

Bush's inflated sense of supremacy

By George Soros

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With US and British troops poised to invade Iraq, the rest of the world is overwhelmingly opposed. Yet Saddam Hussein is generally seen as a tyrant who must be disarmed and the United Nations Security Council has unanimously demanded that he disclose and destroy his weapons of mass destruction. What has gone wrong?

Iraq is the first instance in which the Bush doctrine is being applied and it is provoking an allergic reaction. The doctrine is built on two pillars: first, the US will do everything in its power to maintain unquestioned military supremacy; second, it arrogates the right to pre-emptive action. These pillars support two classes of sovereignty: American sovereignty, which takes precedence over international treaties; and the sovereignty of all other states, which is subject to the Bush doctrine. This is reminiscent of George Orwell's *Animal Farm*: all animals are equal but some are more equal than others.

The Bush doctrine is grounded in the belief that international relations are relations of power; legality and legitimacy are decorations. This belief is not entirely false but it exaggerates one aspect of reality - military power - at the exclusion of others.

I see a parallel between the Bush administration's pursuit of American supremacy and a boom-bust process or bubble in the stock market. Bubbles do not grow out of thin air. They have a solid basis in reality but reality is distorted by misconception. In this case, the dominant position of the US is the reality, the pursuit of supremacy the misconception. Reality can reinforce the misconception but eventually the gap between reality and its false interpretation becomes unsustainable. During the self-reinforcing phase, the misconception may be tested and reinforced. This widens the gap leading to an eventual reversal. The later it comes, the more devastating the consequences.

This course of events seems inexorable but a boom-bust process can be aborted at any stage and few of them reach the extremes of the recent stock market bubble. The sooner the process is aborted, the better. This is how I view the Bush administration's pursuit of American supremacy.

President George W. Bush came into office with a coherent strategy based on market fundamentalism and military power. But before September 11 2001 he lacked a clear mandate or a well defined enemy. The terrorist attack changed all that. Terrorism is the ideal enemy. It is invisible and therefore never disappears. An enemy that poses a genuine and recognised threat can effectively hold a nation together. That is particularly useful when the prevailing ideology is based on the unabashed pursuit of self-interest. Mr Bush's administration deliberately fosters fear because it helps to keep the nation lined up behind the president. We have come a long way from Franklin D. Roosevelt's dictum that we have nothing to fear but fear itself.

But the war on terrorism cannot be accepted as the guiding principle of US foreign policy. What will happen to the world if the most powerful country on earth is solely preoccupied with self-preservation?

The Bush policies have already caused severe unintended adverse consequences. The Atlantic Alliance is in a shambles and the European Union divided. The US is a fearful giant throwing its weight around. Afghanistan has been liberated but law and order have not been established beyond Kabul. The Israeli-Palestinian conflict festers. Beyond Iraq, an even more dangerous threat looms in North Korea.

The global economy is in recession, stocks are in a bear market and the dollar is in decline. In the US, there has been a dramatic shift from budget surplus to deficit. It is difficult to find a time when political and economic conditions have deteriorated as rapidly.

The game is not yet over. A rapid victory in Iraq with little loss of life could cause a dramatic reversal. The price of oil could fall; the stock market could celebrate; consumers could overcome their anxieties and resume spending; and business could respond by stepping up capital expenditure. America would end its dependency on Saudi Arabian oil, the Israeli-Palestinian conflict could become more tractable and negotiations with North Korea could be started without a loss of face. This is what Mr Bush is counting on.

Military victory in Iraq would be the easy part. It is what follows that should give us pause. In a boom-bust process, passing an early test tends to reinforce the misconception that has given rise to it. That could happen here.

It is not too late to prevent the boom-bust process from getting out of hand. The Security Council could allow more time for weapons inspections. Military presence in the region could be reduced - and bolstered if Iraq balks. An invasion could be mounted at summer's end. The UN would score a victory. That is what the French propose and the British could still make it happen. But the chances are slim; Mr Bush has practically declared war.

Let us hope that if there is war, it will be swift and claim few lives. Removing Mr Hussein is a good thing, yet the way Mr Bush is going about it must be condemned. America must play a more constructive role if humanity is to make any progress.

*The writer is chairman of Soros Fund Management*

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