



Republicans Want to Spend Ever More on the Military, but the U.S. is Broke

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Republican presidents and Congresses claim to support fiscal responsibility and balanced budgets. Yet most GOP lawmakers along with the President Donald Trump want to fill the Pentagon's coffers to overflowing: the only question is how much how quickly.

These nominally "conservative" spendthrifts act like they have no choice but to foist money onto the military. But America's expansive international intervention is discretionary, not mandatory.

No security imperative requires defending prosperous and populous allies in Asia, Europe, and the Middle East, fighting other nations' battles in Africa and the Middle East, engaging in seemingly endless nation-building in Central Asia and the Middle East, and treating the slightest instability anywhere as a summons to act.

Congress and the president must begin to rethink priorities as America's fiscal situation becomes more precarious. What is the outlook over the coming decade?

Reported the Congressional Budget Office: "After declining between 2009 and 2015 as a percentage of GDP, the deficit rose significantly in 2016 and is likely to do so again in 2017." Although the agency expects a dip next year, the deficit "will resume its upward trajectory over the remainder of the projection period."

The estimated deficit this year is \$693 billion. The red ink will bust the trillion dollar mark in 2022 and near \$1.5 trillion by 2027—all without a fiscal crisis, which caused the previous, temporary, jump over a trillion dollars. The accumulated deficit over the coming decade is expected to be \$10.1 trillion.

The annual deficits pose a short-term burden. The debt they create will persist far longer.

Debt held by the public already is an excessive 77 percent, and will jump to 97 percent by 2027. That would be the highest since 1947, as America was starting to pay off the cost of simultaneously battling Nazi Germany and Imperial Japan.

Unfortunately, the increased debt will compound America's economic problems. Warned the agency, interest payments will rise sharply, federal borrowing will reduce capital investment and ultimately total wages, and a fiscal crisis will become more likely.

Overall, spending as a percentage of GDP will rise from 21 percent this year to 23.6 percent in 2027. Tax revenues as a percentage of GDP will go from 17.3 percent to 18.4 percent over the same period.

At the same time domestic discretionary outlays will drop from 3.2 percent to 2.6 percent of GDP. Politicians seeking budget cuts tend to focus on this category. But today domestic discretionary spending only makes up about 15 percent of total outlays. That share will diminish even as deficits and debt rise. Future cuts will have to come from elsewhere.

The five big spending blocks are Social Security, Medicare, Medicaid, net interest, and military. The first two benefit a growing population of elderly who vote in disproportionate numbers.

Continuing rapid increases in health care outlays ensure that Medicaid costs will continue to rise. The fourth category is likely to explode as the Federal Reserve backs away from its policy of near zero interest rates. Which leaves military outlays.

While Americans will sacrifice if America is threatened, they aren't likely to look kindly at proposals to, say, cut Social Security and Medicare because the Europeans don't want to cut their social programs in order to hike military outlays. Demonstrators aren't likely to march demanding ever higher taxes to fund new nation-building crusades around the globe.

Of course, this all is only through 2027. The CBO's report, "The 2017 Long-Term Budget Outlook," is perhaps even more depressing. Warned the agency, "deficits rise over the next three decades—from 2.9 percent of GDP in 2017 to 9.8 percent in 2047."

Increasing deficits obviously mean a bigger debt. Said CBO, "it would reach 150 percent of GDP in 2047." That's a higher level than what Greece suffered before its dual economic and political collapse, from which it has yet to recover.

The possibility of another fiscal crisis would grow even as the ability of the federal government to respond would shrink. The pressure on military outlays would become overwhelming. Budget-driven changes in military spending would force potentially wrenching changes in foreign policy.

Better to start preparing for the likely financial tsunami to come. That means adopting a more cautious, realistic, and even "humble," to quote former President George W. Bush, foreign policy. A failure to act now might mean a far faster and more destabilizing retrenchment than today's hawkish foreign policy establishment could imagine.

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