

The Grass Roots Versus The Joint Chiefs

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FOR TWENTY-FIVE YEARS a myth has been perpetrated upon the people of the United States, the myth that we were so rich that we never had to make choices, that there was money and talent to spare to spend endlessly on huge overkill budgets while simultaneously rebuilding our cities, improving our health and education, and regenerating the hopes of our poor. This myth was especially comforting to liberal congressmen and senators, for it spared them the necessity of facing up to the military-industrial complex and telling it that it was draining the country. This myth allowed the liberals to construct programs that employed hundreds of thousands of their middle-class constituents and sometimes helped the poor.

The budgetary reckoning was long in coming. But it has come. And our members of Congress who have cheerily voted endless billions to the Pentagon must now face the harsh truth: they can spend *either* on gigantic Pentagon budgets or on human needs. But they cannot do both.

Nixon has made his choice in the fiscal year 1974 budget. His national priorities are clear. The military will receive over 60 percent of the disposable tax money upon which Congress can vote. Deficit spending has been the means by which the choice between spending on war and peace was evaded. But our inflation is now so serious that deficit spending must end. Both Congress and the President agree that there must be a ceiling upon the budget, bringing tax revenues and expenditures into balance. Therefore, liberals who wish to finance critical civilian programs have only one place to go for the money they so desperately need: the swollen coffers of the Department of Defense.

We live in a divided society. The basic divisions used to be only between the poor, the middle class, and the rich, the white and the black. But these divisions now have less operative impact upon the critical expenditures of federal tax monies than the new division which has emerged since World War II. It is the division between the military sector of the society and the civilian sector. The unprecedented growth of the military sector during this period is based upon both political and economic power. The political power has come from the generation of fear in large segments of the American public. The economic power has come from the immense taxing, contract granting, and manipulative power of the central state. We shall now try to show which institutions, professions, and segments of classes make up the military sector and which comprise the civilian sector of the society, and then how to do the local organizing that can change the present set of national priorities.

If there is to be serious discussion and action leading to a change in the priorities of the central government of the United States, we must first understand who benefits and who loses with the present set of priorities. When we understand who gains and who loses, the political analysis leading to change can begin. For unless we do, we are divided and helpless before the highly organized institutions that lobby to continue spending 60 percent of the disposable income of the Federal Government on war.

Who gains? For twenty-five years, the complex of government agencies, industries, labor unions, and certain departments of universities, known as the military-industrial complex, has grown and thrived. Battening off a seemingly endless flow of taxpayers' dollars, they have consolidated their riches and their power. Taxpayers can be endlessly coerced if they are made to fear. And fear was the force generating the endless stream of dollars to the Pentagon, the military contractors, the CIA, and the worldwide spread of military bases.

The military-industrial complex can be defined as the industries that service the Pentagon, the labor unions bound to these industries, the professionals who work for war industries, university departments whose research grants, professors, and graduate students come from and go to the military, and the ever-expanding agencies of the central government whose mission is death: the Pentagon, the Central Intelligence Agency, and the National Security Agency.

The people who work for the military-industrial complex comprise about 10 percent of the labor force. But this 10 percent is not evenly

spread throughout the labor force. It is disproportionately high in scientific and technical manpower, very low in semiskilled or unskilled labor. This is largely a result of the increasing complexity of the weapons systems with their elaborate electronic components. Lots of engineers are needed, very few hod carriers. So the long-held myth that high defense expenditure was good for employment is true only in a narrow sense. It is *not* true for the millions of poor, white and black. There are few places for them in the military-industrial complex except in the trenches of the infantry.

The people who benefit the most have been the top decision makers at the Pentagon, for they have gathered an unprecedented amount of power into their own hands, thus undermining both the democracy and the system of free enterprise. With the growth of the military budget has come the power to centralize decision-making to an extent undreamed of in the American experience. A few men now decide where \$40 billion of procurement dollars will go, and which companies, which states, which universities, which think tanks, and which Presidential candidates (indirectly) will be the beneficiaries. They have vigorously opposed any conversion legislation, not wanting their lobbies undermined by company managements who might begin to think that they could make more money in the civilian market than in the military.

If those are the people, industries, and bureaucracies who gain with the present priorities, who loses? The whole civilian sector of the society. This can be defined as the businesses, industries, labor unions, universities, professions, classes, units of government, and states which are being depleted or which are unable to fulfill their functions properly, because of lack of money, talent, and decision-making power.

Once we have defined the parameters of the civilian sector, we know who our potential allies are. For as Nixon has urged putting a ceiling on the budget, and the present inflation has made deficit spending more difficult, it will be harder to pay off enough of the nonmilitary middle class to keep them quiet. Major rumblings are already appearing from people involved in housing with such unlikely bedmates as the National Tenants Union and the National Association of Mortgage Bankers joining in outrage over the moratorium on public housing construction.

Some of the businesses and industries within the civilian sector would include home building; food growing, processing, and selling; household appliances; automobile manufacture; soft foods; and publishing. Civilian professionals would include those engaged in the

above industries, most clergymen, professors of humanities, teaching and health professionals, and also, a major portion of the social, biological, and natural scientists. The poor and people on fixed incomes or annuities suffer greatly from a declining dollar and a deteriorating public environment.

All public officials concerned with human needs are desperate for a change in priorities. This includes most mayors, a large number of congressmen and senators, most state legislators, and almost all city staff and employees.

The people, professions, occupations, businesses, labor unions, and government employees so described all need a redirection of the tax monies that a change in national priorities portends. But they need to be shown what they have in common, and who their common adversary is. For if not, we will be treated to the unholy spectacle of social workers fighting health professionals for the crumbs brushed from the military's feast.

Why hasn't the distortion of priorities become evident long before now? Partly because no one understands a billion dollars. When people read that the Department of Defense budget has gone from \$70 billion to \$75 billion, they have no conception what this means in terms of their own lives and the lives of their cities.

In order to clarify the meaning of the defense budget to the people of Michigan, and thus take the first step in reversing the present priorities, we published in May, 1972, the pamphlet *How Michigan Pays for War*. (The Introduction and report of two cities are reprinted on pages 39-44.) This 24-page pamphlet lays out on a city-by-city basis how much every major Michigan city loses to the Pentagon every year and what that tax money would have bought in crucial public services if it had remained in those cities. With the figures set forth like this, it became instantly visible to every reader, whether his politics were right, left, or center, what the true cost of the Pentagon was. People were amazed to find that Detroit's yearly expenditure of \$936 million on the Department of Defense exceeded its entire city budget by \$100 million.

The research leading up to the publication of *How Michigan Pays for War* can be duplicated by anyone who is both persistent and clear about the results he wishes to have. On page 38, there is a chart showing the per capita loss to the Pentagon from all of the states that suffer a yearly net drain to Washington.

To find out the loss from each Standard Metropolitan Statistical Area in your state, simply multiply its population by the figure for

A Table of the States Showing Net Tax Losses to the Federal Government

This calculation is made on the basis of all taxes paid out to Washington (corporate, personal income, excise, and social security) minus all tax revenue returned in all forms (military salaries and contracts, aid to education, welfare, social security, etc.).

It is *net loss*—the money is never returned to these states in any form; 60 percent of the net loss goes for war.

State	Net Loss	Loss To Pentagon	Per Capita Loss To Washington	Per Capita Loss To Pentagon
Connecticut	\$ 572,300,000	\$ 343,380,000	\$200	\$120
Delaware	355,700,000	213,420,000	699	419
Florida	40,800,000	24,480,000	7	4
Illinois	4,417,400,000	2,650,440,000	412	247
Indiana	1,132,200,000	679,320,000	230	138
Iowa	220,000,000	132,000,000	80	48
Massachusetts	923,100,000	553,860,000	172	103
Michigan	3,206,800,000	1,924,080,000	383	230
Minnesota	435,900,000	261,540,000	122	73
Missouri	176,100,000	105,660,000	39	23
Nevada	94,000,000	56,400,000	218	131
New Hampshire	129,600,000	77,760,000	192	115
New Jersey	2,173,100,000	1,303,860,000	317	190
New York	7,458,100,000	4,474,860,000	412	247
Ohio	2,845,100,000	1,707,060,000	276	166
Oregon	386,100,000	231,660,000	198	119
Pennsylvania	3,129,800,000	1,877,880,000	270	162
Tennessee	62,900,000	37,740,000	17	10
Vermont	20,200,000	12,120,000	50	30
West Virginia	109,700,000	658,200,000	60	36
Wisconsin	1,125,700,000	675,420,000	271	163

Table compiled from statistics in James R. Anderson, "The Balance of Military Payments Among States and Regions," in *The War Economy of the United States*, ed. by Seymour Melman (St. Martin's Press, 1971).

the per capita Pentagon loss. This sum will be the base from which you derive the figures on city needs.

The figures on needs for doctors, hospital beds, school construction, teachers, public transit, housing, and clean water are all available from public agencies. More details on research and writing a "How to Do It" pamphlet are available from the Michigan Council of Churches, P.O. Box 206, Lansing, Mich. 48901.

The publication of such a pamphlet "How Illinois (New York, Massachusetts) Pays for War" has two primary functions. The first is the compilation of statistics that are immediately meaningful to a large cross section of the population both through the distribution of the pamphlet and through the press. The second is to engender contacts useful for the second step in organizing.

The second step is to hold one-day meetings or convocations bringing together the people from the professions, industries, and governmental units that need a change in priorities. The purpose of these meetings is to educate the representatives from housing, hospital administration, mass transit, home building, etc., of their common interest and problems.

A coalition should be formed with two purposes: (1) educating their own membership and (2) bringing sustained pressure upon their congressmen to vote for massive cuts in the defense budget. Every teacher, nurse, carpenter, and bricklayer should come to feel that every \$1 billion spent for the Pentagon *costs* the civilian economy 40,000 jobs and that hurts *him*. (\$1 billion spent on defense generates 35,000 jobs; \$1 billion spent on civilian expenditure generates 75,000 jobs.)

There is a tremendous potential for the development of a gigantic civilian lobby to go after the Pentagon. Its budget is no longer sacrosanct.

The public disillusion with Vietnam must be turned into political reality. There is no better way to express such reality than through a major change in budgetary priorities.

We can and must begin.

HOW MICHIGAN PAYS FOR WAR

A Report to the People

Prepared by the Michigan Council of Churches

Where has all your money gone?

When you wake up in the morning, get ready for the day's work, and reach for the morning paper, what do you see in the headlines?

SCHOOL CLOSING THREATENED AS
MILLAGE PROPOSAL FAILS
DETROIT LAYS OFF TWO HUNDRED
MORE CITY EMPLOYEES
MUSKEGON ENDS PUBLIC BUSES—
NO MONEY FOR MASS TRANSIT
CITIES SHORT OF DOCTORS, DENTISTS,
HOSPITAL BEDS

And you ask why—our taxes have never been higher.

The reason is clear and simple. It is time the hardworking citizens of Michigan were told the truth.

The truth is that Michigan, more than any other state, subsidizes the wars and programs of the Pentagon.

Michigan loses 50 cents on every tax dollar going to Washington . . . the highest percentage in the Union.

Michigan is suffering a net loss of more than \$1,900,000,000 each year to the Pentagon. Our citizens, hardworking and high tax paying, are paying the heaviest subsidies in the country to feed the voracious appetites of the military planners and their suppliers.

This story is not generally known. Most persons see the headlines announcing special grants made by the Federal Government to the cities and states. They know about the money spent here and there for certain city programs, for aid to education and for special grants to police departments. These reports are given a good deal of publicity. What people do *not* know is that vast sums are taken out of our decaying cities by federal income and corporate taxes, never to come back.

Muskegon alone, which is in desperate financial condition, suffers a net loss to the Pentagon each year of over \$50 million. With this money, Muskegon could again become a thriving community, giving its citizens all the schools, doctors, and hospitals they deserve. Lansing, a metropolitan area of 360,000 people loses over \$80 million to the Pentagon, a net loss of \$890 for a family of four. These tax losses do not go to help feed poor sharecroppers in Mississippi or to feed the poor in our cities or to care for abandoned children everywhere. They go for war and preparations for future wars.

The cities of Michigan are losing so much tax money that they are incapable of providing decent services for their citizens. With the hemorrhage of Vietnam, the ever more expensive planes, missiles, and nuclear equipment that the Pentagon and its contractors dream up, our cities are doomed to chaos and decay.

How much does your city lose to the Pentagon? How many under-

nourished children could be fed with these dollars? How many teachers could your board of education hire if your city kept more of your taxes? How many doctors could be trained? How much housing could be built?

Following are thoroughly researched and documented figures on two of Michigan's major city losses to the Pentagon.

And remember, the amount of suggested expenditure for building new schools, hospitals, and housing in Michigan would generate 120,000 new jobs, thus eliminating much unemployment.

The present national priority is war. Look around and see what it has done to you. Your choice is now clear: war abroad and chaos at home. Our jobs, prosperity, and peace.

Detroit

The motor capital of the world, a city that has generated hundreds of thousands of jobs and billions in taxes, is on the verge of bankruptcy. The schools, hospitals, and parks are in a state of growing dilapidation. Unemployment is high. And despair over its future abounds.

Where has Detroit's federal tax money gone? To Washington to pay for war.

Detroit's total unmet needs for schools, housing, parks, hospitals, sewers, teachers, doctors, and dentists total *less* than the taxes now extracted for war.

FEDERAL TAX FLOW

Detroit to Washington, D.C.	
Paid Out in Taxes (income, corporate, social security, excise)	\$3,100,000,000
Received Back (school aid, urban renewal, military contracts and salaries, social security, etc.)	1,540,000,000
Net Loss	\$1,560,000,000

Out of this money paid out to Washington 60 percent, or \$936 million, goes for war.

What would this \$936 million buy for Detroit?

Detroit's needs, like those of most large American urban areas, are staggering. But we must begin to meet them or watch our cities slowly die. Here are a few of the Detroit area's urgent needs, and estimates of the tax money required to begin the long road back.

The total cost of meeting Detroit's needs in health, education, housing, parks, and sewerage is *less* than the amount extracted to support

the war machine. How can Detroit make a comeback? By further raising taxes? No. Only by redirecting its own tax monies back to the people.

DETROIT NEEDS . . .

Housing

31,600 units are needed. If built in four years at \$28,000 per unit, the total each year would be \$221,200,000

Schools

(City of Detroit)

3,600 more teachers are needed to bring the student-teacher ratio to 22:1. Their salaries at annual average of \$11,000 would be 39,600,000

\$400,000,000 is needed for rehabilitation and new capital construction. If built in four years, each year would require 100,000,000

To balance the school budget, add 31,500,000

Total School Needs per Year \$171,100,000

Medical Care

824 more MD's are needed. It costs \$50,000 to train each doctor \$ 41,200,000

447 more dentists are needed. It costs \$50,000 to train each dentist 22,350,000

743 new hospital beds are needed at \$100,000 a bed 74,300,000

3944 hospital beds would be modernized at \$20,000 per bed 78,880,000

Total Medical Care \$216,730,000

Parks and Recreation

Detroit needs to spend \$960,000,000 on parks. Spent over a six-year period, each year it would cost \$160,000,000

Clean Water

For primary, secondary, interceptory and storm sewers, \$508,000,000 is needed. Built in five years, each year would cost \$101,600,000

Total Needs per Year \$870,630,000

Jobs Generated: 80,700

Bay City

Bay City faces increasingly serious problems. It is a relatively small metropolitan area, but its children need two hundred more teachers. Thousands of its sick people have trouble getting doctors. And its hospital administrators struggle with inadequate budgets to try to

give their patients the necessary care and treatment they should have.

Almost 25 million tax dollars go to Washington every year. The needs suggested below total \$46 million.

Bay City could care for some of its most serious problems if it were able to keep the money it now sends to the Pentagon every two years.

FEDERAL TAX FLOW

Bay City to Washington, D.C.	
Paid Out in Taxes (corporate, personal income, social security, excise)	\$85,764,700
Received Back (school aid, urban renewal, military contracts and salaries, social security, etc.)	42,600,600
Net Loss	\$43,164,100

Of this money 60 percent, or almost \$26 million, goes for war. What could this \$26 million buy for Bay City?

BAY CITY NEEDS . . .

Health Care

62 more MD's trained at \$50,000 each would be	\$ 3,100,000
32 more dentists trained at \$50,000 each would cost	1,600,000
640 hospital beds modernized at \$20,000 each cost	12,800,000
Total Health Care Needs	\$17,500,000

Schools

(Bay City only)

Needs 200 teachers to bring the student-teacher ratio to 22:1	\$ 2,200,000
Balance operating budget	585,000
Pay off debt on capital improvements	15,450,000
Total School Needs	\$18,235,000

Housing

470 units needed. Built in 2 years at \$28,000 each	6,580,000
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Clean Water

Total need is \$24,000,000. Built in 6 years, each year is	4,000,000
Total Needs	\$46,315,000

Jobs Generated: 4,200

NOTES

Introduction

Tax Flow: *The War Economy of the United States*, ed. by Seymour Melman, (St. Martin's Press, 1971), pp. 140-141.

Detroit and Bay City

The Detroit metropolitan area includes Wayne, Oakland, and Macomb Counties. Bay City metropolitan area includes Bay County.

Tax Flow Figures: "Federal Revenues and Expenditures Estimates for States and Regions, Fiscal Years 1965-67," published by the U.S. House of Representatives Committee on Government Operations in 1968. Published by the Government Printing Office, Washington, D.C.

"Metropolitan Area Statistics," 1970, U.S. Department of Commerce, Bureau of Census.

James R. Anderson, "The Balance of Military Payments Among States and Regions," in *The War Economy of the United States*, ed. by Seymour Melman.

Housing: Housing need—"Report on Housing Needs." Prepared for Mayor's Committee for Human Resources Development, Community Development Subcommittee, Mayor's Committee for Community Renewal, July, 1971, summary.

Housing cost—figured at \$28,000/unit, an average, provided by the Michigan State Housing Authority.

Education: Teacher need—derived from the difference between present teacher/student ratio and a desirable ratio of 1:22. Source for total numbers of students and teachers (1971-1972), Michigan Education Association.

Teacher cost—figured on an average salary of \$11,000, *Analysis of Michigan Public School Revenues and Expenditures 1970-71*, Bulletin 1011 (Michigan Department of Education, December, 1971), p. 5.

Short-term loan to balance budget 1970-1971 school year, source of information, Detroit Board of Education.

Construction and rehabilitation—"Taxes, Politics—The System—Work Against City," *Detroit Free Press*, Sunday, Oct. 31, 1971, p. 4a.

Health Care: Doctor and dentist need—derived from formula for adequate care set forth by the Michigan Health Council. "Health Manpower for Michigan," Vol. III, No. 2 (May, 1971).

Need = difference between present doctor and dentist/population ratio and desired ratio.

Doctor cost—training figured at cost of \$50,000/doctor. Source, the Medical School of Michigan State University.

Dentist cost—training figured at \$50,000/dentist. Source, "Program Cost Allocations in Seven Medical Centers, 1968-69," Pilot Study by Thomas J. Campbell, Acting Director Division of Operational Studies, Association of Medical Colleges, 1968.

Bed need—new and modernized bed need, 100 percent of area need as reflected by the *Michigan State Plan for Medical Facilities Construction, 1970-71* (Michigan Department of Public Health), p. 550.

Bed cost—new bed cost at \$100,000/bed, an average, provided by the Michigan Health Council.

Bed cost—modernized bed cost at \$20,000/bed, provided by the Michigan State Health Department, Health Facilities Bureau.

Parks and Recreation: "Taking the Fun Out of Fun," *Newsweek*, July 28, 1969, p. 56.

Clean Water: *Congressional Record*, Feb. 10, 1971, "The Cost of Clean Water," Senator Eagleton, S1270.

Jobs Created: Jobs created = city need total minus the doctor and dentist training costs divided by \$10,000/per year. (\$10,000/per man year quoted from Prof. Seymour Melman, Columbia University.)



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