

As US Goes Bankrupt, How Many Foreign Crises Can It Afford?

It will cost almost \$1 trillion per year to service the U.S. debt by 2031.

Doug Bandow February 12, 2022

Washington's foreign policy establishment, essentially a bipartisan war party more interested in running the world than protecting the American people, is debating going to war — several times over.

For instance, there's Russia. Administration officials warn that Moscow might attack next week. President Joe Biden said the U.S. won't send troops, but if fighting overflows past the border, anything could happen. And Washington, along with several NATO members, already is sending lethal military aid, which also could trigger a military confrontation.

Then there's talk of battling China over Taiwan. The administration is threatening Iran, with negotiations over the nuclear deal on a knife-edge. And North Korea continues to play brinkmanship, launching seven missiles last month. Finally, U.S. forces are heading for Yemen. All of these are occurring at once.

It's a daunting agenda that shows the desperate need for U.S. policymakers to set priorities. Especially given the fiscal tsunami headed Washington's way. And to remember who elected officials are supposed to represent. Not foreign governments. But the American people.

Advertisement

The Biden administration's wild spending should remind Republicans, who became joyous big spenders during the Trump years, of the importance of budgetary sobriety. The national debt recently passed \$30 trillion. The publicly held debt (minus Social Security lending to the Treasury Department) is \$23.5 trillion, a bit over 100 percent of GDP. Within a few years, the U.S. will bust the record of 106 percent set in 1946 as World War II ended. Then, rapid economic growth reduced that ratio, which ran "only" 35 percent as recently as 2007, before the financial crash.

After running as a moderate, Biden turned into Santa Claus on steroids. The Biden administration pushed through another COVID-19 "relief" bill, costing \$1.9 trillion, even though the economy already was recovering, as well as a \$1.2 trillion infrastructure bill, which came atop hundreds of billions given to states and local governments to cover nonexistent deficits — and without reforming the sclerotic public construction process. Although blocked on \$3.5

trillion, then whittled down to \$1.7 trillion, Build Back Better (more appropriately entitled "Everything on the Left's Wish List Since the Great Society") legislation, the Democrats <u>continue to push</u> pieces of the bill. To them, it would be a tragedy to leave even one dollar from one American unspent.

However, whatever happens this year, federal finances will only get worse, with another \$12 trillion in red ink expected over the coming decade — without an economic recession, financial crisis, or major war. And America's aging population, accompanied by high health care costs, will push outlays on Social Security, Medicare, and Medicaid ever upward. Moreover, with rising debt topped by rising interest rates, the Congressional Budget Office figures it will cost almost \$1 trillion — more than military outlays today — to service the debt by 2031. Midcentury, the U.S. debt will be double the GDP. But fiscal disaster could come earlier if investors lose confidence in the federal government's ability to bear its rapidly increasing debt load.

Either serious budget cuts, tax increases, or both will be necessary. Even killing all domestic discretionary outlays, which is impossible, would leave massive deficits. Interest payments can't be cut without repudiating the debt. Social Security and Medicare remain political third rails — visiting assisted living facilities to tell residents that their benefits will be cut so Washington can defend the Europeans and their bountiful welfare states will never be a winning political strategy. Medicaid already is underfunded, leaving many doctors unwilling to even see recipients.

This means the Pentagon will face increasing budget pressure. Fighting multiple wars with at best a loose connection to U.S. security will no longer be possible. In particular, Uncle Sam will need to jettison free- or cheap-riding allies.

Which will necessarily put Europe's defense dole on the chopping block. NATO continues to mean North America and the Others. Only Greece devotes a larger share of GDP to the military, which reflects both its shrunken GDP and hostility toward fellow alliance member Turkey. Only eight other members hit NATO's two percent standard. Yet even two cents on the euro is unimpressive for front-line states, which should invest in a territorial defense designed to exact a high price for any attack. The rest of the continent, including major powers <u>Germany</u>, Italy, and Spain, barely bother on defense.

The price of adding Ukraine, threatened by a nuclear power in a bad neighborhood, would be high. And the burden would almost entirely fall on America. For instance, in a 2020 survey, Europeans in most countries polled opposed fighting for NATO allies against Russia but expected the U.S. to save them. There will be no German, Portuguese, and Montenegrin legions arriving in Kyiv. Frankly, it would be better to engage in a bit of appearement to keep the peace than to encourage Ukrainians to fight alone while the rest of Europe watched.

China and Taiwan raise similar challenges. The former has a huge geographic advantage, having to project power just 100 miles versus nearly 8,000 miles for the U.S. Moreover, for Beijing, Taiwan is a nationalist priority, the last territory torn away from Imperial China by foreign aggressors during "the Century of Humiliation." Despite the obvious threat, Taipei devotes little to its own defense, while expecting rescue from America. And if war comes, America's allies in the region, even Japan, will hesitate to join any military campaign for a nation they don't

recognize that would turn them into missile targets and permanent enemies of the colossus nearby.

Then there is the cost of war. If deterrence fails, the U.S. would face a nuclear-armed great power with the capacity to sink U.S. ships, down U.S. planes, and destroy U.S. bases. Before promising to protect Taiwan policymakers, a U.S. president would have to level with the American people about the cost of fighting a near-peer nuclear-armed competitor in its backyard. For instance, sinking one aircraft carrier could kill almost as many American personnel as died in Afghanistan and Iraq combined. The best way to constrain China would be for U.S. allies and friends, starting with Japan, to do much more, doubling or trebling current military outlays and possibly even deploying nuclear weapons, likely the most effective way to deter Chinese aggression.

As if these two potential major wars were not enough, the Biden administration has been hinting at possible military action ("using other tools") against Iran if the latter does not return to the JCPOA nuclear agreement. The Trump administration's "maximum pressure" campaign turned out to be a bust that highlighted Tehran's multiple means to fight back, including accelerating nuclear work, disrupting Gulf oil traffic, destroying regional oil facilities, targeting Saudi Arabia and the United Arab Emirates, striking U.S. personnel and facilities in Iraq and Syria, hitting the U.S. embassy in Iraq, and supporting well-armed surrogate forces. Although the U.S. would win any conventional fight, Tehran could cause substantial regional damage and impose a significant burden on America, especially if the conflict occurred alongside major conventional battles with Russia, China, or both.

A more serious longer-term threat is posed by North Korea, which made seven missile tests in January alone. None were long-range, but Kim indicated that he is likely to drop his suspension of ICBM and nuclear tests. In December, he announced: "The military environment of the Korean peninsula and the trend of the international situation getting unstable day after day demand that bolstering the state defense capability be further powerfully propelled without a moment's delay." Last month, the regime declared that it would "strengthen and develop without delay more powerful physical means to definitely overpower the daily intensifying hostile moves of the United States." That means reconsidering "all the confidence-building measures previously and voluntarily taken by our state and rapidly examine the issue on resuming all actions which had been temporarily suspended," which almost certainly means the testing moratorium. Tensions could return to 2017 "fire and fury" levels.

Estimates of the North's current nuclear arsenal run up to about 65. However, that number could go much higher. The Rand Corporation and Asan Institute predicted: "by 2027, North Korea could have 200 nuclear weapons and several dozen intercontinental ballistic missiles (ICBMs) and hundreds of theater missiles for delivering the nuclear weapons." That many nukes would place the Democratic People's Republic of Korea in the second tier of nuclear powers, *ahead* of Israel, India, and Pakistan, comparable to Great Britain, and close behind France and China.

Although Kim could not launch a first strike — and nothing suggests he is suicidal, hoping to leave this world atop a radioactive funeral pyre — he could threaten the U.S. with devastating attacks across East Asia and the U.S. if Washington entered even a conventional war against it.

Imagine U.S. forces advancing on Pyongyang after a failed North Korean offensive, at which point Kim would demand an American withdrawal or he would unleash his nuclear arsenal. The U.S. would have to decide if it was willing to sacrifice Honolulu, Los Angeles, or perhaps even Washington, D.C. Hopefully not. The Republic of Korea long has been capable of <u>defending itself</u> from the North. The development of a South Korean nuclear deterrent would be a better alternative to Washington than risking the American homeland.

Finally, after speaking up for U.S. values and interests by criticizing <u>Saudi Arabia</u>, Biden has turned supplicant to both Riyadh and Abu Dhabi. The administration is now defending the corrupt, oppressive royal regimes, excusing their continuing murderous attacks on Yemen, the poorest nation in the region. Washington <u>is sending</u> the guided-missile destroyer USS Cole and a battalion of F-22 fighters to defend the United Arab Emirates, a wealthy nation <u>once called</u> "Little Sparta" for its alleged military prowess.

The administration also is considering relabeling the Houthi insurgents as terrorists. Neither side is innocent, but the Saudis and Emiratis have done much more to <u>earn the title</u> of a state sponsor of terrorism. They invaded Yemen to restore a pliant regime to power and <u>have spent seven years</u> unleashing murder and mayhem across that tragic nation. Their invasion internationalized a long-running civil war and gave Iran an Allah-sent opportunity to bleed the incompetent Saudi forces. U.S. officials may have committed <u>war crimes</u> by supporting indiscriminate Saudi and Emirati bombings. Yemenis already call the conflict the Saudi-American war since Washington has supplied and serviced the planes, provided the munitions, and developed the intelligence for royal bombing runs. Although Yemeni insurgents cannot retaliate against America, someday Yemeni terrorists might do so.

War is sometimes necessary, but it always should be a last resort, even for a military superpower. Indeed, America's multiple wars over the last two decades have been <u>catastrophic mistakes</u>. However, their terrible impact would pale in comparison with a conflict with Russia, China, or North Korea. Those would take the U.S. back to the brutal battles of the Korean War or even World War II, with the threatened addition of nuclear conflict.

With multiple calls on the U.S. to play globocop, policymakers should rethink Washington's role in the world. While doing too little can undermine security, the problem today is doing far too much. Doing everything for everyone no longer is sustainable.

Instead, Washington should return to its primary duty, to protect the American people — their lives, homes, liberties, and livelihoods. The purpose of alliances should be to help achieve that objective, and not become a defense dole for states unable or unwilling to protect themselves, no matter how attractive their cause might seem to be. Policymakers should not conduct grand moral crusades with the wealth and lives of Americans.

Caution, judgment, and prudence are particularly important when dealing with nuclear-armed powers and interests they view as vital. And Washington must focus on Americans' interests.

The Ukraine crisis has sparked <u>an overdue debate</u> on the right over foreign policy. The Left also needs to consider America's purpose and how best to advance it. The old world is passing away. So should yesterday's foreign policies and military strategies.

Doug Bandow is a Senior Fellow at the Cato Institute. A former Special Assistant to President Ronald Reagan, he is the author of several books, including Tripwire: Korea and U.S. Foreign Policy in a Changed World and co-author of The Korean Conundrum: America's Troubled Relations with North and South Korea.