

Greatness Returning to the USA?

President-elect Donald J. Trump says he'll "drain the swamp" and "shake up Washington" in his quest to "Make America Great Again." While chasing the ghosts of past glory has nostalgic appeal, a wise man will tell you it's an elusive and futile pursuit. So, maybe Mr. Trump has a more promising vision, not yet articulated, that is grounded in reality for all Americans to rally behind.

His vote-getting campaign slogan felt good, especially to those sensing that the US has lost its grandeur. For the older generation the halcyon days of post-World War II, where America's *raison d'état* was to rebuild war-torn Europe and Japan and to stop the spread of communism around the globe, was a proud moment in history.

With the Soviet Union's systemic collapse in 1991, a costly Cold War between two giants was over. Looking forward to a "peace dividend" from the scaling down of a well-honed war machine, most Americans wanted the nation's leadership to address growing problems at home. A declining social and physical infrastructure, increasing poverty, and a sagging economy needed attention, especially in the face of an emerging phenomenon called "globalization."

To the credit of Congress and administrations at the time welfare reform was instituted, economic performance boosted, and progress was made in reducing annual deficits albeit temporarily. However, major infrastructure renewal plus a much needed national debate on America's future role and purpose in the world went by the wayside.

It wasn't long that the US as the remaining super power fell into the snare of being the World's Cop; an informal role often legitimated and supported by actions of the United Nation. Continuing to this day there are persistent and tacit expectations by the international community that America should take the lead in settling and policing warring factions about the globe. This includes of course broad-scale asymmetric warfare brought on by Islamic radicalism.

Since those infamous at-home attacks on the Twin Towers of the New York City Trade Center in 1993 and the one that lethally brought it down on September 11, 2001, the U.S. has been reacting and retaliating against terrorism. In its role as the indispensable nation of the international community, both the older and now younger generations are seeing a different America emerge. One that has gotten bogged down in protracted ill-advised wars in the name of regime change, exporting democracy, and nation building. While US boots on the ground in Iraq and Afghanistan has lessened significantly in recent times, our armed forces are still at risk in their training and support capacities, plus billions of dollars are still being spent there rather than here.

As a result of these perpetual wars coupled with the aftermath of the 2008 Great Recession, America is now saddled with unprecedented and unpayable national debt, currently closing in on 20 trillion dollars. In addition a scary 100 trillion or more in long-term unfunded liabilities (future promises to pay) is bandied about by many financial experts as indicative of a huge dark cloud hanging over government at all levels.ⁱ

These obligations in the out years pertain to many public programs (notable examples are Medicare and Social Security) and pensions at the local, state and federal levels.ⁱⁱ They do not include 12.25 trillion dollars in today's household debt or 29 trillion in corporate debt. When combining both current and future liabilities one can see that

America is awash in indebtedness for the foreseeable future as we continue clinching onto credit as a way of life.

But that's not all...many state and corporate pension plans are currently underfunded due to inadequate revenues from less than expected investment returns and changing demographics. Many pensioners in major cities (like Detroit and Dallas) have been and will probably be short-changed in the coming years, unless the state and federal governments step in with bailouts; causing even bigger deficits to overcome with state-backed bonds, US Treasuries or perhaps newly creative debt instruments.

As one can see coping with this financial albatross is a huge challenge due to competing interests and anchored ideologies among lawmakers in Congress. On the one hand defense spending continues to mount in the face of roiling international conflicts and the deadly game of upping our weapons systems to maintain strategic advantage over our adversaries. At the same time the need swells for more expansive social safety-nets fueled by the economic disadvantaged and out-of-control population growth. So just trying to erase the annual deficits, let alone make a dent in the national debt, seems improbable under current circumstances.

With a President-Elect that wants to reduce both personal and business tax rates in the name of economic pump-priming, there is little to suggest that the nation's mountainous debt pile will come down any time soon. Unless tax receipts are dramatically increased and government spending is radically curtailed, America's debt has "default" stamped all over it and is a ticking time bomb that few want to address for the obvious solutions required mean sacrifices fraught with political peril.

Besides being technically bankrupt, 43.1 million people in the US are in poverty, which is more than the entire population of Canada. Couple that with out-of-control mass immigration, a degraded social and physical infrastructure (rated D+ by ASCE)ⁱⁱⁱ, racial injustice, severe income inequality and a less than robust economy, our new President and the Republican Congress has its work cut out. So where to start?

In any enterprise trying to stay alive requires a balance between revenues and expenses. Any business "turn-around specialist" will tell you that there are two things that need to be done simultaneously...cut costs and increase revenues. In my experience as a hospital CEO, I was involved in two successful hospital system turn arounds and I can tell you that while the concept is simple, it is extremely hard to do. And that's where the skills of a highly successful business man like Mr. Trump and his business-oriented cabinet can be invaluable going forward.

In reviewing the 2017 Federal Budget of 4.073 trillion dollars with an operating deficit of 441 million dollars; 2.832 trillion is for Mandatory Spending and 1.241 trillion for Discretionary Spending.^{iv} Mandatory spending is for programs like Social Security, Medicare, Medicaid, interest expense on the national debt, etc. Discretionary Spending on the other hand involves the Department of Defense, and support departments, like the State Department, Veterans Administration, Homeland Security, FBI, etc. You can bet there are many opportunities to cut costs in both of these major budget segments, but the catalyst to do so will be the political priorities of the new administration and Congress.

One of the targets that stands out is military spending (for defense) which is \$773.5 billion, consuming a whopping 62 % of discretionary spending.^v The reason for highlighting this area is that this type of spending is a function of the nation's foreign policy and national security programs. Generally speaking the more demands placed on

America as it pertains to international diplomacy and wars, the bigger and stronger our military needs to be to enforce our principle convictions when needed. Also, the more the US engages other nations and/ or confronts non-state terrorist organizations like ISIS and Al-Qaeda, the more likelihood there is and will be attacks on the homeland, with increasing demand for beefed up security in cities, ports, and at borders along with global cybersecurity monitoring.

As said earlier, the international role assumed by America weighs heavily on the individual and corporate taxpayers and needs to be re-assessed in light of the nation's financial woes. For example the US spends more on defense than the next ten largest spenders combined, including China (\$216 billion) and Russia (\$84.5 billion).^{vi} Obviously something is very wrong with this disproportionate spending.

Either we are terribly inefficient in our procurement practices or we don't need many of the weapon systems developed and just maybe it's a combination of both. For years there have been many stories of excessive waste in the Pentagon due to pressure from Congress to produce unneeded tanks, planes, and missiles that produce jobs and profits in home districts, rather than adding over-all strength to the military mission.

Keep in mind, that for every dollar spent on foreign ventures and security at home, there is less for schools, roads, railroads, and bridges, water and sewer systems, healthcare, habitat restoration etc. and national debt repayment. And that may account for the general perception that America is in decline and has been for years.

Since WWII the US seems helpless to contain defense spending for any protracted period, as we are often pushed into conflicts by circumstances and a self-imposed image of championing the oppressed around the globe. At the same time we fail to make self-preserving fiscal decisions due to endemic corruption, greed and a toxic political divide in Congress. In this political swamp there are too many corporate lobbyists dangling campaign finance dollars to do their bidding, often resulting in legislation negating the greater good of the nation.

Looking back, the noble work of gutting fascism and later arresting communism has given way to ego-driven wars by home grown neo-con hawks wanting to maintain America's global dominance no matter the cost in blood or treasure.

In Making America Great Again the issue of maintaining sole super power status at all costs must be resolved. Are we irreversibly locked into a role of being the indispensable nation whenever there is trouble abroad? Isn't time for both the new Administration and Congress to demand of our allies and other nations that they pay their fair share of making the world safer.

President Obama tried to ease the US out of perpetual wars and to prevent us from getting sucked into new ones, but constant middle-eastern mayhem coupled with relentless political allegations of being a weak leader, forced him and the nation back into the fray. At this juncture it appears America doesn't have the political cohesion or will to disengage from past mistakes or to stay out of conflicts having questionable strategic importance.

So now the people have elected a strong man with a mission to Make America Great Again. As suggested here, there are so many difficult issues for the new President to tackle and none more important than re-defining America's superpower role status and the huge defense costs afflicting this country. If President Trump is the fixer he claims to be, let's see what he can do to reduce this huge drag on our prosperity, yet still

maintaining rational readiness and enduring military strength. Yet, exclaiming to the world recently “Let it be an arms race” as it pertains to nuclear capability, seems to be going pell mell in the wrong direction.

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ⁱ Forbes, “You Think The Deficit Is Bad? Federal Unfunded Liabilities Exceed \$127 Trillion”, Jan 17, 2014: <http://www.forbes.com/sites/realspin/2014/01/17/you-think-the-deficit-is-bad-federal-unfunded-liabilities-exceed-127-trillion/>

ⁱⁱ Center on Budget and Policy Priorities, “Policy Basics: Understanding the Social Security Trust Funds”, Aug 9, 2016: <http://www.cbpp.org/research/social-security/policy-basics-understanding-the-social-security-trust-funds>; Social Security is currently self-funded until 2034, at which time pay outs may have to be scaled down if no adjustments are made in taxes or benefits.

The Henry J. Kaiser Family Foundation, “The Facts on Medicare Spending and Financing”, Jul 4, 2015: <http://kff.org/medicare/fact-sheet/medicare-spending-and-financing-fact-sheet/>; various parts of Medicare are funded with a combination of general revenues, beneficiary premium payments, and payroll taxes. Part A should remain solvent until 2030 with no predictions for parts B & D.

ⁱⁱⁱ www.asce.org American Society of Civil Engineers, Latest National Report Card on infrastructure D+.

^{iv} www.whitehouse.gov Mid-Session Review, US Government Budget, Fiscal Year 2017, Office of Management and Budget

^v www.thebalance.com “Current US Discretionary Spending” October, 2016.

^{vi} www.whitehouse.gov Mid-Session Review, US Government Budget, Fiscal Year 2017, Office of Management and Budget