

Congressman Ron Paul U.S. House of Representatives September 24, 2002 Can We Afford this War?

Mr. Speaker, a casual analysis of the world economy shows it rapidly deteriorating into recession, with a possible depression on the horizon. Unemployment is sharply rising with price inflation rampant, despite official government inflationary reports. The world's stock markets continue to collapse, even after trillions of dollars in losses have been recorded in the past 2 years. These losses already have set historic records.

With government revenues shrinking at all levels, we find deficits exploding. Our national debt is currently rising at a \$450 billion per year. Confidence in corporate America has shrunk to levels usually reserved for governments alone.

Government spending in all areas is skyrocketing, much of it out of the control of the politicians, who show little concern. Yet we are expected to believe our government leaders who say that we are experiencing a recovery and that a return to grand prosperity is just around the corner. The absence of capital formation, savings, and corporate profits are totally ignored.

Evidence abounds that our \$350 billion DOD budget and the \$40 billion spent on intelligence gathering and our immigration policies have failed miserably in protecting our homeland. In spite of the rhetoric and new legislation attacking our civil liberties, we are as vulnerable to outside attack as before.

Our military is drastically smaller than a decade ago, and we are spread around the world and involved in world conflicts more than we have ever been before.

We have run a huge current account deficit for 15 years and massively expanded our money supply. No one should be surprised that the dollar is weakening and the commodity, natural resources, and precious metal prices are rising.

Oil prices are over \$31 a barrel, and predictions are that they can easily go up another \$15 to \$20 if international tensions grow.

But the only talk here in the nation's capitol is about when, not if, we must initiate a war that even the administration admits could cost \$200 billion. Some are not even embarrassed to gloat about the political benefits for those who preach war over those who prefer negotiations, diplomacy and containment. The fact that the Arab nations are overwhelmingly opposed to an attack on Iraq and are joined by the European Community is of no concern to those who demand war regardless of any circumstance.

Eighty percent of the American people now report that they believe that a war with Iraq will increase the chances of our suffering from a new terrorist attack. If this is true, we become less secure with an attack on Iraq, since little has been done to correct the deficiencies in the intelligence gathering agencies and our immigration policies.

No credible evidence has been produced that Iraq has or is close to having nuclear weapons. No evidence exists to show that Iraq harbors al Qaeda terrorists. Quite to the contrary, experts on this region recognize Hussein as an enemy of the al Qaeda and a foe to Islamic fundamentalism. Many other nations pose much greater threats to world peace. Yet no one is clamoring for war against them. Saddam Hussein is now weaker than ever.

Reports are now appearing that we are negotiating with allies to share in the oil bounty once Iraq is occupied in order to get support for our invasion from various countries around the world.

Our national debt is over \$6 trillion and is increasing by nearly half a trillion dollars a year. Since Social Security funds are all placed in the general revenues and spent and all funds are fungible, honest accounting, of which there has been a shortage lately, dictates that a \$200 billion war must jeopardize Social Security funding. This is something the American people deserve to know.

Since there are limits to borrowing and taxing, but no limits to the Fed printing money to cover our deficit, we can be assured this will occur. This guarantees that Social Security checks will never stop coming, but it also guarantees that the dollars that all retired people receive will buy

less. We have already seen this happening in providing medical services. A cheap dollar; that is, an inflated dollar, is a sinister and deceitful way of cutting benefits.

Rest assured, a \$200 billion hit on the economy will have economic consequences, and the elderly retirees on fixed incomes, and especially Social Security beneficiaries, will suffer the greatest burden of policy, reflecting a belief that our country is so rich that it can afford both guns and butter. Remember, we have tried that before.

The tragedy is that once the flaw in policy is discovered, it is too late to prevent the pain and suffering, and only finger pointing occurs. Now is the only time we can give serious attention to the true cost of assuming the burden of an endless task of being the world's policeman and starting wars that have nothing to do with defense or national security.

A nation suffering from recession can ill afford a foreign policy that encourages unnecessary military action that will run up huge deficits. Congress ought to pause a moment, and carefully contemplate the consequences of the decisions we are about to make in the coming days.