

NATIONAL JOBS FOR ALL COALITION

Military Spending and Jobs: A Quiz

THERE IS A WIDESPREAD BELIEF that wars and military spending stimulate the economy and create jobs. Do they? Will our ballooning military budget bring prosperity?

1. World War II ended the Great Depression. So even if we don't like rising military expenditures, isn't it a good way for the government to create more jobs?

Answer. No. The approach is flawed. Like any government spending, military spending does create employment. But it actually generates fewer jobs for the buck than equivalent civilian expenditures.

2. Why does military spending create fewer jobs than equivalent civilian spending?

Answer. Among other reasons, because military spending uses relatively less labor than spending on domestic programs such as school lunches, health, child and elder care, housing, urban transportation, and education—which also serve human needs.

3. Since military spending does create some jobs, is it possible for an expanding military budget to lead to a net loss of jobs in the overall US economy?

Answer. Yes. Even if an expanding military budget creates some jobs—for example building missiles—it could actually lead to a net loss of jobs in the whole economy. How? If domestic programs, which generate more jobs per billion dollars of expenditures, are slashed.

4. But is that a realistic possibility?

Answer. Yes. This is the likely present and future scenario—unless a commitment to high military budgets is reversed.

5. How is an expanding military budget likely to affect different kinds of workers?

Answer. Jobs spawned by defense expenditures are more concentrated (than those generated by expansion of domestic programs) in higher-paying occupations requiring at least a college education. So an expanding military budget will tend to widen the rising wage gap between more- and less-highly educated workers. Even well-paid blue collar workers will not gain as much as in the past from the military budget. Military contractors—Boeing among them—now ship some jobs overseas. Blacks and women, who are disproportionately employed in the public sector, will also lose out.

6. I'm not sure I understand. Could you give more details?

Answer: Sure, Some jobs created by military spending are highly visible. For example, if Boeing gets a defense contract and ups its hiring, it looks like military spending creates jobs. And it does for those who are hired. But when a municipality strapped for funds axes workers, it's harder to see the connection to an expanding military budget. Yet that local government's

financial woes may partly stem from the combined impact of Washington's growing military budget and cuts in domestic programs—and tax cuts, mainly for the rich. The negative impact of such layoffs also spreads to the whole local economy, but this is even less likely to be recognized as fallout from increased military spending and the tax cuts.

7. Does anyone at the local level see the connection?

Answer. Yes. With many states, cities and towns on the brink of bankruptcy, there has been a growing awareness of the devastating cost of a permanent war economy on them. For example, prior to the war in Iraq, resolutions were passed in more than 160 state and local governments decrying the billions of dollars that would be spent on war, while vital social programs (and hence jobs) faced severe budget cuts.

8. But aren't there some big winners?

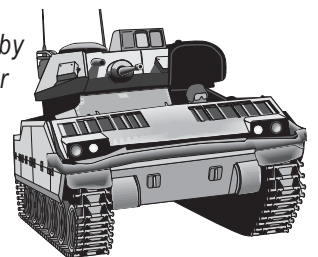
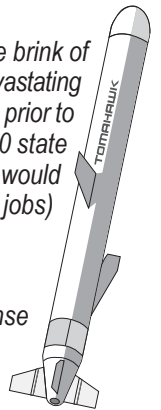
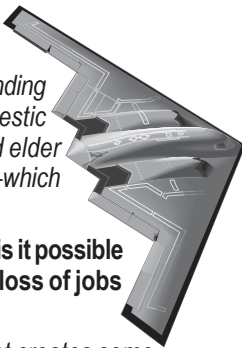
Answer. You bet there are. High on the list are defense contractors, who contribute heavily to political campaigns. In 2002, CEOs at major defense contracting firms raked in an average of \$11.3 million each—577 times as much as the annual earnings of an Army private risking his or her life in Iraq, who made about \$19,600 including subsistence and combat pay. Sounds like President Dwight Eisenhower (earlier a leading World War II general) knew what he was talking about when he warned in 1961 of a nascent "military industrial complex." He thought that it "would cause military spending to be driven not by national security needs but by a network of weapons makers, lobbyists and elected officials."

9. How can I learn more about this?

Answer. Read *The Permanent War Economy: Real Security or False Promise* (available from the National Jobs For All Coalition, 475 Riverside Dr., Ste. 601, NY, NY 10115).

10. What can I do about it?

Answer. Lots. Spread the message by distributing this Quiz and *The Permanent War Economy* at public meetings, at churches and synagogues, to your legislators, opinion makers and friends. Send it to newspapers and write letters and op-eds based on it. Work with others to reverse these policies. Join and support the National Jobs For All Coalition. Work with us to promote policies that lead to jobs for all at livable wages, with a defense budget appropriate to national security needs, not the needs of defense contractors and their political cronies.



**The Bottom Line: More Military Spending May Result in Fewer Jobs
Create Jobs, Not Wars
Support the NJFAC with your volunteer time and tax-deductible donation**

by Helen Lachs Ginsburg, Professor Emerita, Brooklyn College, NJFAC Executive Committee with design by EJ Dobson

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- 3. "Social Security: The Phony Crisis," Helen Ginsburg, testimony to NYC Council, April 1998
- 4. "With Income Inequality for All," James Galbraith, The Nation, Sept. 1998.
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