

# War & the Economy Too Many Guns, Not Enough Butter

## Trainer's Guide 2.0



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## Acknowledgments

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We also wish to thank Elizabeth Skidmore, Herb Ettel, and Wanda Moore for reviewing the materials, leading the workshop, and giving us many useful suggestions.

And many thanks to Aaron Littman, UFE intern, for research assistance in updating these materials.

## Our Popular Education Approach to Training

We strive to make our approach to training as consistent as possible with the principles and practices of Popular Education, which include:

- drawing on the experience and knowledge of participants
- engaging in dialogue and problem-solving
- stimulating a cycle of action and reflection.

This approach is a departure from the “banking” approach to education where the teacher/expert “deposits” information into the “empty head” of the student. Popular Education takes the pressure off the trainer to be an all-knowing “expert” and instead emphasizes the responsibility of facilitating active learning.

People need space to talk in workshops. Inviting people to problem-solve through dialogue in pairs or in small groups is a good method for engaging more participants without taking too much time. The more dialogue among participants that occurs, the more opportunities there will be for learning to happen.

**It is essential that you do NOT view this Trainer’s Guide as a script. The Guide is rather a set of suggestions, guidelines, or frames that *must* be modified according to the participants and their needs.** Remember, less presentation of lots of facts usually results in more dialogue, problem-solving, and learning. Feel free to incorporate different information, new activities, and diverse perspectives.

“Education is the most powerful  
weapon that you can use to  
change the world.”  
— Nelson Mandela

## Preparation for Leading a Workshop

The difference between a great workshop and a flop is preparation. **The more you know about the participants and their expectations, the more effective the workshop will be.** One way to prepare is to talk with a representative from the host group and get answers to the following questions.

- Why do the participants want to take this workshop? What are their expectations? How have they been affected by the economic downturn? What do they already know about economic trends? Are there some people who know a lot and others who don't?
- How many people are coming?
- What actions or activities might the group want to do in the future? What does the organizer want them to do? What is going on locally that these folks can plug into? What "action steps" should be included in the workshop?

Once you have a profile of the audience, you can adapt the workshop so it works for them.

- Be flexible and prepared to shift exercises. If questions come up, or the audience is in a different place from what you thought, you may want to change the agenda in midstream. This is one big reason why we use two trainers — while one is presenting, the other can watch and listen and say, "I think we should use exercise 4c instead of 4b."
- Allow extra time for unforeseen questions and comments. Don't plan 120 minutes of agenda for a two-hour workshop.

**There is more information in this guide than can be presented** in all but the most academic presentation. Your challenge is to choose the facts and activities which you think will most powerfully communicate the essence of the situation with a particular group of participants and get people excited and ready to talk about "what to do next." **It is not the flood of information that is most significant, but what meaning the learners make of it and what they do with it.**

H After you lead the workshop, please complete the *Trainer's Report Form* at the back of this Guide and send it to us. Your feedback and suggestions are extremely important as we seek to improve the workshop.

# War and the Economy

## Too Many Guns, Not Enough Butter

### Workshop goals

1. Explore the impact of militarism on the US economy.
2. Examine the impact of war & militarism from race, gender, and class perspectives.
3. Demonstrate that war & militarism drains resources from basic family and community needs in general and from addressing the state budget crises in particular.



## **Main points of this workshop**

1. Major features of the U.S. economy include massive amounts of military spending and huge tax cuts that primarily benefit the wealthy. These policies contribute to large budget deficits that are then used to justify and force cuts in spending for social programs.
2. The overarching goal of these economic policies is to maintain and increase the tremendous concentration of wealth and power. Military power is necessary to both protect and expand the concentration of wealth at the top.
3. War and militarism drain resources from social needs and exacerbate state budget crises.
4. Racism plays a significant role in maintaining the climate of fear and insecurity necessary to gain popular support for a militarized society.
5. Racism and scapegoating also play a significant role in maintaining popular support for tax cuts that benefit the wealthy and acceptance of cuts in social spending that fall disproportionately on low-income people, people of color, workers, and youth.
6. Economic justice activists and peace activists have common interests and must join together to build a movement to challenge concentrated power and wealth and reliance on militarism.

## Some key questions to address in the workshop

1. What are today's budget cuts doing to our jobs, our families, and our communities?
2. What is the relationship between state and federal budget cuts and military spending?
3. What are the effects of excessive and growing military spending on the economy?
4. What are the factors that enable the huge expansion of resources for the military while draining resources for workers and communities?
5. What can our government do to help us feel secure?
6. What can we do to provide for both our physical and economic security?

“Every gun that is made, every warship launched, every rocket fired signifies, in the final sense, a theft from those who hunger and are not fed, those who are cold and not clothed.”

— President Dwight D. Eisenhower

# Workshop Overview

## 1. Introduction (5 min)

Frames the workshop, states goals, reviews the agenda.

## 2. Warm-up (10-15 min)

Engages the participants with the content in one of several ways. 1) Asking participants to name what they perceive as threats to our security. 2) Drawing on participants' experience of the impact of budget cuts on themselves, their families, communities, etc. 3) Asking participants to name the widely-held myths that "justify" militarism in the US. 4) Comparing participants' decision on how to allocate resources with the Federal budget's allocation. 5) Brainstorming and reflecting on a timeline of personal and historical anti-labor events.

## 3. More Guns, Less Butter - The Reagan "Vise" (15-25 min)

Provides the recent historical background for understanding the emphasis on militarism. Suggests a "vise" metaphor for describing the economic program of the Reagan Administration: increase in military spending + tax cuts (disproportionally benefiting the wealthy) = budget deficits, and subsequent cuts in social programs. Demonstrates the consequences of this economic program either by showing the distribution of wealth (The Ten Chairs) or the distribution of income (Income Quintiles).

## 4. The Bush "Vise" (10 min)

Continues the "vise" analogy, presenting information about Bush's tax cuts and huge increases in military spending. Reviews the conservative agenda behind Bush's economic program: reduce the size and role of government in providing social services, undercut the power of organized labor, expand the concentration of wealth and power in the hands of the U.S. elite, and build up the military to protect their interests.

## 5. Keeping "Our" Stuff (15-20 min)

Demonstrates the excessive military expenditures of the U.S. compared to the rest of the world. Suggests that the U.S. dependence on overwhelming military superiority is a direct consequence of the worldwide imbalance of resources. Presents an analysis that a climate of fear, generated mainly by racist and xenophobic themes, is necessary to win support for war and militarism.

## 6. What Can We Do? (15-20 min)

Prompts suggestions and discussions of broad strategies and specific next steps to address this situation.

## 7. Evaluation (5 min)

Solicits feedback on the usefulness of the workshop.

# War & the Economy

## AGENDA

### 1. Introduction (5 min)

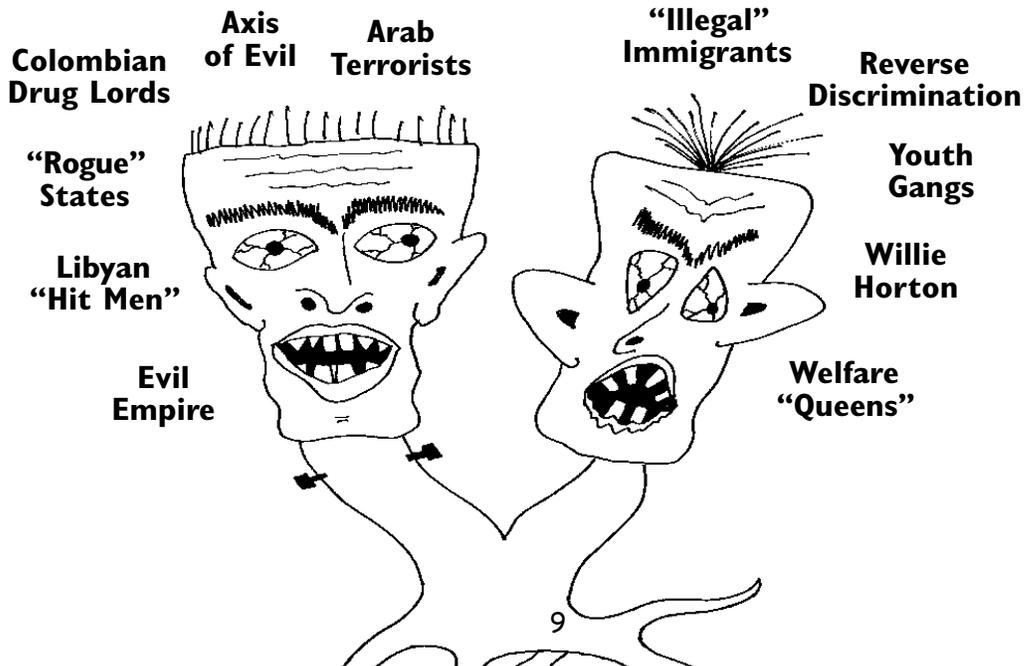
A. The trainer frames the workshop, states the goals (see page 4), and reviews the agenda.

**Talking Point:** This is a workshop about economic inequality, not about the morality of war & militarism. We see a cycle of concentrated wealth and concentrated power intensified by the emphasis on militarism.

## The Two-Headed Monster Myths & Misconceptions

### War Abroad

### War at Home



## 2. Warm-up (10 mins)

[The trainer should use one of the following four warm-up activities, depending on the group.]

**Option A:** In pairs, name what you perceive to be threats to the security and well-being of your communities. [*The trainer can provide one or two examples: e.g., state budget cuts in health care, scapegoating immigrants, etc.*]

We will share a sample of responses with the whole group. [*The trainer puts responses on a flip chart for referral at later points in the workshop.*]



or

**Option B:** In pairs, talk about the effect of budget cuts on you, your family, and your community. [*The trainer can provide one or two examples: e.g., state budget cuts in health care, scapegoating immigrants.*]

We will share a sample with the whole group. [*The trainer puts responses on a flip chart for referral at later points in the workshop.*]

[*The trainer can use Chart 1: Many of Our Communities are in Crisis to summarize the participants' responses.*]

**Our Communities are in Crisis**

- ★ At least 42 states and the District of Columbia face shortfalls totaling \$53 midway through FY 2009.
- ★ Budget gaps are projected in 44 states to reach over \$350 billion for FY 2010 and FY2011.
- ★ To balance their budgets, states and cities are cutting basic services:
  - teachers, child care, health care, and other social service providers are being laid off
  - school & library hours curtailed
  - arts & sports programs cut
  - health coverage & clinics reduced
  - environmental programs eliminated
  - even law enforcement services trimmed

Sources: Center for Budget & Policy Priorities

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or

**Option C:** In pairs, name the widely-held beliefs (or “myths” if you prefer) that you hear from family members, neighbors, co-workers, government officials, the media, that are used to justify the huge military budget and military solutions. [*The trainer can provide one or two examples: e.g., “If we don’t get these evil dictators first, they will get us.” “We stand for democracy and they hate us for it.”*]

We will share a sample with the whole group. [*The trainer puts responses on a flip chart for referral at later points in the workshop.*]



**Talking Point:** One measure of the success of the power of these beliefs is the acceptance of the spending choices reflected in several of the charts in our set (see Charts 2, 8, 9, and 17).

or

**Option D: Spending Priorities**

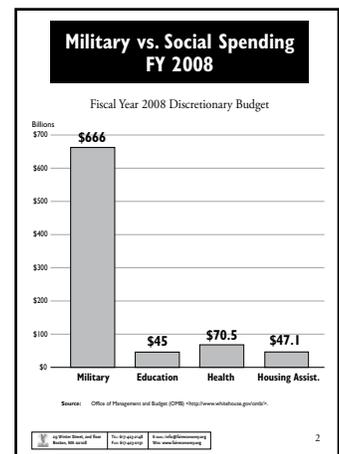
[*Preparation: Set up a table near the door. On the table are three cans labeled “Education,” “Housing,” and “Defense,” and a pile of 100 pennies. Also, label a sheet of flip chart paper “Our Spending” and draw x and y axes for a bar graph.*]



As participants enter, the trainer asks each person to take three pennies and then decide how much to put into education, housing, and defense.

Before the workshop begins, the trainer quickly tallies the pennies in each can and draws a bar graph that shows how participants “spent” their pennies. The participants’ bar graph is compared to *Chart 2: Military vs. Social Spending, FY 2006*.

[*A variation is to customize this activity by substituting the services the participants care most about instead of “housing” and “education.”*]



or

**Option E:** The last three decades have been characterized by a series of assaults on working people [or unions, people of color, ... depending on the audience]. Think of a moment in that “war” that jumps out for you and write the year and event on a post-it note. Then paste the post-it on the timeline. Personal events are fine, or you can choose a historical event if you want. *[The trainer passes out post-its and draws a 1979-2008 timeline on the board or flipchart.]*



[If there is time, the trainer reads out all the post-its one by one and asks participants to stand up and tell their stories as a way of introducing them to each other. Otherwise, the trainer picks three or four and asks people to tell the story.]

*[As a bridge to the background in the next section, the trainer can draw the timeline from 1952 instead of 1979. At the end of this activity, draw/tape up the profit rate from 1952 to 2008, above the timeline.]*

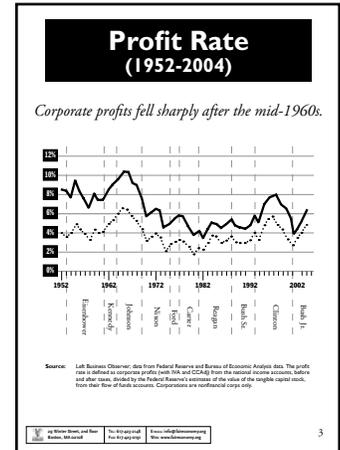
**Summary Point:** The rest of the workshop will put what you have shared in a context. We will try to combine your experience and perspectives with the information and analysis contained in this workshop, and together explore several questions [see page 7].

An excellent resource is the National Priorities Project Federal Budget Trade-Offs database <<http://www.nationalpriorities.org/tradeoffs>>. This user-friendly, interactive database compares the money that taxpayers are paying for military programs with the social programs those funds could provide, on a state-by-state basis.

## 2. More Guns, Less Butter - The Story of the Reagan Vise (15-25 min)

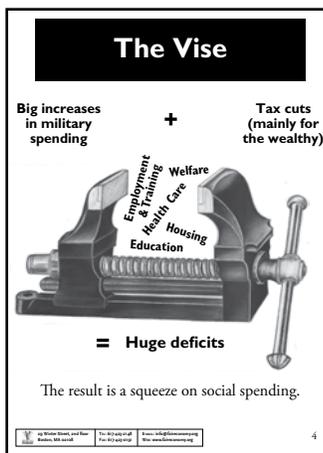
- A. In order to better understand the relationship between militarism and our economy, we will look back at the 1980s and the policies of President Ronald Reagan's Administration. Listen to this story of the Reagan "Vise."

**Background:** This story actually starts after World War II when Europe's colonies around the world, and then the civil rights movement in the United States, started winning bigger and bigger shares of the economic pie. By the late 1960s and early '70s, things like housing and higher education and health care were becoming "entitlement programs" — economic human rights to which all people were entitled. "Great Society" programs like Head Start, Medicare, Food Stamps, and affordable housing gave people of color and women access to programs that white people got in the 1950s and '60s.



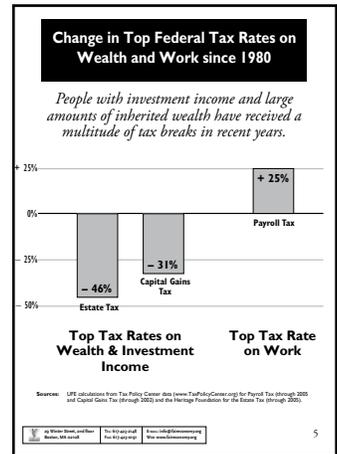
But something else happened in the late 1960s. Corporate profits fell sharply. When profits fall, businesses can do several things. They can raise prices. But US manufacturers couldn't do that because their declining profits resulted from foreign competition — Japanese and European cars and electronics. If US companies raised their prices, foreign companies would undercut their business. So instead, they reduced their costs: cut wages, stop paying taxes, cut services, deregulate, move overseas, etc. To accomplish these measures corporate managers needed to reduce the power of organized labor so they intensified their attack on unions.

Ronald Reagan was elected president in 1980 and immediately supported all of these cost-cutting measures, including tax cuts slanted heavily toward big investors. And Reagan used racial scapegoating to drive a wedge between whites and people of color as a way of getting people to go along with this program. The squeeze came from big increases in military spending — Reagan increased war spending by nearly \$100 billion in just four years — and big tax cuts. Government was spending more, a lot more, and taking in a lot less.



When you spend more and earn less, you go into debt, and that's exactly what happened with the federal government. The gap between spending and receipts ballooned. This is the yearly federal deficit. The debt is the total of each year's deficits, added one on top of another plus interest. The debt exploded and politicians of both parties supported cuts in social spending as "necessary" to bring the deficit under control.

**Talking Points:** The vise came from two ideas. On one side, the people around Reagan believed that government should abandon its role of providing a social safety net. They thought the real purpose of government was to protect certain rights — personal rights, especially those of investors, property rights, and corporate rights — and to protect these rights through the police, prisons, and army. On the other side of the vise, they believed that high tax rates slow down the economy. When you tax businesses and rich people they won't start new businesses, hire workers, and make as much money as they can. So cutting taxes — especially for rich people who start businesses or invest in them — will make the economy grow faster, they said. (See Chart 5: The Average Dollar Value of Tax Law Changes in the 1980s.)

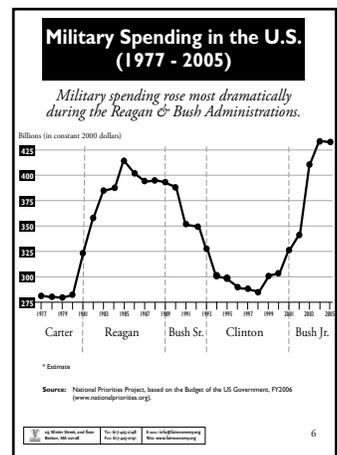


Things didn't work out the way Reagan predicted. Instead of stimulating the economy and bringing in new revenue, Reagan's tax cuts, combined with higher military spending, created "deficits as far as the eye can see," in the words of Reagan's budget director, David Stockman.

Creating budget deficits was probably not the intent of the Reagan Administration. Nonetheless, the huge deficits created pressure to cut spending. And that worked for the Reagan agenda.

As Reagan repeatedly said, "Defense is not a budget issue. You spend what you need." (Ronald Reagan, quoted by budget director David Stockman in *The Triumph of Politics*, p. 283). See Chart 6: Military Spending in the U.S. (1977 - 2005).

In calling this "Reagan's vise," we're not trying to make a partisan political point. We're trying to show how the political values of the Reagan administration led to the domestic budget cuts that we're living with today, down to the state and local level.



**[OPTIONAL ACTIVITY - If time permits, the trainer can pose the following question to the group.]**

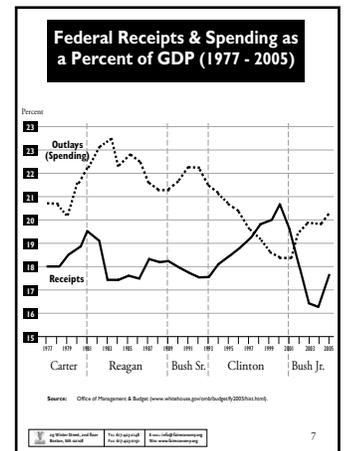
The trainer reads aloud (or asks a participant to read aloud) the following quote. Then the trainer can ask, “What strikes you about what Reagan is saying here?” or “What meaning do you draw from Reagan’s statement?” or “

“There were always those who told us that taxes couldn’t be cut until spending was reduced. Well, you know, we can lecture our children about extravagance until we run out of voice and breath. Or we can cure their extravagance simply by reducing their allowance.”

— Ronald Reagan (2/2/81)

**Talking Points:** The huge deficits had a far more powerful effect than cutting social spending for one year would have. They created a new generation of politicians who were obsessed with reducing the deficits (the Concord Coalition, Ross Perot, the Democratic Leadership Council, Bill Clinton). Reducing deficits became the political consensus among both Republicans and Democrats, and both parties contributed to cutting social programs severely.

Reagan, perhaps not by design, invented a very powerful new tool for getting government out of the business of providing social services. His budget director, David Stockman, called it the “strategic deficit.” (See Chart 7: Federal Receipts & Spending as a Percent of GDP, 1977 - 2005.)

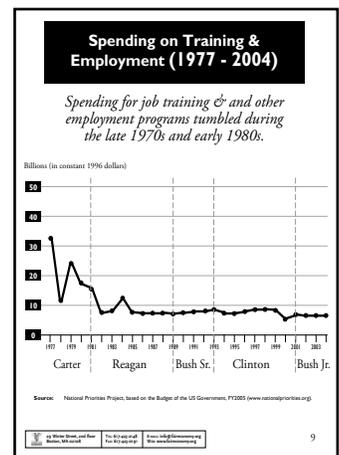
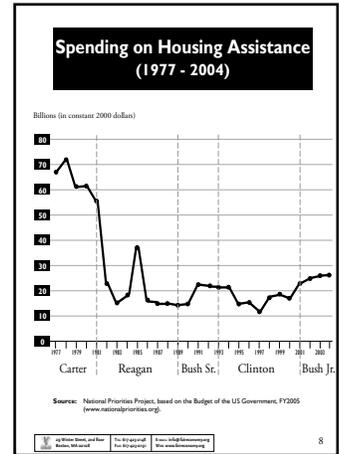


B. Now let's take a quick look at what got cut and what didn't. As we saw in Chart 5, military spending didn't get cut, it got increased by half. *Chart 8: Spending on Housing Assistance* shows the dramatic drop in funding that accelerated the withdrawal of the federal government from its role in helping to meet the shelter needs of Americans.

**Talking Points:** President Reagan began cutting domestic spending immediately after taking office. Affordable housing — more urgently needed by more people of color than white people — was the first and most severely cut area, falling by 77% and accounting for more than one-third of all cuts.

Federally financed production of subsidized housing fell by over 82% to only 50,000 units a year in the late 1980s. Rents in public and subsidized housing were raised from 25% of income to 30%, directly taking income out of the pockets of the lowest income tenants.

Other budget cuts were concentrated in programs that most benefited people of color. Of the ten programs most severely cut in fiscal year 1985, six had 45 percent to 59 percent beneficiaries of color (at a time when people of color were only 17 percent of the population). For example, 46 percent of the participants in the Comprehensive Education and Training Act (CETA), which funded on-the-job training programs, were people of color. CETA was completely eliminated in the 1980s. Another example is the Urban Development Action Grant program which fell from \$675 million in 1981 to \$216 million in 1988, and then was eliminated completely. (See Chart 9: Spending on Training & Employment, 1977-2004.)



See more **Talking Points** on next page.

**Talking Point:** After the Berlin Wall fell in 1989 and the Soviet Union collapsed, military spending declined. But there wasn't a "peace dividend" for social programs, as many had hoped. Funding for many social programs continued to go down and they stayed down.

**How the Reagan budget deficits turned into budget surpluses in the late 1990s:**

- Defense spending dropped from 6.2% of the Gross Domestic Product in 1986 to 2.9% in 2001. This reflects the end of the Cold War.
- Personal and corporate income taxes rose from 9.3% of GDP in 1986 to 12.2% in 2001, largely because of tax increases on the highest earners enacted by Bush Senior in 1990 and Clinton in 1993.
- Because military spending fell and taxes rose, the interest payments on the national debt decreased from 3.1% of GP in 1986 to 2.0% in 2001.
- And, of course, the economy boomed in the late 1990s, bringing in more tax money.

**[OPTIONAL ACTIVITY - If time permits, the trainer can pose the following question to the group.]**

The trainer can refer to responses from the warm-up activity, and then ask, "How would you describe the impact in your community, if any, of the Reagan Vise?"

**Talking Points:** Military spending was the only government sector that significantly expanded during the Reagan administration. The economic impact of this expansion was not the same in all communities. For example, military procurement industries disproportionately employed white men. In 1985, a group of economists projected the racial employment effects of a hypothetical shift of a million jobs to military supply industries like aerospace, communications, and electronics and away from health, education and social services, based on 1980 gender and race employment data. They found that white men would gain 386,000 jobs from the shift, white women would lose 320,000 jobs, black men would break even, and black women would lose 66,000 jobs.\*

\* Albelda, Randy, Elaine McCrate, Edwin Melendez, June Lapidus, and the Center for Popular Economics, Mink Coats Don't Trickle Down: The Economic Attack on Women & People of Color, South End Press, Boston, 1988.

**[The trainer should choose one of the following activities — Ten Chairs or Income Quintiles — to illustrate the long-term impact of the Reagan Vise and subsequent economic policies on two important economic indicators: wealth and income.]**

- E. **The Ten Chairs** — The Ten Chairs activity portrays the distribution of household wealth in the U.S. in 2004 between the top 10% and everyone else and compares the distribution of wealth for the top 1% in 1976 and in 2004.

*Preparation:* The Ten Chairs activity works best with chairs that do not have armrests. The chairs can be lined up across the front of the room facing the participants, prior to the start of the activity. Each chair represents ten percent of all the private wealth in the United States. Each of ten volunteer participants represents ten percent of the population of the U.S. It is helpful to identify one person who is willing to represent the “top ten percent” who may have a sense of humor or theatrical qualities (i.e., a “ham”).

1. Listen to this standard definition of wealth [*see the **Talking Points** below*]. Name examples of assets that low-income, middle-income, and upper-income people might have.

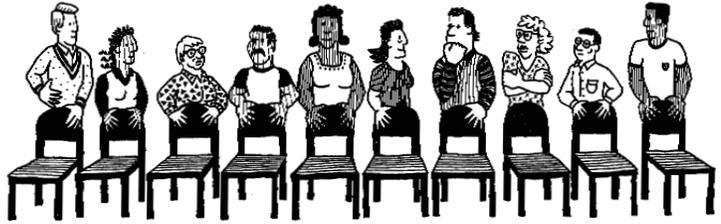
**Talking Points:** Wealth is private assets minus liabilities (debt). Simply put, wealth is what you own minus what you owe. Income is your paycheck or government benefit check or dividend check, or your profit from selling an investment. Wealth is what you have in the bank and the property you own.

Nineteen percent of the population currently have no assets or they have negative assets: they owe more than they own.

Examples of assets that lower-income people might have include cash (savings or checking account), furniture, a car. Examples of assets owned by middle-income people include cash, equity in a house, a small business, a little bit of stock and/or a retirement fund. Examples of assets owned by the top one percent include additional houses, real estate, large stock and bond holdings, businesses, paintings and other collectibles.

2. Next, ten volunteers stand in front of the chairs. One person is asked to represent the “top ten percent.” [Try and select a person who is a bit of a ham.] Each person represents one-tenth of the US population and each chair represents one-tenth of all the private material wealth in the U.S. If wealth were evenly distributed this is what it would look like — one person, one chair.

3. Currently (the most up-to-date data we have is for 2004), the top ten percent owns 71% of all private wealth. The volunteer representing the top ten percent takes over seven chairs “evicting” the current occupants and making her/himself comfortable on their expanded share of the wealth pie. The rest of the volunteers (representing 90% of the U.S. population) must share three chairs (or about 30% of the wealth pie). [This may require some shepherding and encouragement. Groups less familiar with one another will cluster sitting and standing around the chairs.]

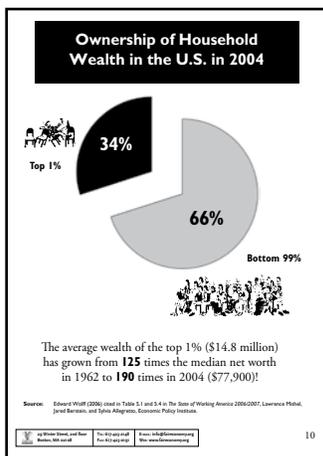


4. Even within the top ten percent there is great disparity — a disparity that has increased dramatically over the last 22 years. In 1976 the share of the top one percent was 22% (about two chairs). But by 2004, their share had increased significantly to 33% of all wealth (about three and a half chairs)! That’s more wealth than the bottom 90% have combined!



[To illustrate this, the trainer can let the arm of the volunteer representing the top ten percent represent the wealthiest one percent of the households or you can use a top hat or other item of ostentatious wealth.]

5. What are the effects of this concentration of wealth and the Vise on you? What do you imagine the impact of this situation is on workers? People of color? Immigrants? Women? People abroad?



- F. **Income Quintiles** — This activity looks at trends in the distribution of family income\* over the last twenty years or so. Five volunteer participants are asked to come up and stand in the front of the room. [For this activity to work well, the volunteers will need plenty of space to move forward across the room.]

*Props:* This activity requires 8.5” x 11” placards for each volunteer participant to hold, identifying the quintiles and showing their respective income ranges.

1. Before looking at income trends for the last twenty years, let’s talk a little about the sources of income. What are some examples of income? (wages, salary, savings account interest, social security check, rent from owning real estate, capital gains from selling investments, dividends from stocks, gifts, etc.) Now let’s have five volunteers come to the front of the room and stand shoulder to shoulder. [*The trainer hands each volunteer a placard showing the income range — in pre-tax, year 2006 dollars — of the quintile they represent.*]
2. The following demonstration may seem like the childhood game “Mother May I” (also known as “Giant Steps”). Each volunteer, representing a quintile or fifth of the U.S. population, steps forward or back according to whether their income gained or declined over the last 20 years or so. Each step equals a five percent change, so, for example, two steps forward would indicate an income gain of 10%.
4. Between 1979 and 2006 (Chart #11), here’s what happened:

<b>Quintile</b>	<b>Steps</b>	<b>Percent Change</b>	<b>Yearly Income Range (2006) (family income before tax)</b>
Lowest	1 tiny step forward	+ 1%	\$0 - 25,616
Second	2 steps forward	+ 9.5%	\$25,616 - 45,021
Middle	3 1/2 steps forward	+ 15.5%	\$45,021 - 68,304
Fourth	5 1/2 steps forward	+ 27%	\$68,304 - 103,100
Highest	11 1/2 steps forward	+ 57%	\$103,100 & higher

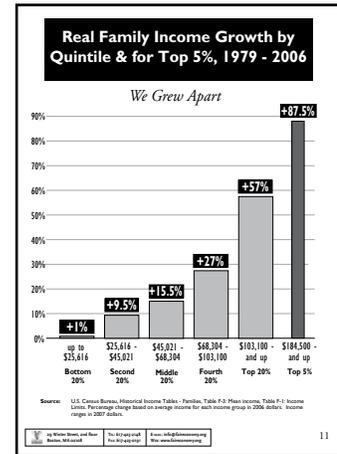
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\* According to the U.S. Census Bureau, a “family consists of a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. All persons in a household who are related to the householder are regarded as members of his or her family.” Although the category of “family” is not as inclusive as the category of “household”, it is preferred when comparing trends over time because the definition of “family” has not changed while that of “household” has.

5. Watch what happens when we break that top quintile down even further and look at only the richest five percent of the population. Rather than tear off the arm of our highest quintile volunteer, let's have another volunteer from the audience represent the top five percent—people with incomes of \$184,500 and up. From 1979 to 2006, the income of this group grew 87.5%! [From the spot where the top quintile is standing, the sixth volunteer takes six additional steps forward – 16 1/2 steps in total from the starting line].

Quintile	Steps	Percent Change	Yearly Income Range (2003) (family income before tax)
Top 5%	16 1/2 steps forward	+ 87.5%	\$184,500 and higher

6. Describe the impact of this income disparity and the Reagan Vise on you? What do you imagine the impact of this situation is on workers? People of color? Immigrants? Women? People abroad?



**DOONESBURY** by Garry Trudeau



## 4. Behind the Vise (10 mins)

A. Listen to this description of the “Vise” and the conservative agenda behind it.

**Talking Points:** Under the Bush Administration we saw a repeat of the use of “strategic deficitd.” Furthermore, Bush said he didn’t want to reward the “irresponsibility” of states that spent too much and then had to cut back. So the vise, which started out cutting federal spending, was also being used to make states cut their spending too.

In an interview with Bill Moyers on his PBS show “Now,” Grover Norquist, a leading advisor to George W. Bush, said, “We’ve set as a conservative movement a goal of reducing the size and cost of government by half in 25 years, which is taking it from a third of the economy down to about 17 percent, taking 20 million government employees and looking to privatize so that you don’t have all of the jobs that are presently done by government done by government employees.”

Did tax cuts, primarily for the wealthy, boost the economy? It certainly boosted the income and wealth for those at the top but it is abundantly clear that most people experienced stagnant wages, a huge increase in personal debt, and finally helped bring down the entire financial system.

Tax cuts (especially for the wealthy) cost the federal government more dollars than defense hikes. But the war side of the vise provides fear and distraction.

“The next big dragon to slay is Social Security privatization.”

— Stephen Moore, president, The Club for Growth (Boston Globe, May 19, 2003, p. 3)

### Shift, Shrink, & Shaft



*“I simply want to reduce government to the size where I can drag it into the bathroom and drown it in the bathtub.”*  
— Grover Norquist, Americans for Tax Reform. Interviewed by Susan Page, NPR, 5/24/01.

- ★ **Shift taxes onto wage earners (and turn them into “tax cutters”)**
  - Reduce taxes for the wealthy; investment income untaxed
- ★ **Shrink and privatize government**
  - “Government is just big bureaucracy without accountability.”
- ★ **Cut services that the majority use**
  - Deficits used to reduce government spending, entitlements under attack
  - Education & health services cut at federal and state levels
  - Standards cut for workplace & food safety.
- ★ **Ensure government works for wealth holders at all levels**

By Mike Bond, and Ben Brown, All social
The National Public Interest
www.nipia.com

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### Shift, Shrink, and Shaft in Iraq & Afghanistan

**SHIFT**  
**Who Gets the Profits**

- Halliburton, Bechtel, weapons makers
- Contracts to anti-union companies

**SHRINK**  
**The Public Sector**

- Privatize everything
- Illegally sell public enterprises
- Create a Middle Eastern Free Market

**SHAFT**  
**Iraqi & Foreign Workers**

- Low pay, no benefits, poor working conditions
- Extend Saddam Hussein’s Decree 87 banning unions
- Break up labor demonstrations

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B. Listen to this comparison of current military and social spending. [See *Chart 15: US Federal Budget for Fiscal Year 2009* and *Chart 16: Military vs. Social Spending*.]

**Talking Points:** Will military spending stimulate the economy?

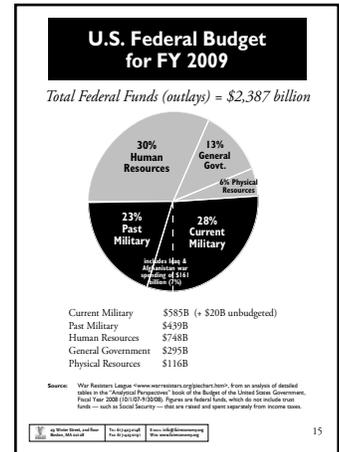
It's commonly believed that World War II helped get us out of the Great Depression. But wars were very different then. Huge factories churning out steel, battleships, tanks, and airplanes employed millions of workers. Now weapons are much higher-tech. Many parts are made overseas. And now wars are a much smaller part of the economy than World War II was, so they stimulate the overall economy less.

The real question to ask about military spending's stimulation is: compared to what? If you spent the same amount of money hiring schoolteachers or building schools, how many more jobs would be created and how much more quickly would that money get into the economy? And would that strengthen our economy more in the long term?\*

\* See Richard Du Boff, "The Bush Budget: Deficits Aren't The Problem," Znet daily commentary, [http://www.zmag.org/sustainers/content/2003-02/09du\\_boff.cfm](http://www.zmag.org/sustainers/content/2003-02/09du_boff.cfm), (2/9/03).

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“My budget includes the largest increase in defense spending in two decades because while the price of freedom and security is high, it is never too high. Whatever it costs to defend our country, we will pay.”  
— George W. Bush



TOOLS FOR WAR		TOOLS FOR PEACE	
1 cluster bomb	\$14,000	Enroll 2 children in Head Start	
1 minute war on Iraq	\$763,000	Annual salary/benefits for 15 RNs	
1 hour war on Iraq	\$46 million	Repair & modernize 20 schools	
1 year military aid to Colombia	\$494 million	7,000 units of affordable housing	
1 day of war on Iraq	\$1.1 billion	Prevent cuts to education programs	
1 Stealth bomber	\$2.1 billion	Annual salary/benefits for 38,000 teachers	

## Optional Activity - The Transformer™

*Preparation: Using a broad marker, write 4 two-sided cards from Chart 16: Military vs. Social Spending. For example:*

<p>(Side 1)  <b>1 cluster          bomb          \$14,000</b></p>	<p>(Side 2)  <b>Enroll 2          kids in          HeadStart          \$14,000</b></p>
---	--

Ask for six volunteers. Two form an arch with their hands — the arch represents “the Transformer.” The others, in turn, take one card, hold up the “military spending” side, read it aloud, walk through the Transformer, turn around the card, and read the “social spending” side. The trainer ends the activity by saying, “what our state’s people paid in federal taxes for the war in Iraq . . .” then walks through the Transformer, and says, “. . . could have paid for most of the state’s budget deficit this year.”

C The trainer sums up the main points so far by referring to *Chart 17: Reviewing the Key Points*.



### Reviewing the Key Points

1. Increases in military spending plus tax cuts (that primarily benefit the wealthy) are key factors that lead to huge budget deficits.
2. The deficits are used to force cuts in spending for social programs.
3. The underlying goal of these economic policies is to maintain the tremendous concentration of wealth and power at the top, and the military is necessary for keeping those people in power.
4. Soaring military spending drains resources from social needs and weakens state and local economies.

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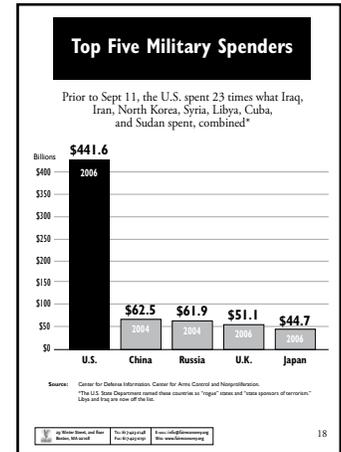
## 5. Keeping "Our" Stuff - Shaping Hearts & Minds (15 mins)

- A. Listen to this brief comparison of what the U.S. spends on the military and what other countries in the world spend. [See *Chart 18: Top Five Military Spenders in the World.*]

**Talking Points:** The United States spends more money on the military than any country on Earth. The U.S. spends an amount equal to that of the total military budgets of the next 25 countries.

The Bush-Cheney-Rumsfeld military doctrine of "Full Spectrum Dominance" states that US forces should have absolute superiority and be able to defeat a challenge on any battlefield and at any level from space to microbes. This is a very expensive proposition.

Since September 11, 2001, the president has requested, and Congress approved, increases in military spending to reach over \$441 billion for FY2006. This does not include an additional \$81 billion Bush Administration request for the War in Iraq for this year.



**Optional Activity:** [Two cell phones are necessary for this activity.]

Ask for eight volunteers. Seven represent the "Rogue" states. Together they will take 15 steps forward, one step for every billion dollars of military spending in those countries. The eighth volunteer represents the US, is given a cell phone and asked to walk off 441 steps. When the volunteer stops, she calls in and reports where she is. In the meantime, the trainer continues the workshop.

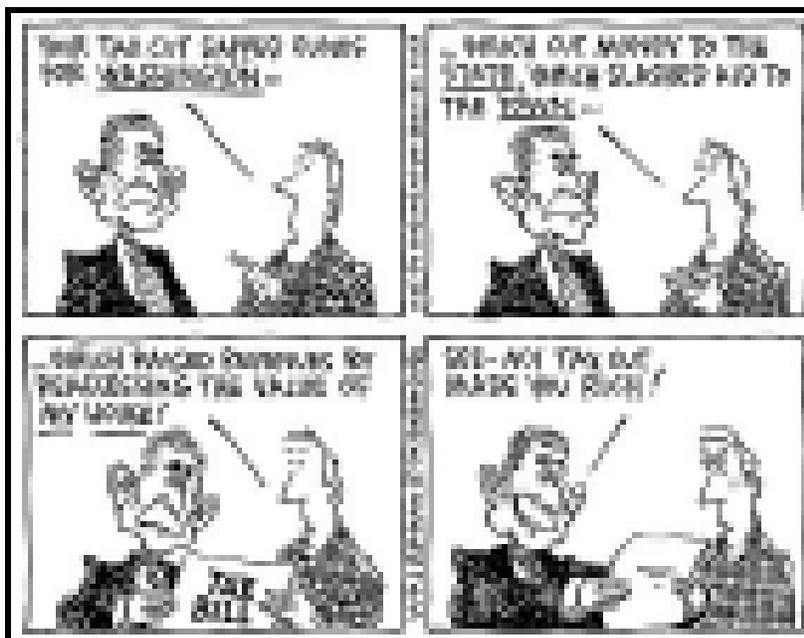
See Talking Points on next page.

**Talking Points:** Will military spending and tax cuts get us out of the recession? It's commonly believed that World War II helped get us out of the Great Depression. But wars were very different then. Huge factories churning out steel, battleships, tanks, and airplanes employed millions of workers. Now weapons are much higher-tech. Many parts are made overseas. And nowadays wars are a much smaller part of the economy than World War II was, so they stimulate the overall economy less.

The real question to ask about military spending's stimulation is: compared to what? If you spent the same amount of money hiring schoolteachers or building schools, how many more jobs would be created and how much more quickly would that money get into the economy? And would that strengthen our economy more in the long term?

As for tax cuts, there are two arguments to make about whether or not this makes sense. One is that tax cuts stimulate the economy **less** than new spending would. All government spending on new jobs or services goes right into the economy. But only a part of tax cuts go right into the economy because part of the cuts are saved, only some is spent (and some of the wealthy move their money out of the country). So if you want to stimulate the economy right away, spend the money, don't give people tax cuts.

The other argument is that to get us out of a recession right away, you should make short-term changes that last only a year or two. The Bush tax cut laws will last through 2010 and some cuts might be extended even longer. And they have done nothing to prevent or ease the current recession — while starving government revenues at a time when they are needed to maintain the most basic services.



### Optional Activity a)

The trainer asks participants to read the George Kennan quote and/or the Thomas Friedman quote (see Charts 19 & 20: Justifying Militarism), and then asks participants to say what meanings they draw from these quotes?

### Optional Activity b)

The trainer asks participants to look at just the Margaret Scott illustration from Justifying Militarism (1) — also below, then poses three questions:

- What do you see?
- What meaning do you draw from this illustration?
- What is the relevance of the meaning to your situation?



MARGARET SCOTT ILLUSTRATION

### Justifying Militarism (1)

"We have about 50% of the world's wealth, but only 6% of its population. Our task is to devise a pattern of relationships which will permit us to maintain this position of disparity. To do so we will have to dispense with all sentimentality, cease to talk about vague and unreal objectives such as human rights, the raising of living standards, and democratization. We are going to have to deal in straight power concepts."



— George Kennan, head of the US State Department's Policy Planning staff, 1948

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### Justifying Militarism (2)

"The hidden hand of the market will never work without a hidden fist. McDonald's cannot flourish without McDonnell Douglas, the designer of the U.S. Air Force F-15. And the hidden fist that keeps the world safe for Silicon Valley's technologies to flourish is called the U.S. Army, Air Force, Navy and Marine Corps."



— Thomas Friedman, *The Lexus and the Olive Tree*

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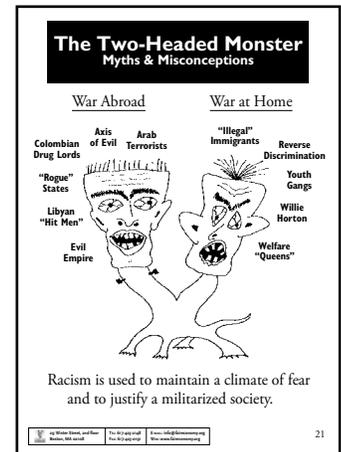
20

- B. In small groups, answer: “Why do you think we spend as much as we do on the military?” *or* “What policies do you see as a result of this two-headed monster?” *or* “What myths and misconceptions would you add to the *monster*?”

**Talking Points:**

One of the ways Reagan sold his program to white voters was by inventing scapegoats. While campaigning for president his first time, in 1976, he created the “Welfare Queen” — a woman from the (mainly Black) South Side of Chicago who had 50 aliases, was getting multiple welfare checks, driving a Cadillac. She didn't exist, but she immediately became a media stereotype that was used to undercut public support for welfare and other social programs. The “Welfare Queen” helped elect Reagan. Bush Senior used Willie Horton, a Black convict who committed murder after being released from prison by Bush's opponent Michael Dukakis. Horton evoked another stereotype — the superpredator, a man of color (often Black) who is totally violent, uncontrollable, beyond rehabilitation, and dangerous. Clinton criticized Sister Souljah to get elected. Bush Junior uses immigrants, Muslims, and organized labor. These stereotypes divide working people while distracting them from the class warfare that's being waged on them from the top. Racism is the grease in the vise.

The USA PATRIOT Act and other post-9/11 laws drastically curtail immigrants' rights and security. These new laws are an attack not just on immigrants, but on labor. Most immigrants are workers — that's why they come here. By taking away their rights the government is creating a class of unfree workers who may not dare to organize unions or protest unfair treatment on the job. Employers can cheat them, push them around, and use them to undercut other workers. When jobs are scarce, that increases racial tension and anti-immigrant racism. [See fact sheet on the USA PATRIOT Act available on our web site <[https://FairEconomy.org/order/workshops\\_order.html](https://FairEconomy.org/order/workshops_order.html)>]



**Talking points:** Organized labor is also in the Bush Administration's gunsights. Since 9/11 the Administration: gave the airline industry a \$15 billion bailout that could only be used if airlines got contract concessions from their workers; refused to let several sets of government workers including baggage screeners join unions on the grounds that union membership might get in the way of serving their country; and invoked national security against longshore workers during last year's lockout. House Speaker Tom DeLay signed a fundraising letter calling the US labor movement "a threat to national security" in January 2003. The Administration is considering new dues-accounting rules that could cost unions a billion dollars a year.

"Naturally, the common people don't want war, but after all, it is the leaders of a country who determine the policy, and it is always a simple matter to drag people along whether it is a democracy, or a fascist dictatorship, or a parliament, or a communist dictatorship. Voice or no voice, the people can always be brought to the bidding of the leaders. This is easy. all you have to do is to tell them they are being attacked, and denounce the pacifists for lack of patriotism and exposing the country to danger. It works the same in every country."

— Hermann Goering, Hitler's Reich-Marshall, at the Nuremberg Trials after WWII

Taken together, the attacks on immigrant workers and labor will have profound economic effects. Unions are "equality engines." Union members earn more than unorganized workers, and unions campaign for laws that raise everyone's living standards: minimum wages, health and safety protections, social security, fair taxes. Undercutting unions' power is likely to increase inequality.

## 6. What Can We Do? (15 mins)

A. So far, we've identified four pieces of a puzzle:

- 1) tax cuts for the wealthy
- 2) militarism and military spending
- 3) big budget deficits and huge cuts in social spending
- 4) the use of racism & scapegoating to create a climate of fear to justify puzzle pieces 1-3

Let's have a volunteer read the quote from Martin Luther King Jr. (from his Riverside Church speech against the war in Vietnam) on *Chart 22: What Can We Do?*

In pairs or small groups, answer, "What strategies would work in your community to address King's plea for a 'revolution in values' and to help solve this puzzle?"

### Optional Activity (10-15 mins.)

*Preparation: Calculate in advance how much this city or state is paying in federal taxes for the Iraq war or for the defense budget. A good resource for this information is the National Priorities Project website, <[www.natprior.org](http://www.natprior.org)>. Then put a list of what that money could buy in school repairs, health care, etc., on a sheet of flip chart paper.*

In small groups, review this chart comparing the money from our state that goes to Washington DC for the military, with social programs. Decide how you would use the money. We will share your decisions with the whole group.

B. Name what information, understanding, or idea for action you will take back to your daily life or your activism. What specific next step do you think you will take? For example, name organizations or groups that you would be willing to contact to host a workshop like this one.

*[It is helpful to prepare in advance a flip chart or handouts with specific events, activities, and/or organizations in the area that participants can attend, do, or join.]*

### What Can We Do?

"We as a nation must undergo a radical revolution of values. We must rapidly begin the shift from a 'thing-oriented' society to a 'person-oriented' society. When machines and computers, profit motives and property rights, are considered more important than people, the giant triplets of racism, extreme materialism, and militarism are incapable of being conquered.... America, the richest, most powerful nation in the world, can well lead the way in this revolution of values...."



— Martin Luther King, Jr.

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## 6. Evaluation (5 mins)

- A. The trainer either hands out written evaluation forms or asks participants to name what worked for them in the workshop and what changes they recommend.



# Resources for Further Study

## Military Spending and Military Policy

- **National Priorities Project** <[www.natprior.org](http://www.natprior.org)>. This is the first stop for anyone who wants to know how much we are paying for war; how much our states and cities are contributing to the military budget; how many affordable housing units, elementary school teachers, kids on healthcare or Head Start we could get for the cost of various military programs; and how have military and social spending risen and fallen over the past decades?
- **War Resisters League** <[www.warresisters.org](http://www.warresisters.org)>. “Where Your Income Tax \$ Really Goes” is an excellent pie chart on military and social spending; also information on military budget items and wars, and what human services items they would buy.
- **Brookings Institute** <[www.brook.edu/dybdocroot/comm/policybriefs/pb95.htm](http://www.brook.edu/dybdocroot/comm/policybriefs/pb95.htm)>. See “Limiting the Growth of the U.S. Defense Budget” by Michael E. O’Hanlon.
- **Center for Popular Economics** <[www.populareconomics.org](http://www.populareconomics.org)>. Recently published workshops: “The Economics of War,” looking deeply at the war economy of the United States, who profits from war, whether war is good for the economy, and alternatives.
- **Center for Defense Information** <[www.cdi.org](http://www.cdi.org)>. A non-partisan think tank, containing much information on the military, including a major section on military spending.
- **Dollars & Sense** magazine <[www.dollarsandsense.org](http://www.dollarsandsense.org)>. Publishes a traditional monthly magazine but maintains many resources on their web site, including a recent article “War on the Earth - The U.S. Department of Defense is the world’s largest polluter” by Bob Feldman (March/April 2003).
- **Project for the New American Century** <[www.newamericancentury.org](http://www.newamericancentury.org)>. See “Rebuilding America’s Defenses: Strategy, Forces and Resources For a New Century,” September 2000, is a blueprint for current US military and global policy <[www.newamericancentury.org/publicationsreports.htm](http://www.newamericancentury.org/publicationsreports.htm)>.

## Budget Cuts and Tax Issues

- **Center for Budget and Policy Priorities**, <[www.cbpp.org](http://www.cbpp.org)>. Reports on federal tax cuts, budget cuts, deficits.
- **Citizens for Tax Justice** <[www.ctj.org](http://www.ctj.org)>. Analyzes who pays what share of taxes.
- **AFL-CIO** <[www.aflcio.org/issuespolitics/bushwatch](http://www.aflcio.org/issuespolitics/bushwatch)>. Tracks attacks on unions and organized workers.
- **Stateline.org** <[www.stateline.org](http://www.stateline.org)>. Contains several articles on state budget cuts.
- **United for a Fair Economy** <[www.faireconomy.org](http://www.faireconomy.org)>. Workshop Kit on the state budget crisis in Massachusetts, and many other resources on tax issues.

## Security, Repression, and Threats to Civil Liberties

- **American Civil Liberties Union** <[www.aclu.org](http://www.aclu.org)>. Describes threats to political freedoms with much attention to the US PATRIOT Act.
- **Applied Research Center** <[www.arc.org](http://www.arc.org)>. A public policy, educational and research institute whose work emphasizes issues of race and social change. They published: *Reasserting Justice Toolkit* - a collection of action tools from organizations around the country to counter the increase of civil rights violations, harassment and government-sanctioned violence against immigrants and refugees; and *Racing to War Curriculum* - a three-part discussion series designed to help organizations examine the racial impact of the “war on terrorism” both abroad and at home.
- **Grassroots International** <[www.grassrootsonline.org](http://www.grassrootsonline.org)>. Published two workshops: “Global Security: Options Beyond War” and “Extending Rights, Building Security,” which ask what motivates terrorists, look at policies that cause hatred toward the United States, and consider non-military ways to increase security.
- **Project South** <[www.projectsouth.org](http://www.projectsouth.org)>. Recently published a workshop “toolkit” called “The Roots of Terror,” which covers the history of political violence, the definition of “terrorism,” and organizing under state repression.

## Selected Publications

- Andreas, Joel, *Addicted to War - Why the U.S. Can't Kick Militarism*, AK Press (2002).
- Altman, Daniel, “The End of Taxes as We Know Them,” *New York Times* (March 30, 2003).
- Borosage, Robert, “Class Warfare, Bush-Style: The administration’s stealth attack on U.S. Unions”, *The American Prospect*, March 1, 2003.
- Ferguson, Andrew, “A Revival of the Strategic Deficit?”, <<http://bloomberg.com/feature/feature1044369713.html>>.
- Jackson, Derrick, “Blacks have good cause to oppose war in Iraq”, *The Boston Globe*, February 26, 2003.
- Krugman, Paul, “Jobs, Jobs, Jobs,” *New York Times* (April 22, 2003).
- Kuttner, Robert, “War distracts from Bush’s budget cuts,” *Boston Globe* (March 26, 2003).
- United for a Fair Economy, “CEO Pay at Top Defense Contractors,” <[www.faireconomy.org](http://www.faireconomy.org)> (April 28, 2003).
- “U. S. Military Spending And the Cost of Invading Iraq”, Lafayette [Indiana] Area Peace Coalition, January 16, 2003.
- Ward, Rodney, “In Harm’s Way: The Working Class on the Warfront and the Homefront,” *Dollars and Sense*, (May/June 2003), <[www.dollarsandsense.org](http://www.dollarsandsense.org)>.

## Trainer's Report Form

Trainer(s): \_\_\_\_\_

Date of Training: \_\_\_\_\_

Number

of Participants:

Sponsoring Organization(s):

1. How would you describe the group (friendly, skeptical, or hostile; very aware, very unaware; union members; senior citizens; college students; racially diverse; mainly women; religious congregants; etc.)?

2. What were the things that you did this time that worked particularly well (something that could be shared with other trainers, perhaps?)

3. What were the questions or challenges which came up that we should know about or that you need help in answering? Anything in particular which we should incorporate into our regular rap?

4. Which parts of the workshop do you think needs to be reworked? (Do you want to work with us on it?)

**Please return to**

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E-mail: [sschnapp@faireconomy.org](mailto:sschnapp@faireconomy.org)