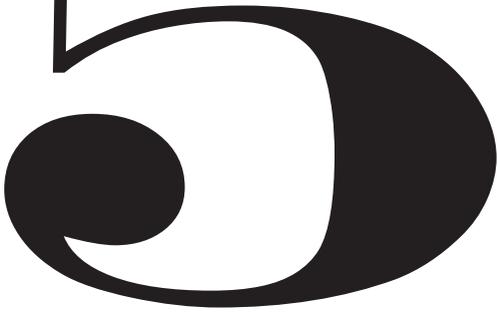


MYTHS

About the Deficit/Budget Deal



As the debt ceiling debate continues and the Congressional “super committee” of twelve develops their recommendations on the debt, we remain convinced that the nation needs to implement deep cuts in the military budget, which today represents 58% of discretionary spending, along with fair taxes, including increases for the super-wealthy and an end to corporate loopholes. What follows is a detailed look at some of the myths and facts related to the current debate about reducing the deficit, with particular focus on military spending and national security.

MYTH 1 We must reduce the deficit now, and this requires cutting Social Security and Medicare.

Most economists agree that to improve our economy, the Federal government should be spending more, not less. Cutting the Federal budget while the country faces such high unemployment is the surest way to make the situation worse.

But in any case, cutting Social Security and Medicare is the wrong approach to deficit reduction. Cutting benefits would reduce the amount of money flowing into the economy, leading to fewer jobs nationwide, to say nothing of the misery that would be created for the oldest and sickest in our society.

Social Security is self-funded, with money that we ourselves have paid in every day of our working lives, and it has contributed not one penny to the deficit. In fact, Social Security is solvent through 2032. There are easy ways to fund it after that date that do not involve cutting benefits or raising the retirement age, such as removing the cap on taxed earnings. So why should we tap Social Security to fix a problem that it did not create?

Rather than cutting Medicare, we should expand it to include everyone in the country. Ensuring health care for all and cutting out middleman insurance companies would slash the costs of medical care nationwide and create many other social goods. For example, companies would be freed from the burden of paying exorbitant health insurance premiums for their employees, making our products more competitive internationally. And Americans would be healthier, since we would all have access to medical care.

The current deficit was caused by the unfunded wars in Iraq and Afghanistan along with an explosive increase in the Pentagon’s base budget, coupled with huge tax cuts for the wealthy and tax loopholes for large corporations. Policies to cut the deficit should be focused on what caused it in the first place, not Social Security and Medicare.

MYTH 2 We can’t cut Pentagon spending because too many jobs would be lost.

The mission of the military has nothing to do with creating jobs. If we are to have a national employment program, we should allocate those

jobs based on the needs of our country, not the status quo. Right now, over 26 million people are either unemployed or underemployed. At the same time, we have vast needs that these currently unemployed people could be put to work to address. For example, the nation’s infrastructure is falling apart. We should fix it. We need to develop renewable energy in a big way; that requires workers. We need more preschool slots, and so we need to hire more preschool teachers.

Military spending is not, in any case, an efficient way to create jobs—in fact, money spent on the military generates fewer jobs than the same amount of taxpayer dollars allocated to any other major sphere of government expenditure. Moreover, Pentagon spending does not generate investment that can produce a strong economy over the long term: its products are frequently destroyed upon use.

So, if the goal is jobs, we should spend money in sectors other than the military. With proper planning, communities and individuals currently dependent on Pentagon-funded jobs could be retrained and hired for socially useful employment. By allocating our resources differently, we will have more jobs and a stronger economy, providing real national security.

MYTH 3 Stage one of the debt ceiling bill will cut the Pentagon budget by at least \$350 billion, a huge cut that will be difficult for the Pentagon to absorb.

The Pentagon budget will not be cut by \$350 billion in stage one, and even if it were, that wouldn’t be a real cut! Here’s why:

Stage one of the budget bill does put a cap, or maximum value, on so-called “security spending.” The Obama administration suggests that at least \$350 billion of the cuts required under the caps will come from the Pentagon. However, there is no such requirement in the bill. Security spending is defined to include several other programs and agencies, such as foreign aid and Veterans’ Affairs, in addition to the Department of Defense. At the same time, “security spending” does NOT include the costs of the wars in Iraq, Afghanistan or Libya—or any future wars. “Overseas contingency operations” are exempt from the caps.

How budget cuts will be distributed among the

different agencies in order to stay within the caps will be fought out in the Congress. Given Congressional history, it is very unlikely that \$350 billion will come from the Pentagon. Incredibly, even if it did, the Pentagon budget would still grow, since the cap is on projected spending, not current spending.

Moreover, in 2013, Congress can redefine the distribution established for the first two years of the stage one cuts (2012 and 2013)! That is, the caps need not be divided into security and non-security spending any longer; so, the spending cuts could conceivably all come from domestic spending after 2013. The first two years of cuts to security spending will be quite small, representing less than 1% of all programs in that category combined.

Lockheed Martin, Boeing, and other major military contractors and trade groups have spent nearly \$70 million on lobbying just this year to protect their contracts and the flow of money going to them from the Pentagon. With all these special interests working overtime to maintain their respective pots of money, military spending is unlikely to be much affected by the budget deal, unless we, the people, insist on it. On the other hand, programs that support diplomacy and development — alternatives to war — could be almost wiped out in order to protect cuts to the growth rate of the Pentagon.

MYTH 4 **If the negotiations of the “super committee” fail, the automatic spending cuts would devastate the military and put our national security at risk.**

Stage two of the debt ceiling deal requires an additional \$1.2 trillion in budget cuts. If the super committee of twelve members cannot agree, or if Congress votes down their recommendations, automatic spending cuts will take effect, beginning in 2014. Under this scenario, as much as \$600 billion could be cut from the Pentagon budget, over and above any cuts in stage one.

But not really. Again, these cuts come first from planned increases to the Pentagon’s budget over the next decade, not from its current budget.

If the absolute maximum amount that could be cut from the Pentagon under the debt deal, from both stage one and stage two, actually were put into effect, the Pentagon’s budget would revert back to its 2007 value—a real cut, but not exactly devastating considering that the Pentagon budget doubled over the last decade and is now higher, in constant dollars, than at any time since World War II (see chart for comparison of U.S. military spending with that of other countries). Under the unlikely scenario of maximum cuts to the Pentagon, the U.S. would still account for 40% of total world military spending.

Several commissions have recently recommended cuts in Pentagon spending. For example, the Domenici-Rivlin task force—a center-right committee—suggested freezing military spending for five years and not letting it grow faster than GDP

for the next five; that would save \$1.1 trillion over ten years, more than the maximum that could be saved in military spending under the budget deal. Several other commissions in the last two years have recommended considerably larger reductions.

MYTH 5 **World peace and our national security require an extremely strong U.S. presence, all around the globe, all the time.**

The world does not require the U.S. to resolve its conflicts. Rather, increased emphasis on diplomacy and the strengthening of international institutions such as the United Nations are more effective ways to address differences. We certainly do not need over 1,000 U.S. military bases on foreign soil. In fact, many countries deeply resent the presence of the U.S. military. “Global power projection,” as the Pentagon views its mission, arguably makes us less safe, not safer, because of the enemies we needlessly create. The expense of maintaining the largest military in the history of the planet is devastating our economy. Ultimately, the costs of such a huge military will bankrupt us, and that is, indeed, a very grave threat to our security.

Conclusion:

Serious cuts to military spending need to be made, but major reductions are not proposed in the current budget deal. Nevertheless, the Pentagon and military contractors claim that the minimal cuts put forward—which would likely just reduce the rate of increase in the Pentagon budget—constitute a doomsday scenario.

We need to redefine America’s proper role in the world towards one of protecting Americans instead of “full spectrum dominance,” a favorite Pentagon term. That change in our military mission would enable us to dramatically cut spending—well beyond what is either possible or likely under the budget bill—and use those saved resources in socially useful ways at home and elsewhere. We would enhance both our national security and our economy by that redefinition of our role in the world.

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