

There's Only One Way to Avoid a Downgrade to U.S. Credit

By [Washington's Blog](#)

Global Research, July 27, 2011

[Washington's Blog](#) 27 July 2011

Region: [USA](#)

Theme: [Global Economy](#)

According to Reuters, [a majority of economists](#) now think that U.S. credit will be downgraded.

The debt ceiling plans being proposed likely [will not avoid a debt downgrade](#).

Indeed, as Zero Hedge [notes](#), the cuts being proposed in the debt ceiling proposals would be offset by the costs of the downgrade:

The US downgrade alone, now virtually taken for granted by everyone, will offset any beneficial impact from any deficit reduction that will have to happen for the debt ceiling to be increased.

Indeed, many are starting to say that a downgrade is inevitable.

In truth and in fact, we could still avoid a downgrade ... but only if we immediately:

- (1) End the imperial wars, which [reduce - rather than strengthen](#) - national security (and see [this](#) and [this](#));
- (2) End the [never-ending bailouts](#) for Wall Street;
- (3) [Prosecute fraud](#) and [claw back ill-gotten gains](#);
- (4) End the Bush tax cuts, which Ronald Reagan's budget director David Stockman said were [the worst fiscal mistake in history](#); and
- (5) Slash pensions for public employees, at least when they are [pegged to an artificially "spiked" final year's salary](#).

The talking heads will say that these actions are not politically feasible.

However, as I've previously [noted](#), that phrase is just code for:

The powers-that-be don't want it, even if the people overwhelmingly and passionately support it.

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