

The poor are poorer and more insecure



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The national security context of human security

In the United States, the concept of human security is often subsumed under that of “national security”, following the assumption that protection of “national interests” confers human security upon the inhabitants of a nation. The dominant US paradigm of national security largely excludes policies and programs whose implementation might achieve sustainable human security in the United States.

One benchmark document for evaluating the status of human security in the United States is the September 2002 publication of “The National Security Strategy of the United States of America”. The cover letter to this Strategy, written by President George W Bush, begins: “The great struggles of the twentieth century between liberty and totalitarianism ended with a decisive victory for the forces of freedom - and a single sustainable model for national success: freedom, democracy, and free enterprise.”¹ It is this vision of the twentieth century that the Strategy would presume to defend in the twenty-first. The initiatives proposed in the Strategy are guided by the justification that “[t]he events of September 11, 2001, fundamentally changed the context for relations between the United States and other main centers of global power and opened vast, new opportunities”.²

In December, a special advisory commission to the Bush administration warned that the commission “has serious concerns about the current state of homeland security efforts along the full spectrum, from awareness to recovery”.³ Despite the numerous government initiatives taken in the name of 9/11,⁴ a September 2003 poll by the Pro-

gram on International Policy Attitudes (PIPA) finds that 76% of US citizens feel no more secure as a result of the “war on terrorism”. The PIPA poll states “[a] very strong majority believes that reactions to US foreign policy in the Islamic world are creating conditions that make it easier for terrorist groups to grow”.⁵

PIPA polling on terrorism prevention and prosecution legislation known as the US Patriot Act revealed that “Eight in ten think that American citizens detained under suspicion of being part of a terrorist group should have the right to meet with a lawyer and three in four are not aware that, with the US Patriot Act, this is not the case”. Despite extensive criticism of the US Patriot Act and the refusal of US Department of Justice officials to explain how it has been used, the Bush administration has proposed further legislation, dubbed Patriot II, to “further untie the hands of our law enforcement officials”.⁶ One proposed bill would “compel testimony without probable cause of a crime, without a connection to a foreign power, and without prior review by a judge or jury” and would prevent the recipient of an order to testify from informing anyone of having received the order.⁷ In response to widespread criticism of Patriot I, II and the US denial of due legal process to the 9/11 suspects detained at a US military facility in Guantánamo, Cuba, Attorney General John Ashcroft has responded with a Website (www.lifeandliberty.gov) and gone on a speaking tour to hand-picked supportive audiences.

Human security: the budget

Given the National Security Strategy emphasis on “free enterprise”, it is not surprising that the Bush administration would both analyze human security and deliver government services for human security under a “free enterprise” model. In response to the Bush administration plan for a third consecutive year of tax cuts that are largely for the wealthy and for corporations, eight Nobel laureates and a

hundred other eminent economists wrote in an open letter that the plan’s “purpose is a permanent change in the tax structure and not the creation of jobs and growth in the near-term... Passing these tax cuts will worsen the long-term budget outlook, adding to the nation’s project chronic deficits. This fiscal deterioration will reduce the capacity of the government to finance Social Security and Medicare benefits as well as investments in schools, health, infrastructure, and basic research.”⁸ Nobel Prize winner Daniel McFadden characterized the Bush budget as a “weapon of mass destruction aimed at middle-income households”.⁹

A June 2003 analysis of Congressional Budget Office data by Citizens for Tax Justice finds that “one out of every three dollars the federal government spends this year outside of the self-funded Social Security system will be paid for by borrowing. This will be the highest share of deficit-financed spending since World War II.” (By contrast, the Clinton administration borrowed 6% of what it spent.) The Bush administration and its putatively fiscal “conservatives” in Congress are seeking tax cuts that will “saddle our children with an additional USD 10 trillion in debt just ten years from now”.¹⁰ This debt will further decrease the already weakened ability of state and local governments to deliver basic human services in health, education and public safety.

Sheltering corporate criminals

Nevertheless, the US Congress continues to dole out corporate tax subsidies and tax shelters, so that “this year corporate taxes as a percent of US profits will fall to well under 15% - probably only about a third of the statutory corporate rate of 35%.”¹¹ Indeed, even corporate criminals, such as WorldCom/MCI, continue to seek billions of dollars of tax relief from the US Treasury.

1 “The National Security Strategy of the United States”, September 2002, at www.whitehouse.gov/nsc/nssall.html

2 *Ibid.*, Section VIII.

3 Cited in Robert Block, “Panel Criticize U.S. Security Efforts”, *The Wall Street Journal*, 16 December 2003.

4 Editor’s note: Abbreviation of September 11, 2001 referring to the tragic events that took place in New York and Washington, DC that day.

5 “War on Terrorism Has Not Made Public Feel Safer”, Program on International Policy Attitudes, 9 September 2003, at www.pipa.org/whatsnew/html/new_09_03.html

6 “Updating the Status of ‘Pieces of Patriot II’ Proposals”, American Civil Liberties Union, 8 October 2003, at www.aclu.org/news/NewsPrint.cfm?ID+14000&c+206

7 *Ibid.*

8 “Economists’ Statement Opposing the Bush Tax Cuts”, *The New York Times*, 1 February 2003.

9 Cited in David Moberg, “The War at Home”, *In These Times*, 17 March 2003.

10 “Bush’s \$10 Trillion Borrowing Binge”, Citizens for Tax Justice, 11 September 2003, at www.ctj.org

11 McIntyre, Robert S. “Testimony to the U.S. House of Representatives, Concerning ‘Waste, Fraud [and] Abuse in Federal Mandatory Programs’”, 18 June 2003 at www.ctj.org/html/corp0603.htm

Although during the Bush administration “jobs have not fallen for so long” since the federal government began keeping payroll statistics in 1939, with 2.4 million payroll jobs lost since March 2001, the Congress has not seen fit to extend the duration of federal unemployment benefits. Many of the unemployed lost their jobs due to corporate “outsourcing” and a shift in production and services abroad. The Congressional Budget Office estimates that the ten-year cost of extending current corporate tax breaks will be USD 2.1 trillion. In contrast, the Congress has refused to extend benefits for the unemployed, who currently lose their benefits after 26 weeks of unemployment. This is in spite of the fact that the federal unemployment insurance trust fund contains USD 20 billion, more than enough to extend benefits to the growing number of long-term unemployed.

Disguising human insecurity

Mounting indicators of human insecurity have been masked by growth in the Gross Domestic Product (GDP) that is publicized as evidence of a recovery. However, some of the factors driving GDP growth are unsustainable. For example, consumer debt, rather than rising incomes, has fueled consumer spending and the GDP. “In the second quarter of 2003, household debt increased at an 11.5% annual rate, the largest increase in 15 years, according to the Federal Reserve. Total household debt is now nearly USD 9 trillion and has grown by over 50% from 5 years ago.” As one might expect during a period of long-term unemployment and falling wages, “in fiscal year 2003, non-business bankruptcy filings totaled 1,625,813 - the highest on record, and up 98% from 1994”.¹²

Another factor that has masked the degree of insecurity is the federal monetary policy to keep interest rates low, allowing homeowners to borrow against their mortgages. The low interest rates for homes derive from the monetary policies of the Federal Reserve Bank, which during the Bush Administration has cut interest rates in “both in nominal and inflation adjusted terms (more) than it did during comparable periods in all but one of the preceding 12 four-year presidential terms since 1953”.¹³ The easy credit facilitated by low interest rates for homes cushioned the impact of the recession for homeowners and helped to fuel GDP growth even as household debt had skyrocketed to 82.6% of GDP by June 2003. Maintenance of this fragile

financial architecture depends on the continued capitalization of the US economy by foreign investors at a rate of USD 2 billion a day. If foreign investors decide that there are more remunerative, or safer, markets in which to invest, the architecture risks collapse.

Another factor driving GDP growth “was an unusually large increase in defense spending”.¹⁴ However, the 45% annual rate increase, the highest since 1945, has not gone to a US industrial economy that produces high paying jobs, as in past wars, but to contractors such as Halliburton that have subcontracted “support services” to the US military with cheap US and foreign labor. A thorough investigation of the ongoing accounting and service delivery scandals related to the war in Iraq may reveal just how few and how much the few benefit financially from the “war on terrorism”.

War on poverty or war on the poor?

Any analysis of US government action on poverty and its effects should begin with an acknowledgement of the refusal of the government to modernize the statistical definition of poverty. The current poverty threshold formula is almost unchanged from its first incarnation forty years ago. The National Academy of Sciences estimated that a poverty formula updated to reflect current patterns of consumption and costs would increase the threshold by up to 45%. A higher threshold would mean that the government would have to acknowledge a far higher poverty rate than the official poverty rate of 12.1%, or 34.6 million of the US population. And the already poor are getting poorer. According to US Census data of September 2003, “the average amount by which the incomes of those who are poor fall below the poverty line was greater in 2002 than any year on record, with these data going back to 1979”.¹⁵

The 1996 legislation to “end welfare as we know it” has resulted in steep reductions in all forms of federal and state assistance to the poor, and particularly to the children of the poorest families in the United States. Children in families below 50% of the federal poverty line (e.g. about USD 18,000 of pre-tax income for a family of four) that received cash assistance fell from 59% in 1996 to 31% in 2000. There was a similar decline in the portion of children in very poor families that received federal food assistance through the food stamp program.

Gender and race impacts of human insecurity

The fallout of reduced federal funds to those living in poverty has gender and race implications, not least because women and ethnic minority groups comprise the highest percentage of the poor in the United States. In 2002, single women-headed households comprised half of the families living in poverty. The Institute for Women’s Policy Research highlights some disturbing trends since the “welfare to work” legislation was enacted. In addition to the major decline in services to children, adult welfare recipients are receiving less health insurance than before the implementation of welfare reform. As a result of one “welfare to work” program, single mothers work more than single fathers yet receive less pay and struggle to receive education and healthcare benefits. The Center on Budget and Policy Priorities reports that the disparities in health coverage among different races and classes are substantial. Almost twice as many Asian and African Americans as white, non-Hispanic Americans lack health insurance. For Latinos, it is three times as many. Immigrant populations are increasingly vulnerable and almost half of non-citizens go uninsured.¹⁶

Conclusion

Macro-economic indicators of growth notwithstanding, most economic and social indicators show the United States to have the highest degree of human insecurity among industrialized countries. The intensified attacks on welfare programs have contributed to a 9 million increase in US residents without any form of health care insurance - a total conservatively estimated at 43 million - while the remainder of the population has endured double-digit increases in health care costs for each of the last three years. For all the government’s talk of national security, US citizens have rarely felt less secure. ■

12 “Economy and Jobs Watch: Consumer Debt Increases, Savings Rate Down”, *The Watcher*, OMB WATCH, 2 December 2003, at www.ombwatch.org/article/articleprint/1938/-1/198/

13 “The Bush Fed In Perspective”, Financial Markets Center, 8 December 2003, at www.fmcnenter.org

14 “Defense spending skews economic growth estimates”, *Economic Snapshots*, Economic Policy Institute, 13 August 2003, at www.epinet.org.

15 “Poverty Increases and Median Income Declines for the Second Consecutive Year”, Center on Budget and Policy Priorities, 29 September 2003, at www.centeronbudget.org

16 “Number of Americans Without Health Insurance Rose in 2002”, Center on Budget and Policy Priorities, 8 October 2003, www.cbpp.org