

OUT OF CONTROL

Two similar figures jump out of recent media coverage:

- \$700 billion is the sum that the Bush administration proposes to pump into the economy to rescue Wall Street from its crisis. Under the plan, the US Treasury would use this money – taxpayers' money -- to buy bad debts from troubled financial institutions. Will those who have lost their homes, their savings, their jobs receive anything? One may doubt it.

- \$700 billion is not much higher than the level of US military expenditure. The budget for 2009 is likely to be around 50% of the world's annual military spending total. Reuters reported on Sept. 17 that the U.S. Senate overwhelmingly approved a \$612.5 billion defence spending bill for fiscal year 2009, including \$70 billion for operations in Iraq and Afghanistan. The overall figure for defence spending in 2007 was \$578 bn. These overall figures do not include supplementary requests to pursue the 'Global War on Terror'.

Meanwhile the level of public debt in the US is at record levels: on 25 Sept 2008 it was calculated at over \$9.794 trillion.

Two kinds of conclusion can be drawn:

1. That the financial system is out of control and needs to be subjected, not only to a federal funding injection, but also to strict regulation. Now the damage is done, everyone seems agreed on the need to restrain the reckless actions of Wall St. bankers and traders.
2. That the military system is also out of control and needs to be given less funding support. A whole new approach is required – one that seeks respectful cooperation with partners around the world and makes its investments in human security rather than outdated programmes of hard-ware and hard-power.

There is a clear link between the two issues: Joseph Stiglitz and Linda Bilmes, in their book *'The Three Trillion Dollar War'* explain how the financing of the hugely expensive Iraq war (plus the surge in oil prices) was accompanied by lower interest rates than would otherwise have been the case, and this, combined with a lack of regulation of lending standards in the housing market, led in turn to the sub-prime crisis.

This is not a purely American affair. Just as the rest of the world is already suffering the knock-on effects of the financial crisis, so also the rest of the world continues to pay a big price for the Bush years: military over-reach and intervention; increased tensions between big (and small) powers; and bullying allies to buy into the disastrous US-led, NATO-run War on Terror.

Even with a President Obama in the White House, global civil society will have its work cut out in opposing militarism everywhere and ensuring that the needs of the global poor – and the survival of the biosphere itself – are put first.

Colin Archer, IPB Secretary-General, 30 Sept, 2008