Surge in Military Spending: A Titanic Budget in an Ocean of Icebergs

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Send up a flare! The 2011 federal budget has sprung some leaks in the midst of a storm. Not sure there's enough money for life rafts! Forget women and children first!

Buffeted by economic hard times, the 2,585-page, $3.8 trillion document is already taking on water, though this won't be obvious to you if you're reading the mainstream media. Let's start with the absolute basics: 59% of the budget's spending is dedicated to mandatory programs like Medicaid, Medicare, Unemployment Insurance, Social Security, and now Pell Grants; 34% is to be spent on "discretionary programs," including education, transportation, housing, and the military; 7% will be used to service the national debt.

A serious look at this budget document reveals some "leaks" — two in actual spending practices and two in the basic assumptions that undergird the budget itself. Ship-shape as it may look on the surface, this is a budget perilously close to an iceberg, and it's not clear whether the captain of the ship will heed the obvious warning signs.

Whose Security Is This Anyway?

In his State of the Union Address, given several days before the 2011 budget was released, President Obama announced a three-year freeze on "non-security discretionary spending." This was meant as a gesture toward paying down the looming national debt, but it should also be considered an early warning sign for leak number one. After all, the president exempted all national-security-related spending from the cutting process. Practically speaking, according to the National Priorities Project (NPP), national security spending makes up about 67% of that discretionary 34% slice of the budget. In 2011, that will include an as-yet-untouchable $737 billion for the Pentagon alone.

Within the context of the total budget, then, so-called non-security discretionary spending represents a mere 11% of proposed 2011 spending. In other words, Obama's present plans to chip away at the debt involve leaving 89% of the budget untouched. Only the $370 billion going to myriad domestic social programs will be on the chopping block.

What's in that $370 billion? Well, for starters, programs that focus on the environment, energy, and science. In the 2011 budget, these categories combinedare projected to receive $79 billion or 6% of total domestic discretionary spending. Though each of these areas could actually use a significant boost in funds, that's obviously not in the cards — and this will translate into less money at the state level. New York, for example, is projected to receive $247 million in home energy assistance for low-income folks, down more than $230 million from 2010. These funds mean an energy safety net for our communities, and also warmth and jobs in a cold winter, which looks like "security" to most of us, no matter what our captain says.

Asking for disproportionate cuts and efficiencies in programs in only 11% percent of the overall budget might perhaps be slightly easier to stomach if military spending wasn't allowed relatively free rein in 2011 (and thereafter). The NPP estimates, in fact, that aggregated increases in military spending over the next decade will exceed $500 billion, drowning twice-over the projected $250 billion in non-security discretionary savings from the president's cuts over the same time period. Consider this visible unwillingness to control military-related spending leak two in our budgetary Titanic.

By now, danger flags should be going up in profusion because the second leak is so familiar, so George W. Bush. With each new bit of information, in fact, it sounds more and more like the same old song, the last guy's tune. It's clear that, as soon as the stimulus bump wears off later this year, we're in danger of falling back into exactly the same more-money-for-the-military, less-federal-aid-to-the-states rut we've been in for years, despite strong statements from both President Obama and Defense Secretary Robert Gates decrying Pentagon waste.

And speaking of waste, the Department of Defense is currently carrying weapons-program cost overruns for 96 of its major weapons programs totaling $295 billion,which alone are guaranteed to wipe out any proposed savings from President Obama's non-security discretionary freeze, with $45 billion to spare. That's only to be expected, since neither the Pentagon nor any of the armed services have ever been able to pass a proper audit. Ever.

If they had, what would have become of the C-17, the Air Force's giant cargo plane? With a price tag now approaching $330 million per plane and a total program cost of well over $65 billion, the C-17, produced by weapons-maker Boeing, has miraculously evaded every attempt to squash it. In fact, Congress even included $2.5 billion in the 2010 budget for ten C-17s that the Pentagon hadn't requested.

Keep in mind that $2.5 billion is a lot of money, especially when cuts to domestic spending are threatened. It could, for instance, provide an estimated 141,681 children and adults with health care for one year and pay the salaries of 6,138 public safety officers, 4,649 music and art teachers, and 4,568 elementary school teachers for that same year. Having done that, it could still fund 22,610 scholarships for university students, provide 46,130 students the maximum Pell Grant of $5,550 for the college of their choice, allow for the building of 1,877 affordable housing units, and provide 382,879 homes with renewable electricity — again for that same year — and enough money would be left over to carve out 29,630 free Head Start places for kids. That's for ten giant transport planes that the military isn't even asking for.

Domestic-spending freeze proponents demand that our $13 trillion national debt, accumulated over seven decades, be turned back starting now. Critics of Obama's freeze remind us that, while the C-17 flourishes, cutting into that domestic 11% is like trying to get blood from a stone. They argue that what we need in recessionary times is an infusion of strategic domestic spending. They tend to cite Mark Zandi, chief economist for Moody's Economy.com, who has noted that, for every dollar in stimulus aid directed toward the states, $1.40 returns to the economy, while every dollar invested in infrastructure spending yields $1.60.

Freeze critics are acutely aware that, by December 31, 2010, most of the American

Recovery and Reinvestment Act (ARRA), that Obama stimulus package, will expire and states will face a remarkably bleak future. By then, they will also have spent the bulk of their education-relief funds, even as they grapple with a projected 48-state 2011 budget gap of $180 billion. Last year, despite the infusion of stimulus money, the same 48 states were already experiencing significant budget gaps and so cut a cumulative $194 billion or 28% of their total 2010 budgets.

Having already imposed deep program cuts, governors in almost every state will have to make even more excruciating choices before July 1st, the beginning of their next fiscal year. In Massachusetts, officials are considering eliminating funding for a program providing housing vouchers to homeless families. California is facing $1.5 billion in reductions to kindergarten through 12th grade education and community college funding, while New York State may have to reduce payments to health-care providers by $400 million.

On the eve of the annual gathering of governors in Washington D.C., Ray Scheppach, executive director of the National Governors Association, told aWashington Post columnist that he anticipates states needing to do far more than just institute program cuts, layoffs, and benefit cuts. Governors will have to permanently sell off assets like roads and office buildings, or implement a host of other previously "off-limits" changes.

Afloat in an Ever Harsher World

Having looked at two obvious leaks in the upper hull of our budgetary ship of state, it's time to move deep underwater and examine the weak spots in two of the basic assumptions that undergird the new budget. The first deals with an issue on everyone's mind: unemployment.

The 2011 budget numbers are based on a crucial projection: just where the unemployment rate will be in 2012. Revenues available at the federal and state levels will depend, in part, on how many people go back to work and once again begin paying taxes on their wages. For the pending and projected federal budgets to have a shot at panning out, unemployment must decline, as the budget predicts it will, from the present official rate of 9.7% to 8.5% by 2012. That doesn't sound like much of a drop, especially when Americans are in job pain. But there's a strong likelihood that even this goal is unattainable.

In reality, the U.S. needs to generate an estimated 1.5 million new jobs each yearsimply to keep pace with the arrival of newcomers on the job market. That's before we talk about knocking down the present staggering unemployment rate. In this case, however, one set of budget projections (that three-year domestic spending freeze) might work against the other (that modest decline in unemployment). Fewer federal stimulus dollars will be available to offset onrushing shortfall disasters at the state budgetary level, which means a potential drop in jobs. And, thanks to that domestic freeze, more pain is in the offing, with fewer services available, for those out of work. Even if the new Senate jobs bill makes it to the president's desk, it's unlikely to go far enough to make a real difference. All of this means that an 8.5% unemployment rate in two years is, at best, an optimistic projection.

Even if that figure were hit, however, Americans still wouldn't be celebrating, in budgetary terms or otherwise. At 8.5%, we're only back to an unemployment rate not seen in more than a quarter of a century, and keep in mind that a one-dimensional unemployment figure can't begin to capture the complexity of what theBureau of Labor Statistics describes as "alternate measures of labor underutilization." In other words, it doesn't count everyone who is underemployed, employed only part-time, or discouraged and so considered out of the job market. At 16.5% as of January 2010, this measure tells a very different story.

Nor does that 8.5% figure capture the disproportionately terrible employment situation faced by young people or people of color who are distinctly over-represented on the unemployment rolls. And if you happen to live in certain metropolitan areas, 50% of you can kiss your chances of a quick recovery goodbye. According to the projections of a U.S. Conference of Mayors study titled U.S. Metro Economics, Dayton, Ohio, is not expected to see a significant employment bounce until 2015; Hartford, Connecticut, not until 2018, and Detroit, Michigan, not until after 2039.

As Atlantic magazine Deputy Managing Editor Don Peck noted recently, it will be a long time before we dig ourselves out of this current job crisis. "We are living through a slow motion catastrophe," he writes, "one that could stain our culture and weaken our nation for many, many years to come."

That projected 8.5% figure and all the projected freezes and cuts that go with it, don't begin to address this reality. Think of that as leak three.

Then, consider this little tidbit from the 2011 budget, hardly noted or discussed in the news, even though it has the potential to punch a hole in the budgetary hull: the document projects a zero percent cost of living adjustment (COLA) for Food Stamps through 2019.

To understand just what this means, it's necessary to step back for a moment. According to the U.S. Department of Agriculture (USDA), food stamp usage is remarkably widespread and growing. Thirty-six million Americans, including one out of every four children, are currently on Food Stamps. An estimated monthly Food Stamp benefit for a family of four is $321 (approximately 89 cents per person per meal), which already falls significantly short of what the USDA considers a "thrifty" family's grocery receipts, estimated at roughly $513 per month.

If the COLA for food stamps is frozen over the next eight years, NPP analysts project a 19% erosion in the buying power of those stamps due to inflation. This means that, by the end of 2019, a similar family of four, eating at exactly the same level, would be paying $611 a month for its food, or $100 more, while still receiving that same $321.

In other words, if the 2011 budget and its projections proceed as planned, a great many Americans will be hungrier and still jobless in a harsher, meaner world, while what budgetary savings are achieved on the backs of the poorest Americans will be gobbled up by wars, weapons, and other "security" needs. Ordinary Americans will largely be left in a sink or swim world and the waters will be very, very cold.

Tell the radio operator. It's none too soon. Start sending out the signals. SOS… SOS… SOS…

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