

PLRC *Pacific Life Research Center*

631 Kiely Boulevard * Santa Clara, CA 95051 * Phone 408/248-1815 * Fax 408/985-9716 * E-mail bob@plrc.org
PLRC-040424 This paper is current only to 24 April 2004

DEBT, WAR, AND A LOOTED PENSION FUND: A TERRIBLE LEGACY FOR OUR GRANDCHILDREN

Compiled by Bob Aldridge

We, the people living today, are the current stewards of the earth. That responsibility includes management of everything from natural resources and pollution to global warming and ozone depletion, from cultural priorities as a nation to attitudes and integrity as individuals. How we handle our responsibility will affect our descendants for generations to come. In this paper I will focus on how the American spending pattern could be improved to nourish future quality of life.

First I would like to explain a few high points of the financial practices of the US government. Some aspects of federal spending and borrowing that I will discuss in this paper are given in Figure-1. In fiscal year 2003 the country had a National Budget of \$1.78 trillion. When we subtract the \$318 billion interest paid on the Public Debt (National Debt) and the \$757 billion in Total Military Spending incurred by all departments of the administration, that only leaves \$705 billion to run the rest of the country – less than Total Military Spending. Consequently, the government overspent its budget to produce a National Budget Deficit of \$375 billion. This is added to the Public Debt. Also, the interest payment does not reduce the principal of the Public Debt – it is only the current interest on the debt. Consequently, the National Debt increases each year, and so does the amount of interest.

We are currently in fiscal year 2004 so only projections made by the Congressional Budget Office can be analyzed. Note that the interest on the Public Debt for this year is expected to be \$658 billion. Assuming that the US can pay that full amount, and taking that interest together with the Military Spending, only \$398 billion is left to run the rest of the country. So, again, the government overspends its budget to produce a projected National Budget Deficit of \$477 billion. This deficit is then added to the Public Debt which continues to grow, along with the interest. Deficit spending is an ever tightening spiral.

Now I will address the three elements of the legacy we are leaving our future generations. However, I will take them in reverse order from their listing in the title of this paper.

THE LEGACY OF A LOOTED PENSION FUND

I will now turn to the lack of security for old age and retirement that future generations will have if present spending practices continue. The Social Security Act of 1935 was set up to create a trust fund for a retirement plan. Workers paid into this special trust fund each month and the interest

**FIGURE-1
BUDGET AND FISCAL DATA**

(All figures from Congressional Budget Office unless otherwise specified)

	Fiscal Year 2003 (actual)	Fiscal Year 2004 (projected)
Public Debt	\$3.91 trillion*	\$4.39 trillion*
National Budget	\$1.78 trillion	\$1.82 trillion
Total Military Spending**	\$757 billion	\$764 billion
Interest on National Debt	\$318 billion [#]	\$658 billion ^{##}
National Budget Deficit	\$375 billion	\$477 billion

Notes

* A trillion dollars is a million dollars multiplied a million times. Public Debt is the debt held by the public. The Gross National Debt also includes the Public Debt and another \$2.86 trillion in Intragovernmental Holdings for 2003, and probably about \$3 trillion for 2004.

**Extrapolated. Start with a Department of Defense Budget \$438 billion for fiscal year 2003 according to the Pentagon's Financial Summary Tables (\$441 billion for fiscal year 2004). Multiply this by a factor of 1.73, derived from Higgs, to add military related funding in the budgets of other Departments (includes military retirement and compensation pay). This figures to \$757 billion total spending for 2003, and \$764 billion projected for 2004. Even then, this does not include funds for rebuilding Iraq and probably not for military aid to other countries or for much of the cost of the Iraq war.

[#]“It's the Debt: Don't Forget It!!”

^{##}Extrapolated from interest of \$274 billion for first five months of fiscal year 2004.[#]

Nomenclature

Gross National Debt	The sum of the Public Debt and Intragovernmental Holdings.
Intragovernmental Holdings	Debts among departments and agencies of the US government -- what they owe to each other. Probably most of this is what has been borrowed from the Social Security, Railroad Retirement, and other trust funds.
National Budget Deficit	The amount the US government overspends its budget each year. The deficit is added to the National Public Debt each year. Lowering the deficit merely means going into debt slower.
Public Debt	Also called Debt Held By The Public. Sometimes also referred to simply as the National Debt. This is the debt owed by the US government that must be repaid out of taxes paid by the public.

earned from those payments accumulated over the years so that when the workers reached retirement age they could draw a pension. The Railroad Retirement Act and other trust funds were set up in a similar manner. These entitlements, as they were called, could not be touched by Congress.

An important addition was added to Social Security on 30 July 1965. As part of the Social Security Amendments of 1965, Medicare was signed into law. This has been a vital health benefit to elderly and retired people with a low income. It, also, was planned to have been paid for by the interest on premiums paid by the retirees during their working years. At present workers pay a 12.4 percent payroll tax into the Social Security trust fund and another 2.9 percent of their earnings to fund Medicare. That is a whopping 15.3 percent of their earnings going toward retirement. There are no deductions and no exclusions.

This system worked well for almost half a century and the Social Security fund flourished. It eventually became too tempting to be left alone and, during the spending rampage of the 1980s, the Reagan administration came up with the “Unified Budget” idea where everything – Social Security, Railroad Retirement, and all – were thrown into the same pot. That kicked off the spending spree as Congress dipped into those lush funds. During the eight years of the Reagan administration, the Public Debt rose from several hundred billion dollars to over \$3 trillion. That’s three million times a million dollars. And of course Intragovernmental Holdings – the debts owed to each other among various departments of the government – began a steep upswing with the borrowing from entitlement trust funds.

Over the years since implementation of the Unified Budget, the Gross National Debt (the sum of the Public Debt and Intragovernmental Holdings) has swelled immensely. As of 28 February 2004, the Gross National Debt was \$7.1 trillion.¹ While at the same time the Social Security fund has been looted and is bare. In his testimony before the House Budget Committee on 25 February 2004, Federal Reserve Board Chairman Alan Greenspan said: “The degree of uncertainty about whether future resources will be adequate to meet our current statutory obligations to the coming generation of retirees is daunting.” Pointing out that most of the uncertainty lay in predicting future medical costs, he suggested “that a thorough review of our spending commitments – and at least some adjustment to those commitments – is necessary for prudent policy.”² What he said is that benefits from Social Security and Medicare should be cut.

Keep in mind that while Social Security is allegedly going in the hole, thereby making “statutory obligations” questionable, the Bush administration has implemented three tax cuts which benefit mainly the upper income brackets. Senator Robert C. Byrd says these tax cuts are financed by the Social Security fund. In his 27 February 2004 remarks to the Senate Budget Committee, Byrd said: “Instead of ensuring the Social Security benefits promised to workers, the President’s budget would spend the entire Social Security surplus over the next five years – all \$1.1 trillion of it – to pay for the administration’s tax cuts for the affluent and corporate elite. Not one dime would be allocated

¹“It’s the Debt: Don’t Forget It!!”

²Greenspan.

to save Social Security.”³ In short, the tax cuts, if they remain permanent, will not only use up the current Social Security earnings from investment, they will also assure that repayment of funds already “borrowed” from Social Security will not be repaid.

The Unified Budget, exacerbated by Bush’s tax cuts, has turned Social Security and Medicare into a vicious pyramid scheme. The present perception is: “Simply put, there will not be enough people working and paying Social Security and Medicare taxes to cover the benefits of this swollen population of retirees.”⁴ That is not how it was designed to be. Retirement benefits from that “swollen population of retirees” would have come from what they, themselves, had paid into the trust fund. But the retirement fund has now been raided.

This is the looted pension fund legacy that will be left to our future generations.

A LEGACY OF WAR WITH NO PROVISIONS FOR PEACE

Now I would like to turn to the misplaced priorities reflected in US spending – the inordinate emphasis on violence reflected in America’s national spending. Figure-1 illustrates how total US military spending amounted to about 42 percent of the total budget for fiscal years 2003 and 2004. This badly skewed spending pattern reflects the attitude and mood of the American public which allows such misplaced priorities to exist. These misplaced priorities are deeply ingrained as a systemic force that will take effort and time to deflect. But that effort has not yet been started, the legacy of war is being passed down from generation to generation.

We are now engaged in the so-called War on Terrorism. Given the fact that terrorists hate America and Americans, without delving into the reasons for that hate at this time, we do need to protect ourselves in the short haul. I would like to use a recent task force study as a model for commencing the change from military solutions. The task force was a joint project of Foreign Policy In Focus⁵ and the Center For Defense Information;⁶ and was endorsed by members of the Security Policy Working Group.⁷ Its March 2004 report, entitled *A Unified Security Budget For The United States*,⁸ makes

³Byrd.

⁴Moritsugu.

⁵Foreign Policy In Focus describes itself as a “think tank without walls.” Its panel of experts “seeks to make the US a more responsible global leader and global partner.” It is a combined effort of the Institute for Policy Studies and the Interhemispheric Resource Center. www.fpif.org

⁶The Washington D.C.-based Center for Defense Information describes itself as “a non-partisan, non-profit security policy organization dedicated to strengthening security through international cooperation; reduced reliance on unilateral military power to resolve conflict; reduced reliance on nuclear weapons; a transformed and reformed military establishment; and prudent oversight of, and spending on, defense programs.” www.cdi.org

⁷The Security Policy Working Group describes itself as “comprised of leading defense and security policy researchers, analysts, and non-governmental organizations that seek to reshape and expand the public and policy discourse on what constitutes true security in the post 9/11 world. www.proteusfund.org/spwg

⁸This task force and its report were funded by the Proteus Fund; and the Ford, Arca, MacArthur, Town Creek, and Rubin Foundations.

specific recommendations for reapportioning the administrations existing fiscal year 2005 security spending to more realistically meet the terrorist threat. The report identified three problems in the budget:

- The budget allots seven times as much to the military as to Homeland Security and all other forms of non-military security programs combined.
- The budget is being allocated for cold-war-type weapons and equipment that do not meet today's security threats.
- The solution to these problems needs a unified approach to national security that integrates non-military tools and rebalances military forces.

The report then outlines a plan to change the 7:1 skewing of funds to the military over other security programs to a more palatable 3:1 ratio. It identifies the Comanche helicopter program (which has already been stopped) and cutting other obsolete military programs that would free \$56 billion for other security needs.⁹ Of that, \$5 billion would be allocated to preparing the military for new missions such as peacekeeping, stability, and counterterrorism – for things like proper training and improved equipment.

The remaining \$51 billion, the report suggests, could be used for non-military national security needs as follows:

- \$6 billion to “strengthen crucial nonmilitary dimensions of our security including diplomacy, nonproliferation programs, and support for international peace and stability operations.”
- \$10 billion added to international development programs which Bush has described in 2002 as a “security tool, linking the desperate resort to terrorism with the hopelessness of persistent poverty.”¹⁰
- The remaining \$35 billion would be used to address weaknesses in our homeland security program, especially helping local officials and organizations – those known as “first responders” to a terrorist attack.

These steps do not seem too threatening. Yet they will provide an initial step away from predominantly military solutions to national security threats and international disagreements. America is well and above the military technology of any prospective enemies. The biggest threat we face is our misplaced priorities. This may not be the exact formula but it provides a good working model to start thinking in alternative-to-military solutions. I will discuss further steps in the Conclusion to this paper.

⁹Besides stopping the Comanche helicopter, which has already been done, the other recommended program changes recommended are: cancel the F-22 fighter jet and buy upgraded existing aircraft, reduce purchases of Virginia-class submarines and stop early retirement of existing subs, cancel the DDX destroyer program and use smaller ships, slow down the unrealistic schedule for the Future Combat System, reduce the rebuilding of nuclear warheads, cut back on number of strategic nuclear missiles and submarines deployed, cut missile defense back to short range and limited national defense, demobilize seven Army Guard divisions that play no part in existing war plans, restore a justifiable funding level for research and development (R&D), and make fuller use of NATO military capabilities.

¹⁰Cited in *A Unified Security Budget For The United States*.

A LEGACY OF DEBT WITHOUT END

Finally, I will discuss the spiraling debt incurred by deficit spending in our generation – what is properly called living beyond our means. Perhaps the 27 February 2004 remarks of Senator Robert C. Byrd to the Senate Budget Committee best exemplify this repugnant activity. Byrd pointed out that President Bush, in his February 2001 address to a Joint Session of Congress, promised to reduce the debt by \$2 trillion over the next ten years. In the three years since that promise, rather than being reduced, the gross national debt has risen by \$1.6 trillion.

Byrd also pointed out that the International Monetary Fund, a global organization which monitors the debt problems of third-world countries, issued a stern warning that the Bush administration must rein in its massive budget and trade deficits. Similar warnings have come from Federal Reserve Chairman Alan Greenspan, US Comptroller General David Walker, former Treasury Secretary Robert

Rubin, and even political allies such as the Heritage Foundation and private-sector economists. But instead, as Byrd puts it: “After spending \$1.7 trillion to finance three enormous tax cuts in the last three years, the President’s budget proposes an additional \$1.24 trillion for more tax cuts.” These tax cuts mainly benefit the wealthy supporters of the Bush administration. Byrd sums it up: “President Bush’s assertion that his budget will cut the deficit in half by 2009 is one more in a litany of promises that will go unfulfilled.”¹¹

Figure-2 is the chart Senator Byrd used in his presentation to the Budget Committee. It illustrates the gap between the Bush administrations promised debt reduction and the actual (in 2004) and projected (in 2009) public debt.

The Congressional Budget Office (CBO) furnishes similar data. It shows that if legislation extends the Bush administration’s tax cuts (rather than allowing them to expire) the accumulated **addition** to the annual deficits between now and 2014 will add \$1.868 trillion to the Public Debt. Some \$1.372 trillion of that deficit increase will accumulate after 2009. In addition, this increase in national debt will generate another \$303 billion in interest that must be paid.¹² Under the President’s budget, the Public Debt (national debt) will rise to \$5.834 trillion in 2009 and then jump to \$7.251 trillion in

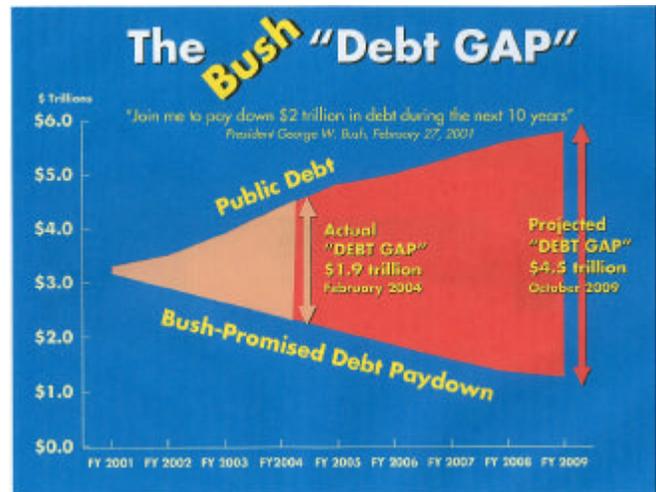


FIGURE-2

¹¹Byrd.

¹²“CBO’s Current Budget Projections.” See the “Extending Expiring Tax Provisions” figures in the section entitled “The Budgetary Effects of Policy Alternatives Not Included in CBO’s Baseline (January 2004).”

2014.¹³ (Most of the tax cuts expire in 2010.)

Michael Meurer has expounded his theory that the Bush administration has a deliberate policy to force the US into bankruptcy. The objective of this, according to Meurer is to encourage privatization. He states: “A massive federal deficit, it is hoped, will justify to the public the wholesale privatization of social security, medicare, prisons, schools, water, the Federal Aviation Administration, Amtrak, welfare services, public power utilities, the federal postal service, etc., etc., etc.... The Bush administration’s pursuit of federal bankruptcy on behalf of their largest corporate sponsors, who will be the primary beneficiaries of privatization, represents an all out assault on the idea that the federal government should represent the commonweal and act as a wise custodian of our collective resources.”¹⁴

Meurer’s evaluation may seem overly harsh to some. But he does raise some good points to contemplate. Alan Greenspan, chairman of the Federal Reserve Board, also made a convoluted referral to dire consequences from deficit spending when he testified that “we could be in a situation in the decades ahead in which rapid increases in the unified budget deficit set in motion a dynamic in which large deficits result in ever-growing interest payments that augment deficits in future years. The resulting rise in the federal debt could drain funds away from private capital formation and thus over time slow the growth of living standards.”¹⁵ That sounds something like bankruptcy.

We have seen how the Soviet Union was forced into bankruptcy and disintegration by massive deficit spending during the Cold War arms race. America is not immune to such a fate.

CONCLUSION – SOME ALTERNATIVES

There are remedies we can start implementing immediately. But to have any valuable effect, they do need to be implemented immediately. It will mean taking seriously our global stewardship responsibility. That will mean living a simpler lifestyle. But if we truly love our children and their descendants, it will be a sacrifice we welcome.

The Looted Pension Fund. First, in regard to old-age insecurity, we cannot retrieve the looted wealth from the Social Security trust fund that has already been spent. But we can alleviate the strain on that trust fund by letting the tax exemptions for the rich expire when it comes up before Congress for renewal. They are not permanent tax cuts. Between now and 2010 all three of the current tax cuts will require new legislation to continue. We Americans, accepting our responsibilities in a democracy, can make certain there are no new tax cuts for the rich, and that those already in effect do expire quietly. When the rich start paying their fair share of the tax on wealth they have amassed in our society, those payments alone will go a long way toward replacing the plundered Social Security/Medicare resources.

¹³“CBO’s Current Budget Projections.” See the section entitled “CBO’s Estimate of the President’s Budget.”

¹⁴Meurer.

¹⁵Greenspan.

Next, with regard to Social Security and Medicare, we can make certain that they function under sound fiscal practices.¹⁶ Take it out of the grasp of Congress and make it a true retirement system. Change the name, if that is more palatable. It could be modeled after the California Public Employees' Retirement System (CalPERS), which is currently the largest public pension fund in the US. Employees contribute to it during their working years, and those assets – currently \$160 billion for 1.3 million beneficiaries – are responsibly invested in 1,700 companies. The capital accumulated is spread so wide that the collapse of any one company has no disastrous effect. During the corporate scandals of 2001-2002, CalPERS lost millions but it was not crippled.

Also, as one of the world's largest holders of publicly-traded stock, it is using its clout to reform corporate behavior. When CalPERS "criticized former New York Stock Exchange Chairman Richard Grasso's salary package, it created the momentum that eventually forced Grasso's resignation."¹⁷ Its latest actions is targeting companies who have consulting contracts with the same firms that audit their books. CalPERS is withholding its votes at stockholder meetings when board members approving such contracts come up for re-election. This is causing other stockholders to sit up and take notice.¹⁸ CalPERS is currently withholding votes for the entire six-member Apple Computer board (CalPERS owns 1.48 million shares of Apple stock) because they failed to implement shareholder-approved changes to expense options and the performance of non-audit activities by the company auditor. Even more recently, CalPERS is withholding its votes for five directors of Citigroup who sit on the bank's audit committee because Citi's auditor, KPMG, has been allowed to do non-audit work for the bank. CalPERS has also named three others including the chairman, for improper behavior. CalPERS spokesperson Brad W. Pacheco comments: "We're just getting started ... It's a definite problem with corporate America, where these auditors are not independent."¹⁹ He says CalPERS has identified 2,700 companies this year for criticism of their audit policies.²⁰ The Social Security program can have the financial stability and clout CalPERS enjoys if it becomes independent of Congress and efficiently supervised by public scrutiny.

¹⁶Medicare also has problems beyond the scope of this paper. That is the seemingly uncontrolled and unpredictable cost surges in health care and pharmaceuticals. What was once a service profession to help humanity has now become runaway profiteering. March 2004 projections now are that Medicare will start running into deficit spending in 2004 and its surplus funds will be exhausted by 2019 – seven years sooner than predicted a year earlier. (That doesn't take into account the tax cut for the rich being allowed to expire and other efficiency/cost-saving changes being implemented by the Department of Health and Human Services.) Nevertheless, the price gouging of the health care and drug industries needs attention.

¹⁷Marshall.

¹⁸CalPERS has been working in alliance with other pension funds. Currently, CalPERS and the pension funds of New York, Connecticut, and Illinois are taking on Safeway. The chief executive and two other directors on Safeway's Board are coming up for re-election. CalPERS and the other funds are withholding their stockholder support from these three because they have business relationships with Safeway that could compromise their independence.

¹⁹ Cited in Marshall.

²⁰Cited in Powell.

War with No Provisions for Peace. In the discussion above I have introduced one study that would reduce the current 7:1 ratio of military security spending to non-military security spending to a less violent 3:1 ratio. Now let me turn to a longer view.

How can we really begin laying the groundwork for nonviolent methods to enter our national security strategy? Creating a Department-level agency of the government to counterbalance the Department of Defense would be a good way to start. This is not a new idea. It has a history reaching back to the roots of our country.

It is reported by some historians that debates regarding a government institution dedicated to understanding peace go back to the framers of the US Constitution. The first documented proposal was when African-American freeman Benjamin Banneker wrote in his 1792 Almanac about a Department of Peace to “balance” the Department of War.²¹ The first Department of Peace bill was introduced to the legislature in 1793 by George Washington. Over the past 210 years there have been 146 similar bills introduced. The latest, H.R.1673, was introduced by Representative Dennis Kucinich on 8 April 2003, and is co-sponsored by 10 percent of the House. It is still languishing in committee.²² We still have no cabinet-level Peace Department to “balance” the Defense Department -- nor even a Peace Academy analogous to the military war colleges.²³

I will now briefly review what H.R.1673 proposes as a Peace Department. The legislation describes the Department’s mission as holding peace as an organizing principle and coordinating its service to every level of American society. The Department will promote justice and democratic principles to enhance human rights; strengthen non-military forms of conflict resolution; promote the development of human potential; address both domestic and international matters; and encourage initiatives from local communities, religious groups, and non-governmental organizations. In addition, the Department will, while working to create peace and prevent violence, divert crises from armed conflict through existing and new forms of dispute resolution. Finally, the Department will proactively develop policies to prevent national and international conflict, intervene nonviolently when required, and proceed to solve the conflict through structured mediation.

The Secretary of Peace is charged to work proactively and interactively with all branches of the federal government concerning policy matters relating to conditions of peace, and to be a member of the White House National Security Council. He or she is to call on the intellectual and spiritual wealth of the American people while monitoring and analyzing the causes of conflict and making

²¹Benjamin Banneker was a publisher, mathematician and astronomer, and architect who surveyed the future Washington D.C. He teamed with physician and educator Benjamin Rush in 1792 to define a “Peace Office” which would be on an equal level with what was known then as the War Department.

²²H.R.1673 was referred to the Committee on Government Reform, and in addition to the Committees on International Relations, the Judiciary, and Education and the Workforce.

²³The United States Institute of Peace Act was passed by Congress and signed into law by President Ronald Reagan in 1984. But it is not a four-year Peace Academy that would graduate specialists in promoting harmony and non-violent conflict resolution. Instead, Congress gave the Institute a broader mandate to provide services for peace education and training, basic and applied research opportunities, and peace information. The Institute reports directly to Congress, has its own line item in the budget, and is governed by a 15-member bipartisan board of directors. It is prohibited from advising on policy or taking part in operational activities.

policy recommendations for developing and maintaining peaceful conduct.

On the domestic scene, the Secretary of Peace will develop policies and programs to address domestic violence (child abuse, spousal abuse, elderly abuse, etc.), misuse of drugs and alcohol, crime/punishment/rehabilitation, violence against animals, implements of violence (handguns, assault rifles, gun-related violence, etc.), and social challenges (school violence, gangs, racial or ethnic violence, violence against gays/lesbians, and police-community relations). The Secretary will also make policy recommendations regarding such issues as civil rights and labor laws, promote and help finance community-based violence prevention, provide counseling and advocacy support for victims of violence, establish public education programs and counseling strategies regarding hate crimes, and promote other issues concerning tolerance/local peace initiatives/conflict resolution. Finally, the Secretary will make ethical-based and value-based recommendations to the department of Defense.

The Secretary of Peace will have broad international responsibilities. He or she will advise the Secretaries of Defense and State on all matters of national security, provide training for all US personnel involved in post-conflict reconstruction and demobilization in war-torn societies, sponsor country and regional conflict prevention/resolution initiatives, provide for inter-nation exchanges of individuals developing domestic and international peace-based initiatives, and encourage international sister-city programs. The Secretary will see to the training of civilian peacekeepers and support civilian police who participate in peacekeeping operations, facilitate the development of peace summits, and jointly with the Secretary of Treasury will hire and train peace monitors and investigators. Regarding weapons, the Secretary will make recommendations to the President on how to reduce weapons of mass destruction, and make annual reports on US weapons sales along with analysis on how these sales affect national security and international peace. He or she will consult with the secretary of State on management and distribution of international funds, and advise the US Ambassador to the United Nations on matters pertaining to the UN Security Council.

The Secretary of Peace would also have responsibilities regarding the media and education. His/her media-related responsibilities involve seeking assistance in developing nonviolent policies for media professionals, studying and making public the media role in escalation/de-escalation of conflict on all levels, and making recommendations to professional media organizations on opportunities to promote awareness of peace-building initiatives.

Responsibilities of the Secretary of Peace in the field of education are substantial. He or she will develop peace education curriculums which explore past successes in peaceful intervention to stop conflict, cooperate with the Secretary of Education in developing such curriculums and incorporating them in local school districts, support educators in equipping children with the skills to achieve peace, maintaining internet sites that encourage the exchange of ideas at all educational levels regarding peaceful means or resolving conflict. Finally, in addition to providing grants for peace studies departments in colleges and university, the Secretary of Peace will create and establish a Peace Academy modeled after the military academies which will provide a four-year course of instruction in peace education. Graduates would be required to render five years of public service dedicated to national or international nonviolent conflict resolution.

That is a lot of responsibility and activity for peace but it can be done if there is a national “will” to transform our society away from the ever-escalating level of violence in America. H.R.1673 is the first Department of Peace bill that would address domestic and personal violence as well as

alternatives to war. The military solution has consistently failed to bring enduring peace. It is time to give the Department of Peace a chance.

Debt Without End. The most obvious way to avoid a large portion of the debt we are handing down to our descendants is to repeal the massive tax cuts brought about by the Bush administration. A lesser alternative is to simply let them expire. As shown above, the latter alone would reduce the national debt in excess of \$2 trillion by 2014 (counting the interest saved on the debt). Repealing tax cuts at this time would reduce the debt even further. Federal Reserve Board Chairman Alan Greenspan noted: "Tax reductions – some of which were intended specifically to provide stimulus to the economy – also contributed to the deterioration of the fiscal balance." Then after some wishful musing on rising incomes and rising revenues, and that "the current ramp-up in defense spending will not continue indefinitely", Greenspan warns: "But the ratio of federal debt held by the public to GDP [gross domestic product] has already stopped falling and has even edged up in the past couple years – implying a worsening of the starting point from which policy makers will have to the adverse budgetary implications of an aging population and rising health costs."²⁴ It is imperative that the rich people resume paying taxes in proportion to the wealth they have amassed from our society.

The other huge hole in our annual federal budget is caused by military operations. Creating a Department of Peace which would provide alternatives to the consistently-used military solution would change the spending pattern in time. This has been discussed above and I believe the advantages – both financially and morally – are obvious.

Also in connection with military spending, the Pentagon should be held more accountable for its spending. Besides deploying poorly-tested, unproven, and absurdly-justified programs such as ballistic missile defense (which was given a \$1.5 billion jump in funding for fiscal year 2005), the Pentagon bookkeepers cannot account for several billions of dollars of their budget. Furthermore, they are not expected to be able to successfully pass a financial audit until at least 2007. It is intolerable that such a condition exists.

Finally, we should get out of Iraq quickly. That war was initiated under false pretexts and it is not acceptable that it should continue. Estimates are that military operational costs alone in Iraq are about \$4 billion a month, and that is expected to rise if the Pentagon ever starts rotating troops. The Pentagon's \$401.7 billion budget for fiscal year 2005 does not include military operations in Iraq. That bill will be submitted to Congress sometime in early 2005 and is likely to exceed \$50 billion. Stopping this wasteful – to say nothing about immoral and illegal – operation will go a long way toward a balanced budget.

Summary. This paper gives a rough outline of the heritage our grandchildren can expect if conditions continue as they have been. It is a depressing picture. But it can be changed. Just implementing the suggestions presented in this paper will go a long way toward making life better for our generations to come. That implementation will also be a large step toward shouldering the responsibility of stewardship which our generation has so far shirked, and it should commence immediately

#####

²⁴Greenspan.

REFERENCES

A Unified Security Budget For The United States, prepared by a task force sponsored by Foreign Policy In Focus and the Center For Defense Information, March 2004. Available at www.fpif.org/pdf/defensereport/fulltext.pdf

Byrd, Robert C. (US Senator); "A Budget of Gimmicks, False Promises, and Unrealistic Expectations," remarks at the Senate Budget Committee, 27 February 2004. Available at www.senate.gov/~byrd/byrd_speeches/byrd_speeches_2004_february/byrd_speeches_2004_february_li/byrd_speeches_2004_february_li_1.html

"CBO's Current Budget Projections," a Congressional budget Office report, 8 March 2004, available at <http://www.cbo.gov/showdoc.cfm?index=1944&sequence=0>

Corning, Peter A.; *The Evolution of Medicare . . . From Idea To Law*, (Social Security Administration's Office of Research and Statistics, 1969), Appendix A. Available at www.ssa.gov/history/corning.html

Financial Summary Tables, Part 1; Department of Defense Budget for Fiscal Year 2005, February 2004.

Greenspan, Alan (Federal Reserve Board Chairman); "Economic Outlook and Current Fiscal Years," testimony before the Committee on the Budget of the US House of Representatives, 25 February 2004. Available at www.federalreserve.gov/boarddocs/testimony/2004/20040225/

Higgs, Robert; "The Defense Budget Is Bigger Than You Think," The Independent Institute. This article is available at www.independent.org/tii/news/031222Higgs.html

H.R.1673, "A Bill To Establish a Department of Peace," introduced in the House of Representatives 8 April 2003.

"It's the Debt: Don't Forget It!," figures updated 28 February 2004, at www.uwsa.com/uwsa-usdebt.html

Mannion, Jim; "US Defense Budget Silent on Iraq Costs," *Sify* (Terami, Chennai, India), 3 February 2004. Available at http://sify.com/printer_friendly.php?id=13378060&ctid=2&lid=1

Marshall, Matt; "CalPERS Battling Boards With Vigor," San Jose (CA) *Mercury News*, 14 March 2004.

Mercury News, "CalPERS, other funds to reject Safeway Directors," Local News section, 27 March 2004.

Mercury News, "CalPERS To Withhold Votes For Apple Board," 16 April 2004.

Moritsugu, Ken; "Medicare Funding to Dry Up by 2019," San Jose (CA) *Mercury News*, 24 March 2004.

Meurer, Michael; "Greenspan Testimony Highlights Bush Plan for Deliberate Federal bankruptcy," a Truthout Perspective, 2 March 2004. Available at <http://www.truthout.org>.

Powell, Eileen Alt; "CalPERS Takes Aim Ay Citigroup," San Jose (CA) *Mercury News*, 20 April 2004.

Solomon, Richard (President of US Institute for Peace); "The United States Institute of Peace: How Are We Doing?" 12 April 2000. Available at <http://web.mit.edu/ssp/spring00/solomon.htm>

United States Institute of Peace internet site at <http://www.usip.org/aboutus/history.html>

US Department of Peace Coalition internet site at <http://www.dopc.us>

US Treasury Department; "The Debt to a Penny and Who Holds It," Bureau of the Public Debt Online, 27 February 2004, at <http://www.publicdebt.treas.gov/opd/opdpdot.htm>

GLOSSARY

CalPERS	California Public Employees' Retirement System.
CBO	Congressional Budget Office.
GDP	Gross Domestic Product.
Gross National Debt	The sum of the National Public Debt and Intragovernmental Holdings.
Intragovernmental Holdings	Debts among departments and agencies of the US government – what they owe to each other. Probably most of this is what has been borrowed from the Social Security and Railroad Retirement trust funds.
National Budget Deficit	The amount the US government overspends its budget each year. The deficit is added to the National Public Debt each year. Lowering the deficit merely means going into debt slower.
NATO	North Atlantic Treaty Organization.
Public Debt	Also called Debt Held By The Public. Sometimes also referred to simply as the National Debt. This is the debt owed by the US government that must be repaid out of taxes paid by the public.
R&D	Research and Development.
un	United Nations.
US	United States.

Pacific Reproductive Center® is a world-class fertility center in Southern California. With more than 70 years of collective reproductive clinic experience diagnosing and treating infertility, PRC is a leading provider of IVF and fertility care. PRC is easily accessible whether traveling from local communities including Los Angeles, Orange County, Riverside or points slightly further including San Diego, Temecula, Inland Empire and La Jolla. The latest Multi-Tenant Research Park in the Bay Area accommodating users from 10,000 SF to 600,000 SF. Exclusively represented by: Owned and managed by: This information supplied herein is from sources we deem reliable. It is provided without any representations, warranty or guarantee, expressed or implied as to its accuracy. Prospective Buyer or Tenant should conduct an independent investigation and verification of all matters deemed to be material, including, but not limited to, statements of income and expenses. Consult your attorney, accountant, or other professional advisor. RobCo Research Center is a location in the Cranberry Bog region of Appalachia in 2102. The primary employer of Watoga's residents, RobCo Industries operated this facility as much to develop the technologies underpinning the city as to work on other joint research projects with Appalachian powerhouses like Hornwright Industrial and national conglomerates such as General Atomics International. The Voice of Watoga and MAIA AIs were developed at the facility, alongside military prototypes. It also The Space Research Centre (SRC, Polish: Centrum Badań Kosmicznych) is an interdisciplinary research institute of the Polish Academy of Sciences. It was established in 1977. SRC PAS is the only institute in Poland whose activity is fully dedicated to the research of terrestrial space, the Solar System and the Earth using space technology and satellite techniques. The SRC also acts as Poland's national space agency until the Polish Space Agency) is fully established. Life IVF Center offers in IVF Treatment, Process and other infertility treatments. Make an appointment with Life IVF Center fertility specialist today. Frank D. Yelian, M.D., Ph.D., is the founder and Medical Director of Life IVF Center, and a board certified Obstetrician and Gynecologist who received special fellowship training in Reproductive Endocrinology and Infertility. Dr. Yelian has over 30 years experience in the field of reproductive medicine and women's health. Dr. Yelian graduated from Zhejiang University School of Medicine (a prestigious University in China) in 1983. He then received Obstetrics and Gynecology training and earned a Master Degree at the same institution in 1986.