

PAPER # 3: The Outbreak of Wars from Financial Crisis

Introduction

Wars and revolutions are often born from financial crisis. Nearly 100 years ago the historian of ancient Rome, Guglielmo Ferrero, suggested that the violent upheavals of antiquity typically arose from an acceleration of desires, wants and luxury. As a nation advances, as each generation lives better than the one before, a generation arrives that only lives better by squandering accumulated capital and acquiring large debts. Where this leads, warned Ferrero, is to a political breakdown followed by armed violence. In more recent times, the French Revolution and the Napoleonic Wars emerged from the increasing luxury and consequent indebtedness of the French court. To resolve the financial crisis, King Louis XVI called the Estates-General, triggering a political crisis followed by revolution, military dictatorship and war.

In 1848 financial crisis accompanied by crop failures led to starvation among the poor of Europe and to a series of revolutionary outbreaks. Alexis de Tocqueville described France, at this time, as a society “cut in two: those who had nothing united in common envy, and those who had anything united in common terror.” Around this time, Karl Marx and Friedrich Engels wrote the *Communist Manifesto*. Revolutions broke out in Italy, Germany, France and the Austrian Empire. Switzerland, during this period, experienced a brief civil war. Though the revolutionaries were smashed, the propertied classes were shaken.

With the advent of World War I, as exhausted countries approached financial collapse, revolutions broke out, first in Russia, then in Austria-Hungary and Germany. A pattern of economic ruin, food shortages and government overthrow occurred in each case. In Russia the Bolsheviks triumphed through violence, promising “bread and peace.” Unlike the outcome in 1848, those united in common envy trampled down “those who had anything.” The result was the *total collapse* of the Russian economy in 1918 and the outbreak of civil war.

The Great Depression, which grew out of the financial crash of 1929, led to further revolutionary upheavals. Japanese militarism emerged in the Far East and Adolf Hitler rose to power in Germany. The Japanese and German leaders formed a partnership that included Fascist Italy. These three powers rejected liberal capitalism in favor of war and conquest. Within seven years they would invade Poland, triggering World War II. Hundreds of cities were leveled and 55 million people were killed.

Since the defeat of the Axis powers the world has experienced unparalleled global prosperity. The population of the world has more than tripled. We would like to believe that great depressions and world wars belong to the past. The crash of 2008, however, suggests otherwise.

A Dangerous Passage

The financial crisis of 2008 leads to a dangerous passage. As history clearly shows, widespread financial crisis often leads to political crisis and violence. From thence come wars, the leveling of cities, the fall of governments, the spread of famine and disease. Today we live in the so-called atomic age. Nuclear weapons are being manufactured by several nations. Put these together with widespread economic distress, a rising tide of anti-American hate, an emerging bloc of dictator states, and you have a formula for calamity.

An urgent call for civil defense and preparedness within the United States is hardly audible. Citizens live day-to-day without thinking of the future. This is all-the-more foolish as the United States is considered the main enemy of nuclear-armed Russia and China, and the main target of radical Islam. Accustomed to decades of prosperity and safety within the United States, the average American thinks nothing of the thousands of nuclear warheads deployed by Russia, or the hundreds built by China. The United States government and the American voting public have clearly decided that armed force will not be used to prevent Iran from acquiring nuclear weapons. Some experts believe that Iran will have the capacity to produce hundreds of warheads within a few years.

Going back over four decades, the national security bureaucracy of the United States has been evolving, slowly but surely, away from a defense-oriented and security-minded system toward a negotiation-oriented international-consensus system. Changes in American schools, from kindergarten to college, have fostered a new political consciousness in America's administrative elite. These changes may be positive, if you consider America to be the home of "sexism, racism and classism"; but the new education in multi-culture turns out to be an education in opposition to longstanding concepts of American national interest, patriotism and the preservation of what used to be called "American culture." Today America is supposed to be a land for all cultures. This new orientation puts the country at risk, since key government agencies tend to blame America first instead of accepting the reality of threats from abroad. As the new national security teaching is one of self-examination and self-exorcism, national defense has entered into a period of noticeable decline.

The Collapse of National Security

After the tragedy of 9/11, instead of deporting resident Muslim aliens as members of a potentially dangerous cult, the United States government initiated a program of outreach to Muslims living in the United States. President Bush declared that Islam is “a religion of peace.” It wasn’t long before the very groups embraced by the government were demonstrated to have terrorist connections. Did the government change its policy? Such a change would have been politically unthinkable.

Consider the National Intelligence Estimate (NIE) of December 2007. At a background briefing for reporters in Washington, D.C., senior U.S. intelligence officials suddenly claimed “that in fall 2003, Tehran halted its nuclear weapons program.” This claim, of course, was based on bogus intelligence planted by the Iranians themselves. One of the three intelligence officials responsible for the December 2007 National Intelligence Estimate on Iran was Vann Van Diepen, who received a master’s degree from the Massachusetts Institute of Technology Defense and Arms Control Studies Program in 1983.

On another front, the problem comes into sharper focus. It is common knowledge that the People’s Republic of China has been engaged in a massive military buildup for many years. The political nature of Communist one-party dictatorships is well known. Given size and military potential, such states are always dangerous to their neighbors and to the peace of the world. In the last sixty years China has attacked, or supported attacks, against Tibet, Vietnam and Korea. The regime in China was founded by the greatest mass murderer in recorded history, Mao Zedong. It is an open secret that the Chinese government, in its own internal dialogue, believes war between China and the United States is “inevitable.” This talk of war with America is so well known, that Chinese dissidents are seriously vexed because of the chilling effect it has on pro-democracy sentiment within China.

Despite the brutal, criminal and anti-American nature of the Chinese regime, U.S. officials act as though China is a valued ally and trading partner of America. Speaking before the Chinese Communist Party’s Central Committee in 1977, Deng Xiaoping boasted that the capitalists knew nothing about “the international united front struggle.” He further explained: “We belong to the Marxist camp and can never be so thoughtless that we cannot distinguish friends from enemies.” Deng said that Nixon, Ford, Carter and all future “American imperialist leaders” were enemies. Trading with these enemies was merely an expedient for modernizing China. “What we need mainly,” he said, “is scientific and technical knowledge and equipment.” Once China has sufficient capabilities, he promised, “[the Americans] will have no way of avoiding defeat by our hands.”

The Spontaneous Disarmament of the United States

The Wall Street Journal for 21 November 2008 published a story about the state of America's nuclear arsenal. The arsenal is old, and Congress refuses to fund a new generation of replacement warheads. The rationale of the politicians goes something like this: The United States is trying to discourage nuclear proliferation. What sort of message does it send if the United States maintains its own nuclear deterrent? The Cold War supposedly ended 17 years ago, so why should the United States maintain a nuclear arsenal at all? The majority in Congress take the view that no one in the U.S. government has adequately explained a proper reason or military doctrine for maintaining or using nuclear weapons.

Why should the United States have a nuclear arsenal? Those who cannot readily answer this question are not statesmen, do not know history, and display an attenuated sense of self-preservation. There is, besides, mounting evidence that the Cold War has already resumed – or is about to resume: specifically, there was the recent Russian military incursion into Georgia, Russian threats against Poland and Ukraine, the Russian naval deployment to Venezuela, and Russia's growing military cooperation with China. There are many budgeting priorities, however, that take precedence over maintaining America's nuclear arsenal.

Here is where the financial crisis relates to the spontaneous disarmament of the United States: If the nuclear arsenal cannot be modernized in prosperous times, who will propose several billion in spending when revenues are collapsing and constituents are screaming for government assistance? Consider, as well, that the so-called Reliable Replacement Warhead program was cut in prosperous times. We are unlikely to see it reinstated under a Democratic president during a severe recession or depression. According to military experts, the U.S. nuclear arsenal will begin to deteriorate by the end of 2009.

In October 2008 Defense Secretary Robert Gates made the following statement in a speech: "To be blunt, there is absolutely no way we can maintain a credible deterrent and reduce the number of weapons in our stockpile without resorting to testing our stockpile or pursuing a modernization program."

The United States has not tested a nuclear weapon since 1992. And we are unlikely to test a weapon, however bitterly the defense secretary complains. According to Gates, the Russians and Chinese are "embarked on ambitious paths to design and field new weapons." As unbelievable as it sounds, the House Energy and Water Development Appropriations Subcommittee eliminated fiscal year 2008 funding for the Reliable Replacement Warhead.

The United States Senate is also ready to block appropriations for nuclear weapons development. Senator Diane Feinstein (D-California) made the following statement on 1 August 2007: “Before we ramp up funding for the Reliable Replacement Warhead program as the administration has requested, we should have a clear, bipartisan consensus on the role nuclear weapons will play in our national security strategy and the impact they will have on our nuclear proliferation efforts.”

In the same speech, Senator Feinstein quoted former Senator Sam Nunn: “if Congress gives the green light to this [RRW] program in our current world environment, I believe that this will be: misunderstood by our allies; exploited by our adversaries; complicate our work to prevent the spread and use of nuclear weapons and ... make resolution of the Iran and North Korea challenges all the more difficult.”

Such is the argument, in a nutshell, of allowing the U.S. nuclear arsenal to deteriorate. “As a U.S. Senator,” declared Feinstein, “I have worked with colleagues in the House and Senate to stop the re-opening of the nuclear door and the development of new nuclear weapons. Together, we have eliminated funding for the Advanced Concepts Initiative, the Robust Nuclear Earth Penetrator, and the Modern Pit Facility. These were consequential victories but the fight is far from over.”

Senator Feinstein is actually bragging that she has thwarted efforts to improve U.S. military capabilities in the nuclear age. Like her colleagues, Senator Feinstein does not understand military affairs. She does not perceive a threat from Russia or China. Lack of basic knowledge and reliance on a philosophy of unilateral disarmament (exemplified by the Bush Administration’s unilateral nuclear force reductions) indicates the rapidity of the collapse – intellectually and militarily. Senator Feinstein thinks the United States cannot justify maintaining its nuclear arsenal: “Currently, there exists no convincing rationale for maintaining the large number of existing Cold War nuclear weapons, much less producing additional warheads....”

The problem with the Senate majority position can be summarized quickly: Russia is rapidly building up its nuclear potential today and aligning itself with America’s enemies in Asia, Latin America and the Middle East. In fact, after nameless terrorists killed hundreds of Russian children and adults in August 2004 at a place called Belsan, President Vladimir Putin called for Russia’s mobilization. “Some want to cut a juicy morsel from us,” said Putin, referring the oil-rich Caucasus region. “Others are helping them. They are helping because they believe that, as one of the world’s major nuclear powers, Russia still poses a threat to them, and therefore this threat must be removed. And terrorism, of course, is only a tool for achieving these goals.” It was the Americans, he implied, that were trying to destroy what remained of the USSR. According to Putin, “This is a challenge to the whole of Russia, to the whole of our people. This is an attack on our country.” The best course of action, he said, is the “mobilization of the country in the face of a common danger.”

Objections to European ballistic missile defense and the alleged NATO “encirclement” of Russia are part of this same paranoid package: such are postulates of the Kremlin’s *casus belli*. Since Putin’s rise to power, numerous warnings about the Kremlin’s intentions have come to light. The recent KGB/SVR defector, Sergei Tretyakov, was asked by author Pete Earley why he wanted to tell his story. “I want to warn Americans,” said Tretyakov. “As a people, you are very naïve about Russia and its intentions. You believe because the Soviet Union no longer exists, Russia is now your friend. It isn’t, and I can show you how the SVR is trying to destroy the U.S. even today and even more than the KGB did during the Cold War.”

The courageous Russian journalist, Anna Politkovskaya, was assassinated shortly after publishing a book titled *Putin’s Russia: Life in a Failing Democracy*. “This book,” she wrote, “is about Vladimir Putin – but not, as he is normally viewed in the West, as seen through rose-colored glasses.” Among her disturbing revelations from inside Russia, note the following: that the rebel Chechen government had been financed from Moscow; that “today’s Russian, brainwashed by propaganda, has largely reverted to Bolshevik thinking”; that the vast majority of big businessmen in Russia are former Communist Party officials; that the fall of the Soviet Union was merely the “fall of the visible structures of the Soviet system” while secret structures remain in place. According to Politkovskaya, “The return of the Soviet system with the consolidation of Putin’s power is obvious.”

Less than four weeks after Anna Politkovskaya was permanently silenced by an assassin’s bullet, KGB/FSB defector Alexander Litvinenko was poisoned in a London Hotel with radioactive Polonium-210. Litvinenko died on 23 November 2006. According to ABC News, British investigators traced the radioactive substance directly back to the Kremlin. There was no sea change in Washington, however, as President Bush continued to describe Putin as his “friend.” In a 25 November 2006 column for *The New Statesman*, Russian music critic Artemy Troitsky wrote. “I stopped posting difficult items on my website.” Was he afraid? “I am not sure,” he explained. “What I do know is this: it is demoralizing to write the same things over and again, to no effect. It is demoralizing to realize that among Russia’s silent majority Putin is genuinely popular and there seems no way of waking these people up. Most depressing, however is that the so-called democracies of the West are turning a blind eye. One day, messrs Blair and Bush, the Germans and Italians, will regret that.”

Troitsky forgot to include Senator Feinstein and the House and Senate majority. It is demoralizing, indeed, to “write the same things over and again, to no effect.” And then, to have a United States Senator talk and act as if Russia isn’t a threat, isn’t rearming, isn’t run by the same old KGB thugs.

Days after the death of Litvinenko in England, the highest ranking Eastern Bloc intelligence officer, Lt. Gen. Ion Mihai Pacepa penned the following words for *National Review Online*: “There is no doubt in my mind that the former KGB/FSB officer Alexander Litvinenko was assassinated at Putin’s orders. He was killed, I believe, because he revealed Putin’s crimes and the FSB’s secret training of Ayman al-Zawahiri, the number-two in al Qaeda.”

Pacepa’s stunning surmise should have touched off a firestorm of debate among U.S. officials and pundits. But nobody repeated what Pacepa had dared to say. No testimony or analysis connecting the Kremlin with al Qaeda could ever trigger a debate or inquiry of any kind. To think otherwise is to miss the main features of America’s psychological disposition. There are some things that cannot be discussed – or even acknowledged – in “polite society.” The sum of all media messages, of received propriety, prevents this particular discussion from taking place. The possibility that Russia initiated a terrorist campaign under an Islamic false flag will never be discussed in Washington, D.C. And the reasons are not far to find. First, there is the fact that the CIA would have to admit to countless stupidities and errors; second, elected officials would have to admit they had been duped over a period of many years by Moscow.

George Washington liked to quote the Roman maxim: “If you want peace, prepare for war.” America’s preparedness is in decline, and, with the financial crash of 2008, the extent of that decline is going to accelerate.

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Our White Paper series presents researched analyses of the current geo-political landscape. The papers suggest, among other things, that lessons embodied in the experience of earlier generations have been forgotten (or never learned) by our current crop of leaders.

These White Papers are not intended to predict the future, but rather to offer a thought process and perspective unavailable from mainstream media outlets. (Having said that, we note that, in 2006, we did predict the current financial downturn.) Our preference would be to prevent the repetition of certain parts of history, and it is to that end that we shine a light on the dangers of our nation’s current path.

We hope you find our research and analysis provocative, and we encourage your feedback at: info@sovrn.com.