

Towards a Wider War? Worldwide Militarization and the Global Economy: “It’s Like 1914 ... Right Before WW1 Broke Out”

By [Washington's Blog](#)

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Economists and Analysts Warn of Wider War

Well-known economist Nouriel Roubini [tweeted](#) from the gathering of the rich and powerful at the World Economic Forum in Davos:

Many speakers compare 2014 to 1914 when WWI broke out & no one expected it. A black swan in the form of a war between China & Japan?

[And:](#)

Both Abe and an influential Chinese analyst don't rule out a military confrontation between China and Japan. Memories of 1914?

[Many other economists have forecast war.](#)

Kyle Bass [writes](#):

Trillions of dollars of [debts](#) will be restructured and millions of financially prudent savers will lose large percentages of their real purchasing power at exactly the wrong time in their lives. Again, the world will not end, but the social fabric of the profligate nations will be stretched and in some cases torn. Sadly, looking back through economic history, all too often war is the manifestation of simple economic entropy played to its logical conclusion. We believe that war is an inevitable consequence of the current global economic situation.

Larry Edelson wrote an email to subscribers entitled “What the “Cycles of War” are saying for 2013”, which states:

Since the 1980s, I've been studying the so-called “cycles of war” — the natural rhythms that predispose societies to descend into chaos, into hatred, into civil and even international war.

I'm certainly not the first person to examine these very distinctive patterns in history. There have been many before me, notably, Raymond Wheeler, who published the most authoritative chronicle of war ever, covering a period of 2,600 years of data.

However, there are very few people who are willing to even discuss the issue right now. And based on what I'm seeing, the implications could be absolutely huge in 2013.

Former Goldman Sachs technical analyst Charles Nenner - who has made some big accurate calls, and counts major [hedge funds](#), banks, brokerage houses, and high net worth individuals as clients - [says](#) there will be "a major war starting at the end of 2012 to 2013", which will drive the Dow to 5,000.

Veteran investor adviser James Dines [forecast](#) a war is epochal as World Wars I and II, starting in the Middle East.

Billionaire investor Jim Rogers [notes](#):

A continuation of bailouts in Europe could ultimately [spark](#) another world war, says international investor Jim Rogers.

"Add debt, the situation gets worse, and eventually it just collapses. Then everybody is looking for scapegoats. Politicians blame foreigners, and we're in World War II or World War whatever."

Marc Faber [says](#) that the American government will start new wars in response to the economic crisis:

- ["The next thing the government will do to distract the attention of the people on bad economic conditions is they'll start a war somewhere."](#)
- ["If the global economy doesn't recover, usually people go to war."](#)

We're in the middle of a [global currency war](#) - i.e. a situation where nations all compete to devalue their currencies the most in order to boost exports. And Brazilian president-elect Rousseff [said](#) in 2010:

The last time there was a series of competitive devaluations ... it ended in world war two.

Jim Rickards [agrees](#):

Currency wars lead to trade wars, which often lead to hot wars. In 2009, Rickards participated in the Pentagon's first-ever "financial" war games. While expressing confidence in America's ability to defeat any other nation-state in battle, Rickards says the U.S. could get dragged into "asymmetric warfare," if currency wars lead to rising inflation and global economic uncertainty.

As does [Jim Rogers](#):

Trade wars always lead to wars.

Martin Armstrong [wrote](#) in August:

Our greatest problem is the bureaucracy wants a war. This will distract everyone from the NSA and justify what they have been doing. They need a distraction for the economic decline that is coming.

Armstrong argued last month that war plans against Syria are really about [debt and spending](#):

The Syrian mess seems to have people lining up on Capital Hill when sources there say the phone calls coming in are overwhelmingly against any action. The politicians are ignoring the people entirely. This suggests there is indeed a secret agenda to achieve a goal outside the discussion box. That is most like the debt problem and a war is necessary to relieve the pressure to curtail spending.

And given that many influential economists [wrongly believe](#) that war is good for the economy ... many are [overtly](#) or quietly pushing for war.

In addition, historians say that the risk of world war is rising [because the U.S. feels threatened by a rising China](#) ... and the U.S. government considers [economic rivalry to be a basis for war](#)

Moreover, former Federal Reserve chairman Alan Greenspan said that [the Iraq war was really about oil](#), and former Treasury Secretary Paul O'Neill [says](#) that Bush planned the Iraq war before 9/11. And see [this](#) and [this](#). If that war was for petroleum, other oil-rich countries might be invaded as well.

And the American policy of [using the military to contain China's growing economic influence](#) - and of considering [economic rivalry to be a basis for war](#) - are creating a tinderbox.

Finally, multi-billionaire investor Hugo Salinas Price [says](#):

What happened to [Libya's] Mr. Gaddafi, many speculate the real reason he was ousted was that he was planning an all-African currency for conducting trade. The same thing happened to him that happened to Saddam because the US doesn't want any solid competing currency out there vs the dollar. You know Gaddafi was talking about a [gold](#) dinar.

Indeed, senior CNBC editor John Carney [noted](#):

Is this the first time a revolutionary group has created a central bank while it is still in the midst of fighting the entrenched political power? It certainly seems to indicate how extraordinarily powerful central bankers have become in our era.

Robert Wenzel of [Economic Policy Journal](#) [thinks](#) the central [banking](#) initiative reveals that foreign powers may have a strong influence over the rebels.

This suggests we have a bit more than a ragtag bunch of rebels running around and that there are some pretty sophisticated influences. "I have never

before heard of a central bank being created in just a matter of weeks out of a popular uprising," Wenzel writes.

Indeed, [some say](#) that recent wars have really been about bringing all countries [into the fold of Western central banking](#).

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