

The Deep State's Bogus 'Iranian Threat'

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Yesterday we identified a permanent fiscal crisis as one of the quadruple witching forces arising in October 2017 which will shatter the global financial bubble. Today the Donald is on the cusp of making the crisis dramatically worse by decertifying the Iranian nuke deal, thereby reinforcing another false narrative that enables the \$1 trillion Warfare State to continue bleeding the nation's fiscal solvency.

In a few words, the whole notion that Iran is a national security threat and state sponsor of terrorism is just as bogus as the Russian meddling story or the claim that the chain of events resulting from the coup d' eta fostered by Washington on the streets of Kiev in February 2014 is evidence of Russian expansionism and aggression.

Likewise, it's part of the same tissue of lies which led to Washington's massive, destructive and counterproductive interventions in Syria and Libya -- when neither regime posed an iota of threat to the safety and security of the American homeland.

To the contrary, all of these false narratives are the cover stories which justify the Warfare State's massive draw on the nation's broken finances. We will get to the Big Lie about Iran momentarily, but first it is useful to demonstrate just how enormously excessive the nation's defense budget actually is, and why the denizens of the Imperial City---especially the neocon ideologues---find it necessary to peddle such threadbare untruths.

Spoiler alert: Iran has actually never attacked a single foreign nation in modern history whereas Washington has chosen to unilaterally intervene in or arm virtually every surrounding country in the region.

Here's some historical context that dramatizes our point about Washington's hideously excessive spending on defense. Back in 1962 on the eve of the Cuban Missile Crisis, the US defense budget was \$52 billion, which would amount to \$340 billion in today's (2017\$) purchasing power.

Needless to say, the world came to the brink of nuclear Armageddon at a time when the Soviet Union was at the peak of its power and was armed to the teeth. In addition to thousands of nuclear warheads deliverable by missiles and bombers, it had 50,000 tanks facing NATO and nearly 4 million men under arms.

The now open Soviet archives, of course, show that the Soviets had far more bark than bite and never conceived of attacking the US or even western Europe; they didn't remotely have the wherewithal or the strategic nerve.

Nevertheless, by 1962 false moves and provocations by both sides had created a state of "cold war" that was real. Yet even then, the \$340 billion military budget was more than adequate to deter the Soviet threat. Nor is that our view as an armchair historian.

The 1962 defense budget was essentially President Dwight D. Eisenhower's budget, and it is one

that he had drastically slashed from the \$500 billion (in today's dollars) he had inherited from Truman at the end of the Korean War.

That is to say, the greatest general who ever led American forces had concluded that \$340 billion was enough. And that came as he left office warning about just the opposite---the danger that the military/industrial complex would gain inordinate political power and pursue foreign policies which required ever larger military spending.

Unlike standard cold warriors, Ike believed that the ultimate national security resource of America was a healthy capitalist economy and that excessive government debt was deeply inimical to that outcome.

That's why he balanced the Federal budget three times during his tenure and presided over a fiscal consolidation---thanks to sharply reduced defense spending---that generated an average deficit of hardly 1 percent of GDP. That's an outcome scarcely imaginable at all in the present world.

Even then, the Soviet empire with all the captive republics that have become independent nations since 1991 (e.g. Ukraine, Belarus, Kazakhstan etc.) had a GDP in 1960 that was estimated to be 50 percent the size of the US. So Ike's bet was that capitalist growth over time was the ultimate source of national strength; that a healthy domestic economy would eventually leave the centralized command-and-control Soviet economy in the dust; and that ultimately the Kremlin's brand of statist socialism and militarism would fail.

He was right. Russia today is a shadow of what Ronald Reagan called the Evil Empire. Its GDP of \$1.3 trillion is smaller than that of the New York metro area (\$1.6 trillion) and only 7 percent of total US GDP.

Moreover, unlike the militarized Soviet economy which devoted upwards of 40 percent of output to defense, the current Russian defense budget of \$60 billion is just 4.5 percent of its vastly shrunken GDP.

So how in the world did the national security apparatus convince the Donald that we need the \$700 billion defense program for FY 2018---12X bigger than Russia's--- that he just signed into law?

What we mean, of course, is how do you explain that--- beyond the fact that the Donald knows virtually nothing about national security policy and history; and, to boot, is surrounded by generals who have spent a lifetime scouring the earth for enemies and threats to repel and reasons for more weapons and bigger forces.

The real answer, however, is both simple and consequential. To wit, the entire prosperity and modus operandi of the Imperial City is based on a panoply of "threats" that are vastly exaggerated or even purely invented; they retain their currency by virtue of endless repetition in the groupthink that passes for analysis. We'd actually put it in the category of cocktail party chatter.

For crying out loud. Why is Russia considered a threat to the American homeland when it doesn't even have a blue water navy or any other basis to project offensive power to the North American continent?

Indeed, its "attack" fleet consists of a single, 40-year old smoke-belching aircraft carrier that could never get out of the Mediterranean bathtub ringed by overwhelming US forces.

Beyond conventional offensive power there is the non-power of its 1500 or so deployable nuclear warheads. Whatever you may think of Vlad Putin's kleptomania and hard-edged suppression of internal dissent, he is surely the "Cool Hand Luke" of the modern world. Do you think he would be rash or suicidal enough to threaten the US with nuclear weapons?

Or for that matter that Russia with its pipsqueak \$1.3 trillion GDP and limited military capacity actually intends to invade and occupy Europe, which has a GDP of \$17 trillion and sufficient military force---even without the US---to make such a project unthinkable

Likewise, so what if the Chinese want to waste money building sand castles (i.e. man-made islands with military uses)in the South China Sea. It's their backyard---just as the Gulf of Mexico is ours.

Besides, the great Red Ponzi is utterly dependent upon exporting \$2 trillion per years of goods to the US, Western Europe, Japan, South Korea etc. Without those markets its massively leveraged, speculation-ridden, malinvested bubble economy would collapse in 6 months or less. So does anyone really think that the PLA (People Liberation Army) will be bombing 4,000 Wal-Marts in America any time soon?

The truth is, the US defense budget is hideously oversized for a reason so obvious that it constitutes the ultimate elephant in the room. No matter how you slice it, there just are no real big industrialized, high tech countries in the world which can threaten the American homeland or even have the slightest intention of doing so.

Indeed, to continue with our historical benchmarks, the American homeland has not been so immune to foreign military threat since WW II. Yet during all those years of true peril, it never spent close too the Donald's \$700 billion boondoggle.

For instance, during the height of LBJs Vietnam folly (1968) defense spending in today's dollars was about \$400 billion. And even at the top of Reagan's utterly unnecessary military building up (by the 1980s the Soviet Union was collapsing under the weight of its own socialist dystopia), total US defense spending was just \$550 billion.

That gets us to the bogus Iranian threat. It originated in the early 1990s when the neocon's in the George HW Bush Administration realized that with the cold war's end, the Warfare State was in grave danger of massive demobilization like the US had done after every war until 1945.

So among many other invented two-bit threats, the Iranian regime was demonized in order to keep the Imperial City in thrall to its purported national security threat and in support of the vast global armada of military forces, bases and occupations needed to contain it (including the Fifth Fleet in the Persian Gulf and US bases throughout the region).

The truth, however, is that according to the 2008 NIE (National Intelligence Estimates) of the nation's 17 intelligence agency, the Iranian's never had a serious nuclear weapons program, and the small research effort that they did have was disbanded by orders of the Ayatollah Khamenei in 2003.

Likewise, what the Imperial City claims to be state sponsored terror is actually nothing more than Iran's foreign policy---something that every sovereign state on the planet is permitted to have.

Thus, as the leader of the minority Shiite schism of the Islamic world, Iran has made political and confessional alliances with various Shiite regimes in the region. These include the one that Washington actually installed in Bagdad; the Alawite/Shitte regime in Syria; the largest political

party and representative of 40 percent of the population in Lebanon(Hezbollah); and the Houthi/Shitte of Yemen, who historically occupied the northern parts of the country and are now under savage attack by American weapons supplied to Saud Arabia.

In the case of both Syria and Iraq, their respective governments invited Iranian help, which is also their prerogative as sovereign nations. Ironically, it was the Shiite Crescent alliance of Iran/Assad/Hezbollah that bears much of the credit for defeating ISIS on the ground in Mosul, Aleppo, Raqqā, Deir ez-Zor and elsewhere in the now largely defunct Islamic State.

In tomorrow's installment we will address the details of the Iran nuke agreement and why the Donald is making a horrible mistake in proposing to decertify it. But there should be no doubt about the consequence: It will reinforce the neocon dominance of the Republican party and insure that the nation's \$1 trillion Warfare State remains fully entrenched.

Needless to say, that will also ensure that the America's gathering fiscal crisis will turn into an outright Fiscal Calamity in the years just ahead.

<http://davidstockmanscontracorner.com/another-step-toward-fiscal-collapse-the-deep-states-bogus-iranian-threat/>

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