

# World, a dangerous place now

BY JOHN BRUTON

**T**here is more to worry about in the world today than in any time in my memory.

I remember the Cuban missile crisis, a very dangerous moment. It was defused by secret diplomacy between the Soviet Union and the US, and the willingness of the US to accept a Communist state in the Western Hemisphere, and of the Soviets to turn their ships back.

If a similar issue arose now, does a basis exist in which Russia and the US could even talk to one another to defuse it?

The US/China confrontation will be more long lasting.

China has dramatically increased its military spending. Confronting China is almost the only thing on which Democrats and Republicans in the US can agree.

The US is pledged to support Taiwan remaining politically separate from China, even though it is part of China, and the US is theoretically prepared to go to war to defend that position.

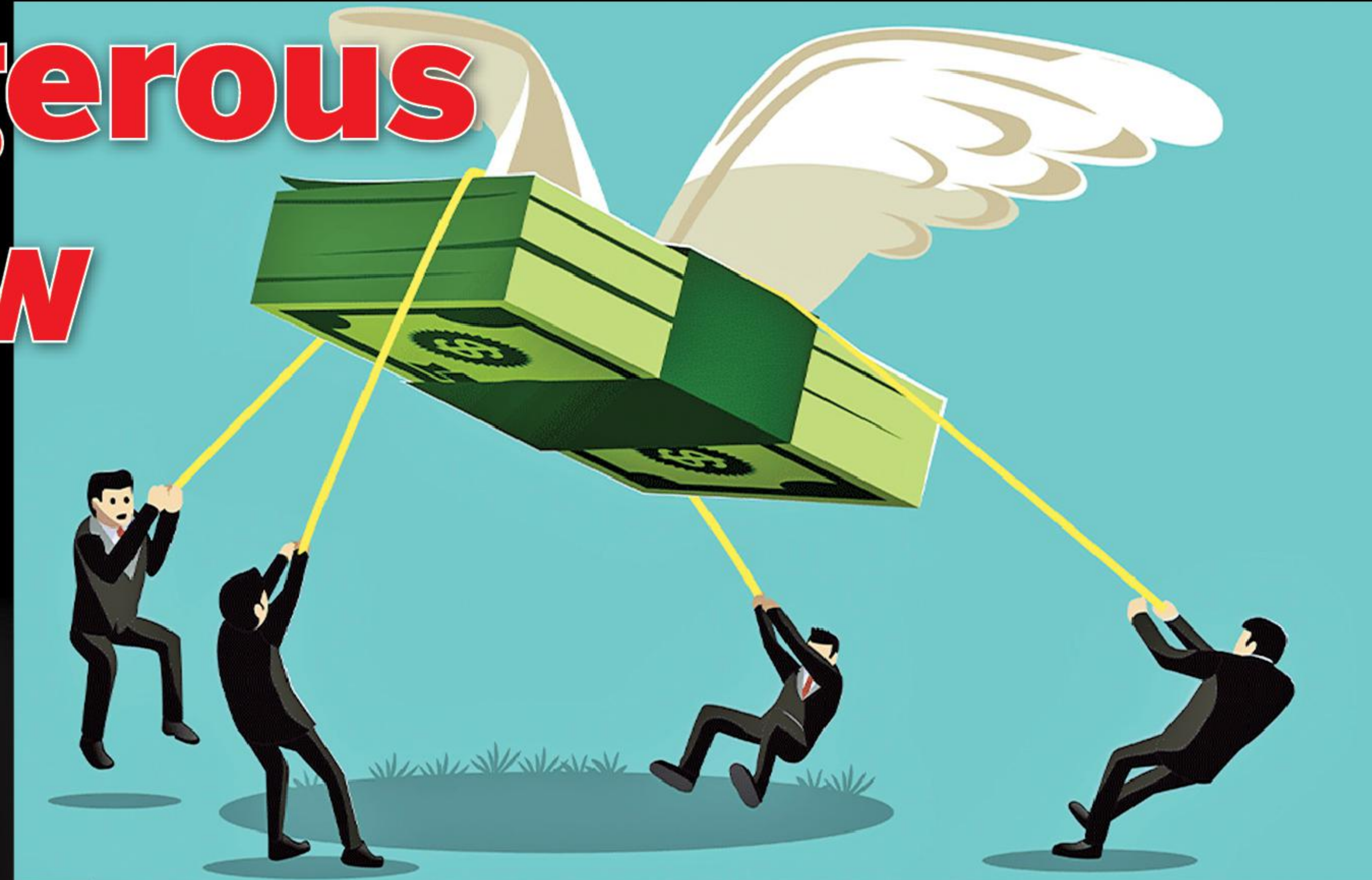
## Ambiguity

But the US position is ambiguous. So is the Chinese position.

Ambiguity is often the enemy of peace. The First World War arose from ambiguity in the pledges the powers had given to one another in the event of attack. If the pledges had been clearer, the risks might not have been taken.

Inflation, and an artificially induced recession to cure it, are increasingly expected. Higher inter-

**AMBIGUITY IS OFTEN THE ENEMY OF PEACE. THE FIRST WORLD WAR AROSE FROM AMBIGUITY IN THE PLEDGES THE POWERS HAD GIVEN TO ONE ANOTHER IN THE EVENT OF ATTACK. IF THE PLEDGES HAD BEEN CLEARER, THE RISKS MIGHT NOT HAVE BEEN TAKEN.**



est rates would be the tool used.

The political effects of this could be very serious, because public opinion is unprepared for it, and the hardships will not be evenly spread.

Inflation hits everybody, though not equally.

High interest rates are more selective.

They hit over borrowed states, like Italy, hardest. They also cause unemployment which hits people with marginal jobs, but leaves those in secure employment with savings or low borrowings unaffected. That is what happened in the 1980s. This leads to political tensions.

The idea that we should tackle inflation by extra state spending

(which can only be paid for either by taxation now, or by borrowing, which is taxation of our children) does not seem sensible to me. Yet everyone is advocating it.

## Inflation

The current inflationary surge has come from outside. It has made energy and food importing countries poorer.

Attempting to redistribute this poverty through state action raises expectations that cannot be fulfilled, and that will damage democracy. Increasing demand adds to inflation. Increased supply is the cure, but that is not in the gift of any Western Government.

It is important that voters understand the gravity of the problems we are facing. Populism confuses facts with emotion. Anger is not a policy. Blame is not a policy either.

We need to think things through carefully.

- OPD

*John Bruton was the Prime Minister of the Republic of Ireland (1994-97) and the European Union's Ambassador to the United States (2004-09). He had held several important offices in Irish Government, including Minister for Finance, Minister for Industry and Energy, and Minister for Trade, Commerce and Tourism.*