.* [My italics.] In the international market, the euro has displaced the dollar as the main currency.... Wall Street’s stock market capitalization has now been eclipsed by Europe [combined with Russia]...” Still important, but not necessary. Still important, but now the world has many other choices. In light of these facts, to think of the U.S. as “the sole world power” is ludicrous -- as it is ludicrous to imagine that in this brave new world we will be granted the authority, and accorded the deference, to which we’ve been accustomed for 60 years. The leading nations haven’t yet decided what to do with their new power. They’re not used to it. But they’ll get used to it, and they will use it -- how, at this point, is anyone’s guess. But the more delusional we remain about our status the harder the shock will be when they figure how.

It’s been widely reported that we are, by far, the world’s biggest debtor nation. *The Week*, June 8, p.20: “Including unfunded promises made for Medicare, Social Security, and federal retirement programs, U.S. taxpayers have a total debt of \$59 trillion. That’s \$516,000 for every U.S. household.” Obviously, we’re not paying that debt anytime soon, especially when “the nation’s average personal savings rate fell to negative 1% in 2006,

meaning that Americans spent more than they earned" [*The Week*, Feb. 16, p.16]. Also widely reported: America needs foreign investment and loans to function. Foreigners "hold a record 52%" of U.S. government debt, "up from 25% in 1995." [*The Week*, December 15, 2006, p.44]. How can you call America a superpower when we can't meet our expenses without the good will of our rivals?

Which brings us to China, our primary banker. *The New York Times*, April 14, p.C3: "Last year, when Treasury debt increased by \$184 billion, almost half of that amount... was provided by lenders in China... China [is] the largest source of funding for the United States government's deficits." The article reports that our Federal Reserve bought 20% of "our newly issued bonds" and that "*only 4% of the [total] money came from American investors and institutions* [my italics]." Which totals only 24% coming from American sources. Without the present level of foreign investment, especially Chinese investment, America would be in very bad straits. Un oh... the Chinese show signs of changing their ways. "Their fastest growth these days lies in Europe, Africa, the Middle East, South America, and elsewhere in Asia -- in other words, practically anywhere other than the United States [*New York Times*, April 18, p.C1]." One result is that China has created a new "agency to invest its immense reserves in foreign currency... some analysts say the formation of the new agency means China is moving away from heavy reliance on investing in United States dollars through Treasury securities [*New York Times*, March 10, p.C3]." We're still important, but not nearly as necessary. With even a small change in its investment policy, China has the power to dampen America's economy.

Now consider the state of America's military. Colin Powell, quoted in *Time*, April 16, p.30: "The active Army is about broken." *The Washington Post*, March 19, p.1: "...Senior U.S. military and government officials acknowledge... that it will take years for the Army and Marine Corps to recover from what some officials privately have called a 'death spiral,' in which the ever more rapid pace of war-zone rotations has consumed 40% of their total gear, wearied troops, and left no time to train... the U.S. military now lacks a large strategic reserve of ground troops ready to respond quickly and decisively to potential foreign crises... the vast majority [of Army units in the United States] are rated 'not ready.'" The *Post* article reports the reactions of several Congressmen to a classified military briefing. Rep. Solomon P. Ortiz, D-Texas: "I have seen the classified-only reports. And based on those reports, I believe that we as a nation are at risk of major failure, should our Army be called to deploy to an emerging threat." Rep. Walter B. Jones, R-N.C.: "This nation has got to replenish and fix what is soon going to be broken." Finally, the *Post* goes on, "Under current... plans, it will take two to three years *after the Iraq war ends* [my italics] about \$17 billion a year to restore... equipment levels. It will take five years and at least \$75 billion for the Army to increase its active-duty ranks [as planned] up to 547,000 soliders..."

That's for the future. Right now the military is hurting at home as well as on the battlefield. "The backlog of [veterans'] disability claims stands at more than 405,000, with cases averaging 177 days to be processed... Experts estimate that an additional 400,000 claims will be filed in the next two years [*New York Times*, June 6, p.WK13]." "Care facilities for American troops and their families are buckling under the strain of war and funding limitations [*USA Today*, June 5, p.1]." Barry McCaffery, retired 4-star Army general: "There is no argument of whether the US Army is rapidly unraveling

[*Christian Science Monitor*, April 4, p.11].”

The Washington Post, May 8, p.D1: “Joseph E. Stiglitz [Nobel winner in economics]... co-authored a study that predicts the Iraq conflict alone will eventually cost taxpayers more than \$1 trillion, counting military rebuilding and health care for wounded veterans.” Incredibly, we haven’t paid for any of this yet. The *Post* article noted: “The war bill is going directly on the nation’s credit card.” Foreign investors, especially China, have been paying for this war.

Now why would they do that? The answer: It’s in their strategic interest to finance a war that drains America’s financial, military and leadership clout. They’re paying for us to screw ourselves. It saves them the trouble. However, given the irresponsibility of America’s military adventures and the equal irresponsibility of the American electorate in elevating someone like George W. Bush to power, why would China and the other investing nations finance the rebuilding of America’s military might? How could that possibly be in their interest -- especially now that the euro has overtaken the dollar as a viable medium for world exchange? Hence China and others are making obvious moves to invest differently. We’re about to be left behind.

We’re still important, a big economy, a player. We’re still dangerous, with all our bombs and missiles. But we won’t be fighting another ground war anytime soon, and everybody knows it. Financially and militarily, we’re no superpower anymore -- though no presidential candidate can say that. Whether we recede from center-stage gracefully or destructively, we’ll recede. We already have. It doesn’t look that way on TV, but we already have.

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