An analysis of the U.S. budget and job market with proposed solutions

Zambrano, Joshua David

26 November 2012

An Analysis of the U.S. Budget and Job Market with Proposed Solutions

By Joshua Zambrano

Fixing the U.S. Budget

There are only four pieces of the U.S. budget which make up 77.95% of the budget's cost; roughly $2.9 trillion each year.

Expense	Budget Sections	2012 Cost (Billions)	Budget %
Health	550, 570	$841.748	22.46%
Social Security	650	$769.571	20.54%
Military	050	$728.414	19.44%
Income Security	600	$543.662	14.51%
TOTAL		$2,883.995	77.95%

All other expenses in the U.S. Budget combine for just 23.05% of the budget's cost.

Expense	Budget Sections	2012 Cost (Billions)	Budget %
Interest On The Debt	900	$240.029	6.44%
Veterans Benefits & Services	700	$129.379	3.45%
Education, Training, Employment, & Social Services	500	$112.731	3.01%
Transportation	400	$94.430	2.52%
International Affairs	150	$66.838	1.78%
Administration of Justice	750	$64.159	1.71%
Natural Resources & Environment	300	$40.976	1.09%
General Science, Space & Technology	250	$31.545	0.84%
General Government	800	$27.704	0.74%
Agriculture	350	$18.233	0.49%
Community & Regional Development	450	$16.027	0.43%
Energy	270	$11.700	0.31%
Allowances	920	$10.000	0.27%
TOTAL		$863.751	23.05%

There are only four aspects of the budget we should be focusing on: Health, Social Security, Military, and Income Security. The following is an overview of each of these four all important elements of the budget:

Health

Healthcare spending is split between two sections of the U.S. Budget, Section 550 Health ($367.5 billion) and Section 570 Medicare ($474.3 billion).

550 Health, Top Expenses	Budget Type	2012 Cost (Billions)	Section %
Grants to states for Medicaid	Mandatory	$270.725	73.67%
National Institutes of Health	Discretionary	$31.291	8.51%
Children's Health Insurance Program (CHIP)	Mandatory	$15.027	4.09%
Federal employees & retired employees health benefits	Mandatory	$10.856	2.95%
DoD Medicare-eligible retiree healthcare fund	Mandatory	$9.918	2.70%
SUBTOTAL		$337.817	91.92%
Other Expenses		$29.675	8.08%
TOTAL		$367.492	100%

570 Medicare, Top Expenses	Budget Type	2012 Cost (Billions)	Section %
Hospital Insurance (HI)	Mandatory	$258.761	54.56%
Supplementary Medical Insurance (SMI)	Mandatory	$157.320	33.17%
Medicare Prescription Drug (SMI)	Mandatory	$50.715	10.69%
SUBTOTAL		$466.796	98.43%
Other Expenses		$7.460	1.57%
TOTAL		$474.256	100%

The vast bulk of Health expense is made up of state Medicaid grants ($270.7 billion) and Medicare insurance ($466.8 billion), a combined $737.5 billion.[i]

Social Security

Like Medicare, Social Security operates through the insurance industry (though Medicaid can, it is managed individually by states). Medicare and Social Security are, in effect, massive insurance programs that combine for $1.244 Trillion each year.

---

[i] When calculating Medicare expenses, I subtracted premiums and collections for HI and SMI costs. E.g., Supplementary Medical Insurance cost $218.879 billion but had premiums/collections that brought in money of $61.559 billion, so I changed the expense to represent this – otherwise, the subtotal section percentages would've combined for over 100%.

650 Social Security, Top Expenses	Budget Type	2012 Cost (Billions)	Section %
Old-Age & Survivor's Insurance (OASI)	Mandatory	$627.844	81.58%
Disability Insurance (DI)	Mandatory	$135.740	17.64%
SUBTOTAL		$764.485	99.22%
Other Expenses		$5.987	0.78%
TOTAL		**$769.571**	**100%**

There are two major expenses in Social Security:

- OASI (Old Age and Survivor's Insurance)
- DI (Disability Insurance)

Both OASI and DI are considered "Off-budget" and marked accordingly within the budget itself. As such, they have not been getting counted by the U.S. government in the total budget calculation, presumably because the government assumed it could just write off the expenses as though they didn't exist. That is unrealistic given how many outraged Americans would demand they be reimbursed for their lifelong payments into both the programs.

Military

Defense spending prior to the contingency operations in Iraq and Afghanistan was far lower. In the year 2000 spending on National Defense was $304 Billion, but by 2006 it had more than doubled to $617 Billion. Under George W. Bush's Democratic Congress from 2007-2008, headed by Democrats Nancy Pelosi and Harry Reid, it shot up to $696 Billion, and for 2012 is projected at $728 Billion.

050 National Defense, Top Expenses	Budget Type	2012 Cost (Billions)	Section %
Operation and maintenance	Discretionary	$298.236	40.94%
Military personnel	Discretionary	$156.169	21.44%
Procurement	Discretionary	$136.044	18.68%
Research, development, test & evaluation	Discretionary	$82.038	11.26%
Military construction	Discretionary	$17.569	2.41%
Department of energy	Discretionary	$17.358	2.38%
SUBTOTAL		$707.414	97.12%
Other Expenses		$21.000	2.88%
TOTAL		$728.414	100%

So, where does most of that $728 billion go? To military personnel? They receive just $156 billion, 21.44%. To the Department of Energy? No, the Dept. of Energy is funded for just $17.4 Billion (2.38%). To the FBI? Funded for a measly $4.5 Billion. Most of our Military expense is comprised of direct war costs, "Operation and maintenance" and "Procurement" (combined 59.62%). While "Military personnel" is still a large expense, it is only 21.44% of the Defense budget, whereas "Research, development, test & evaluation" is only 11.26%.

Income Security

Most but not all of Income Security can be considered welfare. The remainder would be better classified as retirement expenditure, specifically for federal civilian employees ($76 Billion) and retired military ($52 Billion). Retirement compensation accounts for a grand total of $137.524 Billion of the total $531.591 Billion Income Security budget, or 25.87%. The other 74.13% of the Income Security budget could appropriately be classified as "Welfare".

600 Income Security, Top Expenses	**Budget Type**	**2012 Cost (Billions)**	**Section %**
Unemployment Insurance (UI)	Mandatory	$91.779	16.88%
Food stamps (including Puerto Rico)	Mandatory	$85.082	15.65%
Federal civilian employee retirement & disability	Mandatory	$75.344	13.86%
Military retirement	Mandatory	$48.455	8.91%
Supplemental Security Income (SSI)	Mandatory	$47.788	8.79%
Earned Income Tax Credit (EITC)	Mandatory	$46.495	8.55%
Section 8 rental assistance	Discretionary	$27.328	5.03%
Child tax credit	Mandatory	$25.136	4.62%
State child nutrition programs	Mandatory	$19.016	3.50%
Temporary Assistance for Needy Families (TANF)	Mandatory	$17.352	3.19%
SUBTOTAL		$483.775	88.98%
Other Expenses		$59.887	11.02%
TOTAL		**$543.662**	**100%**

Income Security is made up of a myriad of cost types. Two relate to retirement as previously mentioned, and the rest relate to welfare. These welfare expenses can be categorized as follows:

- **Unemployment**: Unemployment Insurance ($92 Billion)
- **Nutritional**: Food Stamps ($85 Billion)
- **Poverty**: EITC ($46 Billion), TANF ($17 Billion)
- **Disability**: SSI ($48 Billion)
- **Children**: Child Tax Credit ($25 Billion), State Child Nutrition Programs ($19 Billion)
- **Housing**: Section 8 Rental Assistance ($27 Billion)

Problem 1: Entitlement Spending

The two major entitlement programs, Social Security and Medicare, account for an exorbitant $1.24 Trillion price tag each and every year. Medicaid is an additional $271 Billion, for a grand total of

$1.514 Trillion each year between these three programs combined. Three entitlement programs combine for over 40% of the entire U.S. budget.

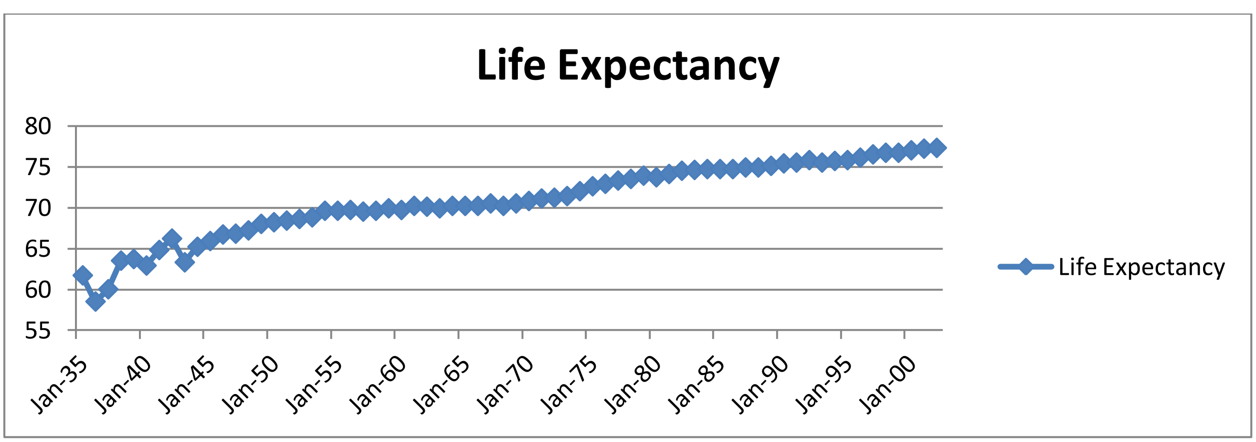
Program	2012 Cost	Budget %
Social Security	$769.571 Billion	20.54%
Medicare	$474.256 Billion	12.66%
Medicaid	$270.725 Billion	7.22%
TOTAL	$1.514 Trillion	40.42%

Solution: Change Benefit Ages

Since instituting both Medicare and Social Security, average U.S. life expectancy has risen considerably due to improvements in medical technology, lifestyle behaviors such as smoking decline, food safety, and water purification. At the time of passing Social Security in 1935, U.S. life expectancy was 61.7. Today, U.S. life expectancy is 77.9, an increase of 16.2 years. Likewise, life expectancy in 1965, when Medicare was passed, was 70.2, an increase of 7.7 years.

Program	Year Instituted	Life Expectancy		
		Then	**Now**	**Increase**
Social Security	1935	61.7	77.9	16.2
Medicare	1965	70.2	77.9	7.7
Source: NCHS, United States Life Tables, 2002, National Vital Statistics Report, vol. 53, no. 6, Nov. 10, 2004.[1]				

We are now paying for 16.2 more years of Social Security, per person, than when Social Security was originally passed, and 7.7 more years of Medicare. All these years we have kept the retirement age for receiving full benefits under Social Security set to age 65, even though we began the program 77 years ago. The age for receiving limited benefits under Social Security remains set to age 62. The age for Medicare-eligibility remains set to 65 as well, even though the program was begun 47 years ago.



When Social Security was passed for the first time in 1935, the age to receive limited benefits was set to the same level as average life expectancy. You could receive limited benefits at age 62 and life expectancy was 61.7. But with life expectancy now increased to 77.9, we are paying for 16.2 more years of life than the program was designed to sustain.

What we needed to do, and still need to do, in order to make both Social Security and Medicare sustainable for the long term, is tie the benefit ages to life expectancy, so that the ages for receiving benefits under both programs go up as people live longer and longer. Otherwise, we will be paying for Americans to receive far more years of benefits than the programs were designed to provide, bankrupting not only the programs, but the entire government and economy in the process.

The following are the cost savings to be realized by adjusting Social Security's benefits age upwards. Changing the Social Security benefits age by 5 years from 62 to 67 would be a $120.59 billion savings, for example. Changing it 10 years from 62 to 72 would result in $253.66 billion of savings for the budget each year.

Social Security, Potential Cost Savings by Benefits Age							
Age	**Number**	**Avg. Monthly Benefits**	**Yearly Benefits**	**Total Benefits**	**Age %**	**Cum. %**	**Cost Savings**
62	897,043	$1,013.90	$12,166.80	$10,914,142,772.40	2.24%	2.24%	$10,914,142,772.40
63	1,270,808	$1,021.20	$12,254.40	$15,572,989,555.20	3.19%	5.43%	$26,487,132,327.60
64	1,264,231	$1,063.90	$12,766.80	$16,140,184,330.80	3.31%	8.74%	$42,627,316,658.40
65	1,223,544	$1,080.10	$12,961.20	$15,858,598,492.80	3.25%	11.99%	$58,485,915,151.20
66	2,036,656	$1,224.00	$14,688.00	$29,914,403,328.00	6.13%	18.12%	$88,400,318,479.20
67	2,161,043	$1,241.40	$14,896.80	$32,192,625,362.40	6.60%	24.72%	$120,592,943,841.60
68	2,086,522	$1,256.00	$15,072.00	$31,448,059,584.00	6.45%	31.16%	$152,041,003,425.60
69	1,852,327	$1,265.10	$15,181.20	$28,120,546,652.40	5.76%	36.92%	$180,161,550,078.00
70	1,735,164	$1,262.00	$15,144.00	$26,277,323,616.00	5.39%	42.31%	$206,438,873,694.00
71	1,625,639	$1,235.00	$14,820.00	$24,091,969,980.00	4.94%	47.25%	$230,530,843,674.00
72	1,578,023	$1,221.50	$14,658.00	$23,130,661,134.00	4.74%	51.99%	$253,661,504,808.00
73	1,462,719	$1,200.40	$14,404.80	$21,070,174,651.20	4.32%	56.31%	$274,731,679,459.20
74	1,364,160	$1,158.80	$13,905.60	$18,969,463,296.00	3.89%	60.19%	$293,701,142,755.20
75	1,300,731	$1,138.40	$13,660.80	$17,769,026,044.80	3.64%	63.84%	$311,470,168,800.00
76	1,218,655	$1,134.50	$13,614.00	$16,590,769,170.00	3.40%	67.24%	$328,060,937,970.00
77	1,111,929	$1,139.10	$13,669.20	$15,199,179,886.80	3.12%	70.35%	$343,260,117,856.80
78	1,090,818	$1,155.00	$13,860.00	$15,118,737,480.00	3.10%	73.45%	$358,378,855,336.80
79	1,026,950	$1,144.80	$13,737.60	$14,107,828,320.00	2.89%	76.34%	$372,486,683,656.80
80	993,392	$1,142.20	$13,706.40	$13,615,828,108.80	2.79%	79.13%	$386,102,511,765.60
81	903,896	$1,141.20	$13,694.40	$12,378,313,382.40	2.54%	81.67%	$398,480,825,148.00
82	860,640	$1,156.60	$13,879.20	$11,944,994,688.00	2.45%	84.12%	$410,425,819,836.00
83	804,430	$1,165.30	$13,983.60	$11,248,827,348.00	2.31%	86.42%	$421,674,647,184.00
84	727,822	$1,154.60	$13,855.20	$10,084,119,374.40	2.07%	88.49%	$431,758,766,558.40
85	661,640	$1,168.40	$14,020.80	$9,276,722,112.00	1.90%	90.39%	$441,035,488,670.40

86	602,295	$1,153.00	$13,836.00	$8,333,353,620.00	1.71%	92.10%	$449,368,842,290.40
87	521,475	$1,144.70	$13,736.40	$7,163,189,190.00	1.47%	93.57%	$456,532,031,480.40
88	451,759	$1,145.70	$13,748.40	$6,210,963,435.60	1.27%	94.84%	$462,742,994,916.00
89	399,105	$1,148.10	$13,777.20	$5,498,549,406.00	1.13%	95.97%	$468,241,544,322.00
90-94	1,063,180	$1,199.30	$14,391.60	$15,300,861,288.00	3.14%	99.10%	$483,542,405,610.00
95+	296,484	$1,232.80	$14,793.60	$4,386,065,702.40	0.90%	100.00%	$487,928,471,312.40
	34,593,080	**$1,175.50**	**$14,106.00**	**$487,928,471,312.40**	**100.00%**		
Source: Annual Statistical Supplement, 2011. Table 5.A1.1—Number and average monthly benefit for retired workers, by age and sex, December 2010. www.ssa.gov/policy/docs/statcomps/supplement/2011/supplement11.pdf							

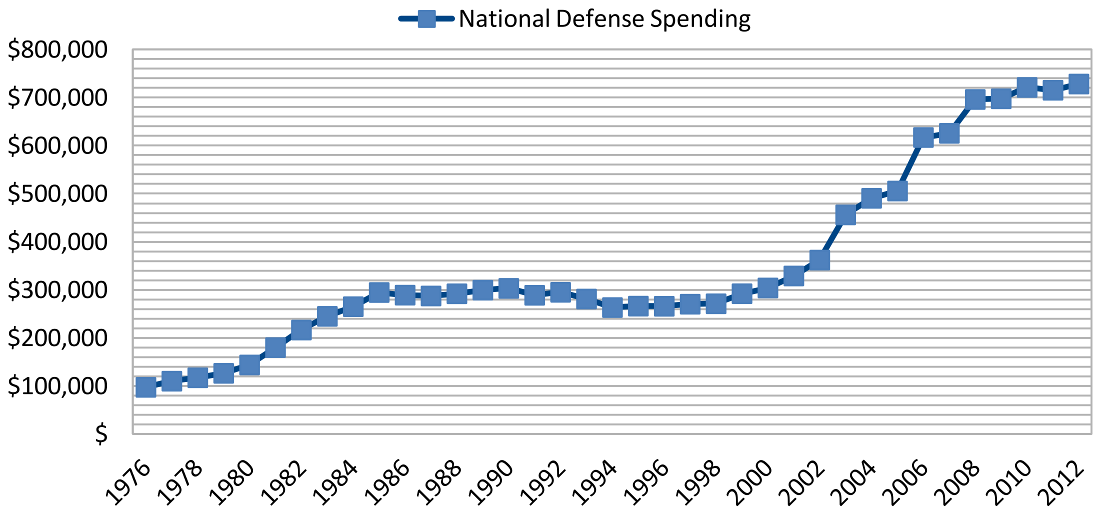
Though more difficult to ascertain the exact amounts for Medicare, approximate estimates can be gained for cost savings based on the number of enrollees given their age brackets. Changing the Medicare benefits age by 5 years from 65 to 70 would result in $144.75 billion of savings for the U.S. budget each year, for example.

Approximate Costs by Medicare Age Brackets				
Age	**Enrollees (millions)**	**%**	**Approximate Cost (billions)**	**Approximate Cum. Cost (billions)**
65-69	12.096	30.52%	$144.75	$144.75
70-74	9.138	23.06%	$109.35	$254.10
75-79	7.169	18.09%	$85.79	$339.88
80-84	5.617	14.17%	$67.22	$407.10
85 or Older	5.612	14.16%	$67.16	$474.26
Total	**39.632**	**100.00%**	**$474.26**	
Source: Annual Statistical Supplement, 2011. Table 8.B4. www.ssa.gov/policy/docs/statcomps/supplement/2011/supplement11.pdf				

Unfortunately, neither major party has shown much interest in confronting the growing expense of these two programs, even though they combine for a third of the U.S. budget's cost. Democrats of course consider the two programs crowning achievements of the Democratic Party, while Republicans are fearful of offending senior citizens, who make up a core constituency of the Republican Party. According to OpenSecrets.org, the "Retired" were the top-contributing industry in 2008, 2010, and 2012, and historically have donated 58% Republican to 42% Democrat; although they have steadily been donating more equally in recent years, and in 2012 are actually donating more to Democrats.[2]

Problem 2: Military Spending

Spending on National Defense in 2012 accounts for 19.4% of the U.S. budget ($728.4 billion). Additional spending on veterans accounts for $177.9 billion more, another 4.8% of the 2012 budget. After Health and Social Security, Military spending is the 3rd-largest expense in the U.S. budget. Spending on National Defense increased sharply after September 2001 and our intervention in Afghanistan, and then again in 2003 following the decision to invade Iraq seeking Weapons of Mass Destruction (WOMD).



Spending on National Defense has skyrocketed to unprecedented levels just within the past decade. What is more, much of the expense has nothing to do with paying the troops themselves. As previously mentioned on pages 6 to 7 we spend just 21.44% of the National Defense budget ($151.2 billion) on “Military personnel” and 11.26% of the National Defense Budget on “Research, development, test and evaluation” ($82.0 Billion). The majority of our $728.4 billion spending in 2012 on National Defense occurs because of direct war cost apart from troops and research - 40.94% ($298.2 billion) is spent on “Operation and maintenance”; another 18.68% ($136.0 billion) is spent on “Procurement”.

Solution: Return Troops

According to a recent CBS poll, 77% of Americans support removing U.S. troops from Iraq, including 63% of Republicans.[3] Also according to CBS, 62% of Americans support decreasing troop levels in Afghanistan, while 57% think we should not even be involved in Afghanistan at all.[4] The growing consensus among Americans is that our troops in the Middle East need to come home. However, simply returning troops blindly as some politicians intend will have serious negative consequences.

When we returned troops from the Vietnam War they remained unemployed at much higher rates.[5] With the U.S. unemployment rate at 9%,[6] the question remains, are there jobs for the troops to return to? Will bringing back troops simply result in even more unemployment? After all, the unemployment rate for veterans (12.1%) remains far higher than for the U.S. overall (9.0%). The unemployment rate is particularly horrendous for young veterans ages 18-24, who are enduring a withering 30.4% unemployment rate, nearly double the rate for non-veterans of the same age, 15.3%.[7]

It should be increasingly apparent that simply returning U.S. troops will result also in a higher unemployment rate – and bear in mind that Active Duty members of the Military are not considered part of the Labor Force, and thus are not counted in the official employment and unemployment rates.[8] We need to find a way to keep troops employed, or at least provide them with an option to stay federally employed, while still reducing National Defense spending. I propose that we create a voluntary re-employment program for returning U.S. troops to remain federally employed. Suitable work under such a program could include guarding the borders or acting as police reserves.

Right now, the Mexican drug war has claimed the lives of more than 45,000 people.[9] This war is funded in large part because of our own poor border security, providing the Mexican drug cartels a U.S. weapons market.[10] At least 24% of the weapons used by the drug cartels are actually from the United States.[11] By securing our borders with returning troops we could reduce the drug trafficking and weapon smuggling that have claimed so many lives and reduce the likelihood of terrorist infiltration, making our country ultimately more secure.

"Spending on weapons systems more than doubled to $135.8 billion in fiscal 2010, from $62.6 billion in fiscal 2001. The Air Force and the Navy received more of the money than the Army and the Marines, Mr. Rumbaugh said. But even as the Army was at the center of the fighting, he said, it updated 1,150 Abrams tanks and 4,400 Bradley Fighting Vehicles with digital technologies, and advanced optical gun sights and communications gear."

Christopher Drew, New York Times[12]

Much of the expense for National Defense can be eliminated without affecting troop salaries or research and development. Remember, "Military personnel" costs only $151.2 billion, and "Research, development, test & evaluation" costs just $82.0 billion. There is a total of $434.2 billion in direct war costs that we could eliminate every single year between "Operation and maintenance" ($298.2 billion) and "Procurement".

We could pay the troops to do something more cost-effective like guarding the borders, continue paying them their salaries, continue military research, and still reduce the U.S. Budget by up to $400 billion every single year.[13] How can that be? Because our military has come to increasingly rely, not on troops, but on extremely expensive military technology. A perfect example can be seen in the new Air Force commercials showing off military technology with the slogan, "It's not science fiction – it's what we do every day."[14]

Most Expensive U.S. Military Technology			
Technology	**Cost/Unit**	**# Produced**	**Total Cost**
Lockheed Martin F-35 Lightning II[15]	$122 Million	2000	$323 Billion
Nimitz-Class Aircraft Carrier[16]	$32.1 Billion	10	$321 Billion
Lockheed Martin F-22 Raptor[17]	$356.7 Million	187	$66.7 Billion
Boeing C-17 Globemaster III[18]	$250 Million	223	$55.8 Billion
Gerald R. Ford-Class Aircraft Carrier[13]	$26.8 Billion	2	$53.6 Billion
Northrop Grumman B-2 Spirit Bomber	$2.4 Billion	21	$50.4 Billion
P-8A Poseidon[19]	$280 Million	122	$34 Billion
Bell-Boeing V22 Osprey[20]	$155.2 Million	174	$27 Billion
Grumman E-2D Advanced Hawkeye[21]	$233.1 Million	75	$17.5 Billion

By reducing our military budget's acquisition of such expensive technology, we could cut up to $434 billion from the expenses "Operation & maintenance" and "Procurement", still keep paying troops their salaries, and continue military research. Existing military equipment could be put into storage, while our troops are paid to guard the border from Florida's Cuba coastline all the way to California's.

However, this would have other ramifications for creating U.S. jobs as well. All of the money we've been paying U.S. troops up to this point has been getting overseas to at least some extent, because that is where troops are stationed. By stationing them here in the U.S., we would essentially be adding thousands upon thousands of U.S. consumers to the economy to buy goods here in the U.S., rather than the Middle East. It would be, in other words, a jump start to the U.S. economy, as well as making our borders secure, reducing drug cartel deaths, and reducing our entire U.S. Budget in the process.

Once again the case involves dangerous, diametrically opposed extremes, and the pursuit of a suitable middle ground. One can oppose Imperialism without supporting Isolationism, and support troops staying home and taking care of our borders unless a truly pressing danger to world peace and humanity occurs (e.g. another Darfur). If we keep expending troops in areas like Iraq and Afghanistan whose people don’t even want us there, we will not have them available to help when situations like the Darfur genocide occur.

Sources

---

[1]Arias, E. (2004, November 10). United States Life Tables, 2002. National Vital Statistics Report. Centers for Disease Control and Prevention. *U.S. Department of Health and Human Servi*ces. Retrieved from http://www.cdc.gov/nchs/data/nvsr/nvsr53/nvsr53_06.pdf

[2] OpenSecrets.org. Retired: Long-term Contribution Trends. The Center for Responsive Politics. Retrieved fromhttp://www.opensecrets.org/industries/totals.php?cycle=2012&ind=W06

[3] Montopoli, B. (2011, November 11). Poll: Three in Four Back Iraq Pullout. *CBS News*. Retrieved from http://www.cbsnews.com/8301-503544_162-57323525-503544/poll-three-in-four-back-iraq-troop-pullout/

[4] Condon, S. (2011, October 3). Poll: Nearly 2 in 3 Want Troops in Afghanistan Decreased. *CBS News*. Retrieved from http://www.cbsnews.com/8301-503544_162-20115031-503544.html

[5] Cohany, S.R. (1990, April). Employment and Unemployment Among Vietnam-Era Veterans. Monthly Labor Review. Bureau of Labor Statistics. *U.S. Department of Labor*. Retrieved from http://bls.gov/mlr/1990/04/art4full.pdf

[6] Labor Force Statistics from the Current Population Survey. Bureau of Labor Statistics. *U.S. Department of Labor*. Retrieved from http://www.bls.gov/cps/

[7] Beucke, D. (2011, November 11). Unemployment for Young Vets: 30%, and Rising. *BusinessWeek*. Retrieved from http://www.businessweek.com/finance/occupy-wall-street/archives/2011/11/the_vets_job_crisis_is_worse_than_you_think.html

Shane III, L. (2011, December 1). Military Spouse Unemployment At 26 Percent. Stars and Stripes. Retrieved from http://www.military.com/news/article/2011/official-mil-spouse-jobless-rate-26-percent.html

[8] Bureau of Labor Statistics (2009, October 16). How the Government Measures Unemployment. *U.S. Department of Labor*. Retrieved from http://www.bls.gov/cps/cps_htgm.htm

[9] Uranga, R. (2011, November 23). Mexico Finds 16 Burned Bodies in Drug Lord's Home State. Reuters. Retrieved from http://www.reuters.com/article/2011/11/24/us-mexico-bodies-idUSTRE7AM2IT20111124

[10] NPR Staff. 'El Narco': The Trade Driving Mexico's Drug War. *NPR*. Retrieved from http://www.npr.org/2011/10/25/141650194/el-narco-the-trade-driving-mexicos-drug-war

[11] Nebehay, S. (2011, October 27). U.S. Role in Arming Mexico's Drug War Exaggerated: Study. *Reuters*. Retrieved from http://www.reuters.com/article/2011/10/27/us-arms-violence-idUSTRE79Q57620111027

[12] Drew, C. (2011, October 28). Military is Said to Make Progress in Modernizing. The New York Times. Retrieved from http://www.nytimes.com/2011/10/28/business/military-is-said-to-make-progress-in-modernizing.html

[13] Drew, S. (2011, October 28). Military is Said to Make Progress in Modernizing. *The New York Times*. Retrieved from http://www.nytimes.com/2011/10/28/business/military-is-said-to-make-progress-in-modernizing.html

[14] AFBlueTube (2009, June 29). New Air Force Ad. *YouTube*. Retrieved from http://www.youtube.com/watch?v=fiB3vrhPDNs

[15] The Most Expensive U.S. Military Vehicles: Lockheed Martin F-35 Lightning II. *CNBC*. Retrieved from http://www.cnbc.com/id/42858812/The_Most_Expensive_U_S_Military_Vehicles?slide=5

[16] United States Navy Fact File: Aircraft Carriers – CVN. *America's Navy*. Retrieved from http://www.navy.mil/navydata/fact_display.asp?cid=4200&tid=200&ct=4

[17] (2011, November 22). Lockheed Clarifies Latest F-22 Fighter Deal. *Reuters*. Retrieved from http://www.reuters.com/article/2011/11/22/lockheed-usa-f-idUSN1E7AL05R20111122

[18] Elgin, B. & Epstein, K. (2009, October 29). It's a Bird, It's a Plane, It's Pork! *Bloomberg Businessweek Magazine*. Retrieved from http://www.businessweek.com/magazine/content/09_45/b4154046738593.htm

Boeing. C-17 Globemaster III. Retrieved from http://www.boeing.com/defense-space/military/c17/c17today.html

[19] *Deagel.com*. P-8A Poseidon. Retrieved from http://www.deagel.com/Maritime-Patrol-Aircraft/P-8A-Poseidon_a000294001.aspx

Molnar, M. (2011, January 25). US Navy Orders Six Boeing P-8A Poseidon Aircraft. *NYC Aviation*. Retrieved from http://nycaviation.com/2011/01/us-navy-orders-six-boeing-p-8a-poseidon-aircraft/

[20] Barnett, J.D. & Fincutter, K. (2012, June). V-22 Osprey. *Boeing*. Retrieved from http://www.boeing.com/rotorcraft/military/v22/docs/V-22_overview.pdf

[21] Defense Industry Daily (2012, May 1). E-2D Hawkeye: The Navy's New AWACS. Retrieved from http://www.defenseindustrydaily.com/e-2d-hawkeye-the-navys-new-awacs-03443/

Deagel.com. E-2D Advanced Hawkeye. Retrieved from http://www.deagel.com/AEWandC-ISR-and-EW-Aircraft/E-2D-Advanced-Hawkeye_a000554003.aspx

Communism vs. Anarchy

Before examining the solutions America requires for job creation it is necessary to confront some of the buzz words being used by those in power to stop necessary reform from occurring. The simple reality is that both major political parties, Democrats and Republicans, have been siding with two economic extremes that are dangerous and of necessity ought to be avoided.

- Communism: Government monopolization, in which government controls the economy and whole industries of the economies. Government literally takes leadership over companies, and runs them as operations of the state/government.
- Anarchic Capitalism: Anarchy, with no government control over business. Business is allowed free reign, and the result is monopolization by big business, as it destroys small businesses in its way, and replaces workers with cheap overseas labor, machinery, illegal immigrants, and temporary/seasonal work all to increase profits.

It is alarming that "Communism" is becoming a code word for supporters of anarchy to brandish in attacking anyone who disagrees with their anarchic views on business. Big business essentially wants to do as it pleases, including:

- Firing U.S. workers. It is far cheaper to replace them with cheap foreign labor (outsourcing), machines (automation), illegal immigrants, or temporary/part-time positions to avoid paying overtime and benefits. Since payroll (paying workers) is typically a company's primary expense, the easiest way to cut costs and improve profits involves firing U.S. workers with their expensive $7.25/hour minimum wage and benefits mandated under law, and replacing them with cheaper alternatives.
- Destroying small business. Wal-Mart has for years used predatory pricing to destroy small businesses, dropping its prices for new stores to drive out competing Ma & Pa stores. [1] Overall retail wages decline drastically when a Wal-Mart moves into an area because of how many competitors are driven out of business. [2]
- Writing CEOs blank checks. CEO compensation compared to the average worker's pay has skyrocketed from a ratio of 35:1 in 1978 to 343:1. They have, by firing workers, freed up money to give to CEOs. It is a little-known secret that the S&P 500, America's top 500 companies, have actually been recording record earnings over the past several years, even as they are firing workers. Where do you think all the money is going? To mergers and CEO pay. Furthermore, a CEO typically decides who gets nominated for the Board of Directors, prestigious positions which determine the CEO's own pay. Want the position? Give the CEO what he wants.
- Polluting the environment. Cleaning up after their toxic byproducts would be inconvenient and expensive for major companies. They'd much prefer we didn't make them be responsible for the mess they cause.
- Monopolizing. A decrease in government regulation of monopolies has led to an increase in mergers and acquisitions, with big companies getting even bigger, and extending their influence across multiple industries. This reduces competition and allows a company to set whatever prices it wants. [3]

- Providing defective products. Regulations that make sure products for consumer use are safe, such as those by the FDA, are expensive and time-consuming for business to measure up to. They'd prefer such safeguards were removed for the sake of their bottom lines.

Those affiliated with big business will cry "Communism" whenever it's suggested we confront the above problems – never mind the fact that to confront them would not be Communism at all, but simply preventing big business from getting away with murder, in some cases, literally. Unfortunately, a segment of the Republican Party has grown in power, known as Libertarianism, which advocates for Anarchic Capitalism – no restraints on business. The pro-big business agenda should be obvious for its adherents. These are your Ayn Rand supporters, who argue it is moral for companies and individuals to act out of self-interest, with complete disregard for others around them.

Adam Smith and 'Invisible Hand' Theory

This is a corruption of Adam Smith's famous "Invisible Hand" theory. Smith in "The Wealth of Nations", written in 1892, pointed out that markets are self-governing. An individual acting out of self-interest will, through their competition with other individuals in business, result in reduced prices for the betterment of a market. Naturally however, this requires government regulations to prevent actions which stifle competition and thus do not produce the desired outcome, such as the aforementioned destruction of small business and monopolization.

"From Adam Smith onward, almost all the great preachers of laissez-faire were tempered by a strain of deep realism… The invisible hand of the market-place, and all that derives from it, had to be protected by the visible hand of government."

Barry C. Lynn[4]

Furthermore, in a global Free Trade environment, money and investment will not necessarily occur for the benefit of Americans, but may be used to outsource jobs to China or Mexico, thus benefitting their economies but not ours. A company acting out of self-interest, if outsourcing jobs to reduce payroll expenditure will destroy America's job market. As Barry C. Lynn makes an excellent case for in 'Breaking the chain: The antitrust case against Wal-Mart', such anti-competitive measures are contrary to the concept of a free market.[4] The concept of a free market revolves around competition. By having many buyers and sellers in a market it will force them to offer the best services and prices they can to contend with their competitors.

However, what Lynn is referring to are anti-competitive practices that can be used by business to harm competitors, the market, and ultimately the same competition that lowers prices and makes Capitalism work via increased buyers and sellers. If a large business stamps out small ones, what you get is a monopoly. By destroying smaller competitors they reduce the competitors to one or a few major companies in the industry from many. In the process of destroying their competition, they will not only gain vast profits and control over the industry (including suppliers), but also the ability to

"Among other things, Smith warned against chartering joint stock companies and corporations because they blurred the lines of accountability. He specifically urged government to take ownership control of banks, and of other industries that he considered to be parts of a country's infrastructure… In other words, Smith understood that the imperatives of 'self-interest' that worked to make individuals wealthy did NOT always work to contribute to the nation's general wealth or welfare."

Richard Abrams, Berkeley University[5] charge whatever they want once all of their major competitors are extinguished. Lynn is correct in his assessment that the stance held by Adam Smith was not the same as his adherents of today.[6]

Adam Smith in "The Wealth of Nations" favors the following regulations[i]:

- A tariff either to protect the country's defense or protect domestic industry by equating foreign and domestic competition equally.[7]
- A minimum wage.[8]
- A cap on the interest rate.[9]
- A social welfare system.[10]
- A stamp of workmanship to prevent fraud.[11]
- A public education system.[12]
- A progressive property tax in which "the rich should contribute to the public expense, not only in proportion to their general revenue, but something more than in that proportion."[13]
- A system of "public works" funded by society for "maintaining good roads and communications" and "institutions for education and religious instruction".[14]
- A system of tolls and transportation taxes to pay for commerce.[15]
- A publicly-funded military[16] with a standing army ruled by the nation's leader.[17]
- A publicly-funded system of courts for administration of justice.[18]
- Separation of executive and judicial powers.[19]
- Higher taxation of predatory renting methods.[20]
- Taxes on luxury items rather than those necessary for survival.[21]

Now it can be recognized that Smith's beliefs in the free market did not lead to him opposing government regulation – he frequently railed against monopolies, in fact, but why? At Capitalism.org, Ayn Rand advocates make the case that rights to liberty, property, free speech, and pursuit of happiness guarantee an absolute right to pursue economic gain for "one's own self-interest".[22] However, what this argument boils down to is ultimately the same argument used by advocates for abortion, 2nd hand smoke, and drunk driving – that one should have the right to do as they please regardless of whom that 'right' harms.

In the case Schenk v. United States, Justice Oliver Wendell Holmes, Jr. famously declared that the right to free speech does not include the right to yell 'Fire!' in a crowded theatre and cause a panic.[23] It could furthermore be paraphrased, "Your right to throw a punch stops where another's nose begins."

Rights and privileges should go only so far as the boundary of another person's inalienable rights or they are unjust and should therefore be

"Government is an Expedient against Confusion; a Restraint upon all Disorder; Just Weights and an even Ballance: That one may not injure another, nor himself, by Intemperance… But so Depraved is Human Nature, that without Compulsion, some Way or other, too many would not readily be brought to do what they know is right and fit, or avoid what they are satisfy'd they should not do".

William Penn (1673)[24]

---

[i]Additionally, I found the following resource useful for searching 'The Wealth of Nations': http://www.econlib.org/library/Smith/smWN.html

prevented or eliminated. If a right allows unmerited harm towards others, at best it should be reconsidered whether or not it should be a right at all.

We have freedom of speech, but not to slander or yell fire in a crowded theater. We have a right to our own bodies but not to rape or murder. We have a right to property and to privacy but not to steal the property of others or to kill others in the privacy of our own homes. We have a right to bear arms, but only in self-defense, not the unjustified killing of others.

This ultimately comes down to whether the freedoms of a free market are being used to harm. If they are harming small businesses then anti-monopolization regulations are needed. If they are harming consumers then consumer protection regulations are needed. If they are harming the market and investors then once again government must intervene.

The same Adam Smith considered the father of free markets and Lassaiz-Faire economics, whose term "Invisible Hand" is now used centuries later to indicate markets can govern themselves, also very clearly believed government should provide guidelines to the market to keep competition fair, and prevent unjust harm to consumers, small business, and investors.

The Housing Crisis

Additionally, the housing crisis occurred because of the confidence Alan Greenspan, then-head of the Federal Reserve, had in Invisible Hand theory and self-regulating markets. In October 2008, Greenspan admitted before Congress that he had found a "flaw" in his worldview pertaining to competitive free markets governing themselves.[25] As such, the Invisible Hand theory has its limitations, and should not be considered justification for leaving markets without government intervention (which is quite different from the original Invisible Hand theory Adam Smith proposed anyway). The following factors must be taken under consideration when speaking of self-regulating markets without government regulation:

- **Flawed People:** Can imperfect people really produce a perfect market? The assumption is made that people will always make perfectly logical and reasonable decisions to the market's best interest. However, clearly this is not the case. Home lenders imperiled the entire market by lending with adjustable rates and hidden clauses to the extent that they greedily foreclosed upon millions of people and destroyed the entire market. Their greed blinded their foresight so that they did not act in the market's best interest. Likewise with CEOs of Enron and other companies. Their greed led to them taking risks that do not fit the logical probabilities needed for the Invisible Hand theory.
- **Accountability:** It is being assumed that (A) government will hold companies/CEOs accountable who do wrong properly, and/or (B) that consumers will hold companies and CEOs accountable properly. Unfortunately, this does not happen. The wealthy have gained so much control of the nation's wealth that they pull the strings on government to get off with a slap on the wrist when they are corrupt. Thus, CEOs of Enron and other companies are all the more likely to act corruptly, knowing the punishment does not equal the reward. Furthermore, the American people are generally apathetic at best and negligent at worst when it comes to their consumption, so that they continue buying from companies who cheat and swindle them, or who outsource American jobs, or whose CEOs commit horrendous abuses. As such, the market itself does not rid itself of corrupt CEOs and companies, which of course is further perpetuated by the unnatural Bailouts and "Too Big To Fail" doctrine.

- **Transparency:** For consumers to make decisions that hold CEOs and companies accountable, for them to make decisions that select the best companies and best products, there must be proper transparency of information. However, companies have become masters at advertising and manipulating the media to their best interest, and clogging up the information highways with propaganda that hides their flaws. Even a simple Google search will often show the best information about a company at the top, and the worst farther down, because companies will spend on web design to push down or silence their criticism as well. Furthermore, rulings against Class Action Lawsuits, PACs, or other legislation can further heighten the power of corporations in silencing criticism or making it difficult to tell what's going on.

A Middle Ground, The Classroom Analogy

The simple reality is that both extremes cause problems, and need to be avoided. View government as a classroom, and regulations as rules (which they are). If you have too few rules, you get anarchy, students harming other students, not learning, and general chaos ensuing. Likewise, if you have too few regulations governing business, you see big business throwing its weight around to harm smaller businesses, monopolization, CEOs firing U.S. workers intentionally to give the money to themselves, and fraudulent business practices that harm consumers and the environment.

However, if there are too many rules for a classroom, students will get frustrated and drop out, produce poor work due to not understanding the complex guidelines, get in trouble over ridiculous rules, and generally become demotivated. In the same way, too many regulations on business results in government bureaucracy, with business struggling to cope with all of the unnecessary regulations, spending time and money trying to meet them to stay in business, rather than producing products and services. Small businesses will go under, and you will see less economic productivity.

While you need some sensible regulations to protect small businesses, consumers, investors, the environment, and the market itself, they should of necessity be kept simple and as un-invasive as possible. There should be a constant effort to simplify existing regulations and remove those not absolutely necessary. Unfortunately, our current politicians rarely do this, and allow bureaucratic regulations to pile on top of each other, without trying to simplify existing regulation. Regulation, like government, is a good thing if used properly and in moderation. However, even good things if used in excess can turn problematic. Water is necessary for life, yet if consumed in excess causes drowning. Fire is necessary for warmth and survival in cold climates, yet can destroy as well if it gets out of control.

The solution needed is neither Communism nor Anarchic Capitalism. What is required is a middle ground which avoids both these dangerous extremes, and keeps regulation minimal, but does nevertheless use regulation and government control over business to prevent business from unjustly doing harm, and ruining the fair competition that produces economic growth and overall prosperity. A market, just like religion, science and government, if not provided rules, can be usurped - a single business can manipulate the market to unfairly destroy competition, reduce overall employment, and unfairly pay its CEO, all for the sake of personal gain.

Buzz Words and Socialism

Buzz words like ‘Communism’ and ‘Socialism’ are being used to attack any restriction on business, however sensible, because those using them want the opposite extreme of Anarchy, with no restriction on business whatsoever. In the same way, advertisers will use buzz words or phrases like “new and improved" or "free" to generate a desired attitude. In the same way, Obama used buzz words of "hope" and "change" to arouse passion in his audience without ever truly saying anything of substance.

As with the buzz words used by the Pro-Choice movement, "right", "choice", "safe and legal", and "privacy", the arguments break down when examined carefully under scrutiny. It is one thing, for example, to attack "Socialism". However, what about the parts of the U.S. government that are already Socialist? Should we get rid of them?

- Social Security (OASI, DI)
- U.S. Post Office
- Government Healthcare (Medicare, Medicaid, CHIP)
- Public Transportation (tollways, roads and highways)
- Poverty Aid (Unemployment Insurance, Food Stamps, Section 8 rental assistance, TANF, state child nutrition programs)
- Public Schools
- Social Services (Child Protective Services)
- Care for Disabled (SSI, DI)

You see, we already have many aspects of Socialism in our society, and some, like the Post Office, are even clearly specified in the Constitution. The problem is that Socialism can mean two very different things, and unfortunately the distinction is not often made by those throwing around the term 'Socialism':

1. Socialism as a government/market phenomenon: Socialism can refer to government control over a nation's business and banking industries, usurping the entire business sector.
2. Socialism as services for the good of all people: Socialism in this context refers to the aforementioned public programs that benefit all Americans.

Naturally, one can support the 2nd definition of Socialism, government-funded programs that benefit all Americans, such as public healthcare, public education, and a Post Office, without supporting the 1st definition and government takeover of business. Those applying the term Socialism as a smear often make the mistake of assuming that one who is for the second is necessarily for the first, when this does not have to be the case. They are two separate concepts, and the second is, again, already a major part of American government, and has been since America's founding.

It is important to distinguish between Socialism as government takeover of industry (which I personally oppose, full disclosure) and publicly-funded programs for the good of all people (which I personally support – to a limited extent). There is of course room for debate over how much Socialism is too much Socialism – for example, it could be argued our current healthcare system has grown too complex, and is usurping industry rather than simply providing basic healthcare necessary to preserving life, such as vaccinations and emergency room treatment for life-threatening injuries. However, throwing around the term 'Socialism' without making this distinction does little good and confuses the issue without achieving anything productive.

Sources

[1]New York Times (2000, September 9). Germany Says Wal-Mart Must Raise Prices. Retrieved from http://www.nytimes.com/2000/09/09/business/09SHOP.html?ex=1137560400&en=56e96432d0a4872b&ei=5070

New Rules Project (2000, November 1). Wal-Mart Charged With Predatory Pricing. Retrieved from http://www.newrules.org/retail/news/walmart-charged-predatory-pricing

Jones, K. (1993, August 24). Wal-Mart on Trial on 'Predatory Pricing' Charges. New York Times. Retrieved from http://www.nytimes.com/1993/08/24/business/wal-mart-on-trial-on-predatory-pricing-charges.html

Gogoi, P. (2007, April 23). How Wal-Mart's TV Prices Crushed Rivals. BusinessWeek. Retrieved from http://www.businessweek.com/bwdaily/dnflash/content/apr2007/db20070423_364297.htm?campaign_id=rss_topStories

[2]Dube, A., Lester, T.W., and Eidlin, B. (2007, December). A Downward Push: The Impact of Wal-Mart Stores on Retail Wages and Benefits. UC Berkeley Center for Labor Research and Education. Retrieved from http://laborcenter.berkeley.edu/retail/walmart_downward_push07.pdf

[3]BusinessDictionary.com. Monopoly definition. Retrieved from http://www.businessdictionary.com/definition/monopoly.html

[4]Lynn, B.C. (2006, July). Breaking the chain: The antitrust case against Wal-Mart. Harpers Magazine. Retrieved from http://www.harpers.org/archive/2006/07/0081115

[5]Abrams, R. (2010, March 4). Of ideology, recession, and policy paralysis. US Berkeley. The Berkeley Blog. Retrieved from http://blogs.berkeley.edu/2010/03/04/1203/

[6]Korten, D. (1995). When Corporations Rule the World. Kumarian Press and Berrett-Koehler Publishers. Retrieved from http://deoxy.org/korten_betrayal.htm

Constitutional Rights Foundation (2007). Adam Smith and the Wealth of Nations. Volume 23, No. 1. Retrieved from http://www.crf-usa.org/bill-of-rights-in-action/bria-23-1-a-adam-smith-and-the-wealth-of-nations.html

[7]Smith, A. (1892). The Wealth of Nations. Book IV. pp. 169-173. (See also p. 99 from Book V). Retrieved from http://books.google.com/books?id=-WxKAAAAYAAJ&printsec=frontcover&source=gbs_atb#v=onepage&q&f=false

[8]Smith, A. (1892). The Wealth of Nations. Book I. pp. 147-148, 68-69, 83-89. Retrieved from http://books.google.com/books?id=NVoPAQAAIAAJ&printsec=frontcover&source=gbs_atb#v=onepage&q=regulation&f=false

[9]Ibid., pp. 363-364.

[10]Ibid., pp. 142-147.

[11]Ibid., pp. 25-26.

[12]Smith, A. (1892). The Wealth of Nations. Book.5. p. 166. Retrieved from http://books.google.com/books?id=-mxKAAAAYAAJ&printsec=frontcover&source=gbs_atb#v=onepage&q&f=false

[13]Ibid., pp. 249-250, 255-256.

[14]Smith, A. (1892). The Wealth of Nations. Book.5. pp. 212-215, 219, 85-87, 97. Retrieved from http://books.google.com/books?id=-mxKAAAAYAAJ&printsec=frontcover&source=gbs_atb#v=onepage&q&f=false

[15]Ibid., pp. 87-97.

[16]Ibid., pp. 219, 79, 44, 49, 371.

[17]Ibid., pp. 64-67.

[18]Ibid., pp. 80, 84, 68.

[19]Ibid., p. 85.

[20]Ibid., p. 234.

[21]Ibid., pp. 291-292.

[22]Capitalism.org. Free-competition means freedom from force to produce for ones own profit. Capitalism Magazine. Retrieved from http://capitalism.org/faq/competition.htm

[23]U.S. Supreme Court (1919, March 3). Schenk v. U.S., 249 U.S. 47 (1919). FindLaw. Retrieved from http://caselaw.lp.findlaw.com/cgi-bin/getcase.pl?court=us&vol=249&invol=47

[24] Penn, W. (1673). An Essay Towards the Present and Future Peace of Europe by the Establishment of an European Dyet, Parliament, or Estates. Retrieved from http://www.fredsakademiet.dk/library/penn.pdf

[25] (2008, October 23). Greenspan Admits 'Flaw' to Congress, Predicts More Economic Problems. PBS Newshour. Retrieved from http://www.pbs.org/newshour/bb/business/july-dec08/crisishearing_10-23.html

How to Bring Back Jobs

The U.S. top 500 companies, the S&P 500, have actually been recording record profits since 2007.[1] However, these record-setting profits by America's biggest companies are NOT translating to success for Americans workers. What is best for America's biggest businesses is not apparently what's best for the U.S. economy, since the earnings coincide with a slowing economic growth rate.[2]

"From 1951 through 2007, there were never more than three unemployed workers for each job opening, and it was rare for that figure even to hit two-to-one. In contrast, there have been more than three job seekers per opening in every single month since September 2008. The ratio peaked somewhere between five-to-one and seven-to-one in mid-2009. It has since declined but we have far to go before we return to 'normal' levels."

Steve Winship, The Brookings Institution[3]

There are currently 5.1 job seekers for every job[4], with 17.4 million Americans unemployed (11.0%) and an additional 8.9 million Americans underemployed (5.6%).[i] There are 26.3 million people, 16.7% of Americans, who want to work. Is this not "the land of opportunity"?

Category	**October 2011 (Millions)**	**%**
Civilian labor force	154.645	97.85%
Employed	142.101	89.91%
Underemployed (part-time for economic reasons)	8.031	5.08%
Other part-time, noneconomic reasons	18.996	12.02%
Unemployed	12.544	7.94%
Marginally attached (not counted by BLS)	2.561	1.62%
Discouraged workers (not counted by BLS)	0.844	0.53%
Total Civilian Labor Force, if counting marginally attached and discouraged workers	157.720	100.00%
Total Underemployed	27.027	17.10%
Total Unemployed	15.949	10.09%
Total Unemployed or Underemployed	42.976	27.19%
Source: Bureau of Labor Statistics, The Employment Situation, August 2012.[5]		

[i] As seen from the chart, this includes the marginally attached and discouraged workers that the BLS does not count in its official unemployment rate. Marginally attached workers aren't counted in the official labor force even though they wanted to work, because they hadn't been able to find work the past 12 months. Discouraged workers didn't look for work the 4 weeks prior to the BLS survey because they didn't think jobs were available, and thus weren't counted either.

To try and pinpoint this as having a single problem or solution will inevitably fail. This is a complex issue with myriad factors involved. We must identify what problems are most responsible for the loss of U.S. jobs, and what solutions appear most reasonable in confronting said problems. I already provided one solution, returning U.S. troops with a voluntary re-employment program for them to guard our borders. Active Duty Military do NOT count towards the Bureau of Labor Statistic's Unemployment Rate, as they are not considered part of the Civilian Labor Force.

Therefore, returning troops as Federal Civilian Employees would in itself improve our current unemployment rate, and the money they would spend here in the U.S. - money we have paid them already as well as what we will be paying them - would create even more jobs. There are currently 1.43 million Active Duty Military who do not count toward our employment rate, including 400,000 stationed outside the United States (297,000 in foreign countries, 103,000 afloat).

The following are primary issues causing unemployment, and proposed solutions:

Problem 1: Outsourcing

Logically, which do you think is the more serious threat to U.S. employment? The few million illegal immigrants in the U.S.? Or the billions of low-paid workers in other countries such as China, India, and Mexico getting paid less than 1or 2 dollars an hour? According to recent analysis by the Economic Policy Institute, the U.S. trade deficit with China has resulted in 2.8 million U.S. jobs lost from 2001-2010 (including 1.9 million in manufacturing),[6] while the U.S. trade deficit with Mexico has resulted in an additional 682,900 U.S. jobs lost or displaced.[7]

"Big U.S. companies have emerged from the deepest recession since World War II more productive, more profitable, flush with cash and less burdened by debt... The performance hasn't translated into significant gains in U.S. employment. Many of the 1.1 million jobs the big companies added since 2007 were outside the U.S. So, too, was much of the $1.2 trillion added to corporate treasuries."

Scott Thurm, The Wall Street Journal[8]

'Free Trade' is a positive – to an extent. Global free trade allows all countries to trade that which they have surplus of to other countries for what they need (although the U.S. has enough in the way of natural resources that there's not as much we need). More trade results in more global economic growth through increased commerce and employment. However, there is a flaw.

If one country has a much lower minimum wage than its trading partner, all manufacturing jobs will tend towards the country with the lower minimum wage. While other factors play a role (taxation level, business-friendly regulations, availability of land/resources, etc.), minimum wage is arguably the major determinant of where jobs will go in a global free trade environment. Payroll costs (employees) are typically the major cost for a company and thus, the easiest way for a company to make itself more competitive, reduce expenditures, and increase profits is simple – reduce the amount spent on workers.

Global trade is good – to an extent. However, if you are selling (exporting) to another country far less than they are to you (importing), as a country you are losing both money and jobs. Such a trade imbalance is indicative that the trade is imbalanced and inherently unfair. Look at countries as companies to better understand this. If a company is buying far more than it is selling, it will not be able to stay in business. It should look then at where the greatest level of loss is occurring, and stop trading with that source if the goods bought are not absolutely necessary to its business model. As a country, we are buying from China and other countries that which we once made ourselves, and buying far, far more than we are selling, to the extent we had a $726 billion trade deficit in 2011.

That equates to $726 billion more that we bought (imported) than we sold (exported). That equates to $726 billion of goods we could be making here in the U.S., and are instead purchasing from other sources. Yes, cost of goods is lower (deflation) because they are made by cheap labor in countries like China and Mexico. But it also means fewer jobs and less money for Americans, because they have been replaced by low-cost, foreign workers. It does not matter how cheap goods are if there's no money to buy them with. While making goods here in the U.S. instead would mean goods would get more expensive (inflation) it would also mean Americans would now have plenty of money to buy them with, due to the huge increase in overall employment.

It is far cheaper for a company to hire workers in China ($0.00 minimum wage) or Mexico ($0.84 minimum wage) than here in the United States ($7.25 minimum wage with mandatory benefits like healthcare), and then ship the goods back here to the U.S. for sale.

As a result, you will hear that we are becoming a "service sector economy". What that means is all of the manufacturing sector jobs the U.S. used to have so many of are disappearing because companies prefer to close down factories here in the U.S., build factories in a country with cheaper labor, and then ship the goods back to the great consumer nation for sale.

The only jobs left are service sector jobs like plumbing, janitorial, and fast food that require someone at the immediate site, and cannot be outsourced. Even what services can be outsourced are being outsourced, which is why the terms "teleconferencing", "telemarketing", and "telecommuting" are becoming increasingly popular. The terms indicate services that can be performed in other countries (such as answering phones) are being converted to other countries, and work once performed by U.S. employees is now being performed in, for example, China.

Free trade is a good thing – so long as countries use fair minimum wages so that the trade is also fair. If they do not, the country with the low minimum wage will siphon off all of the jobs and economic revenue of the other country, essentially acting as a parasite. By disadvantaging its own people, keeping them in poverty and working at low-cost for multinational corporations, it will grow its own economy, tax revenue, and global power.

History of Free Trade

Despite its status as a recent anomaly in American history, 'Free Trade' has quickly become cemented in American policy as doctrine. From America's beginnings until the 1960s, the United States used tariffs with tremendous success to protect American workers. Indeed, tariffs and trade barriers are one of the most clearly defined powers accorded the U.S. Congress under Section 8 of the Constitution:

> "The Congress shall have Power To lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defence and general Welfare of the United States; but all Duties, Imposts and Excises shall be uniform throughout the United States... To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes;"

Historical List of U.S. Tariffs	
Hamilton Tariff of 1789	Tariff of 1875
Tariff of 1790	Mongrel Tariff of 1883
Tariff of 1792	McKinley Tariff of 1890
Dallas Tariff of 1816	Wilson-Gorman Tariff of 1894
Sectional Tariff of 1824	Dingley Act of 1897
Tariff of Abominations of 1828	Payne-Aldrich Tariff Act of 1909
Tariff of 1832	Underwood Tariff of 1913
Compromise Tariff of 1833	Emergency Tariff Act of 1921
Black Tariff of 1842	Fordney McCumber Tariff of 1922
Walker Tariff of 1846	Smoot-Hawley Tariff Act of 1930
Tariff of 1857	Eisenhower 1950s restrictions
Morrill Tariff of 1861	Chicken Tax of 1963
Tariff of 1872	

Free Trade first began after the Great Depression. The Great Depression was caused in part because Republicans boosted tariffs to record highs in the 1920s per the Emergency Tariff Act of 1921 and Fordney-McCumber Tariff of 1922 after a period of lows under the Democrats.[9] This then sparked a global trade war resulting the Great Depression, and arguably scared off Republicans from the use of tariffs ever since.[10]

Economists simply concluded, it seems, that all tariffs are bad, and threw their lot in with global free trade unreservedly. However, we had used tariffs for much of our nation's history before the Great Depression, and it is likely the trouble arose from excessive use of tariffs. After all, many otherwise good things, if not taken in moderation, can prove detrimental – too much water, for example, will make one drown.

While one extreme may result in trade wars and barriers to commerce, the other extreme, unchecked free trade will result in countries taking advantage of other ones through low minimum wages. The key, as with much else in economics, unlike with social policy and moral absolutes, is to find a middle ground.

In the last 27 years since then, we have instituted Free Trade Agreements (FTAs) with 23 different countries - despite the extensive weakening of our manufacturing sector while jobs go overseas to countries like China and India where labor is cheaper.[11] Perhaps due to the growing negative connotations associated with the term "Free Trade Agreement", agreement in recent years are instead being called "Trade Promotion Agreements" (TPAs) or "Trade Agreements" (TAs).

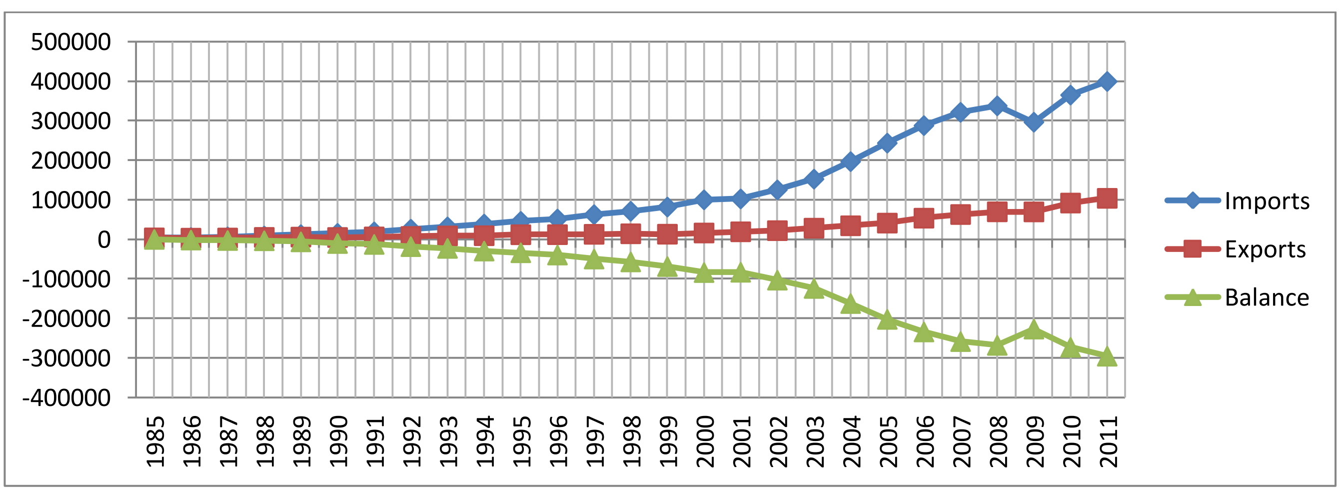
Name	Year	Description
Israel-U.S. FTA	1985	FTA with Israel.
Canada-U.S. FTA	1987	FTA with Canada (replaced by NAFTA).
North American FTA (NAFTA)	1994	Major FTA with Canada and Mexico.
Qualifying Industrial Zones (QIZ)	1996	Amendment to Israel-U.S. FTA, created free trade areas within Jordan, Egypt, Gaza, and the West
Jordan-U.S. FTA	2001	FTA with Jordan.

U.S.-Middle East FTA	2003	Designed to integrate Middle East into FTAs.
U.S.-Chile FTA	2004	FTA with Chile.
Central American FTA-DR (CAFTA)	2004	Major FTA with 5 Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua) and the Dominican Republic.
U.S.-Singapore FTA	2004	FTA with Singapore.
Australia-U.S. FTA	2005	FTA with Australia.
Morocco-U.S. FTA	2006	FTA with Morocco.
Bahrain-U.S. FTA	2006	FTA with Bahrain.
Peru-U.S. TPA	2007	FTA with Peru.
Oman-U.S. FTA	2009	FTA with Oman.
U.S.-Colombia TA	2012	FTA with Colombia.
U.S.-Korea FTA	2012	FTA with Korea.
Panama TPA	2012	FTA with Panama.

China's Impact

However, more crucial than all of the aforementioned agreements was our decision to initiate trade with the government of China in 1985. In 1999 we signed the U.S.-China Bilateral WTO Agreement which paved the way for greatly increased trade with the communist superpower, in which both sides would greatly decrease their tariffs and trade barriers.[12] Since that time, trade with China has skyrocketed, so that China and Canada are now our two primary trading partners.

	1999	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
China to U.S. (Imports)	81.8	100.0	102.3	125.2	152.4	196.7	243.5	287.8	321.4	337.8	296.4	364.9	399.3
U.S. to China (Exports)	13.1	16.2	19.2	22.1	28.4	34.4	41.2	53.7	62.9	69.7	69.5	91.9	103.9
Trade Balance	-68.7	-83.8	-83.1	-103.1	-124.1	-162.3	-202.3	-234.1	-258.5	-268	-226.9	-273.1	-295.5
Imports:Exports	6.24	6.18	5.33	5.67	5.37	5.72	5.91	5.36	5.11	4.85	4.26	3.97	3.84



We have been purchasing 4 to 6 times as much from China over the past decade as they have from us. Those are goods once made here in the U.S. that are now made in China instead due to their non-existent minimum wage. While a U.S. worker is paid $7.25 an hour with benefits (including those mandated under the new Patient Protection and Affordable Care Act), a Chinese worker makes approximately 50 cents an hour, on average. Furthermore, those 50 cents an hour are actually a considerable increase from the previous average pay for Chinese workers.

"Recent Census Bureau reports show that the U.S. trade deficit with China through July 2010 has increased 18% over the same period last year. Growing China trade deficits will displace between 512,000 and 566,000 U.S. jobs in 2010."

Robert E. Scott, Economic Policy Institute [13]

It is one thing if we needed goods that only China could provide, since oil and certain natural resources are more specific to certain countries. However, much of China's growth has come at the consequent downfall of the U.S manufacturing sector as whole industries move overseas. That implies China is rather taking advantage of us in some way, rather than providing a product we would not otherwise produce.

The steel industry was perhaps the earliest to go[15], yet the Chinese steel industry has blossomed[16] – the once powerful Detroit, home of American auto manufacturing, has gone in 50 years from populous to a city struggling to survive. The term 'Rust Belt' has since been coined to describe how the Northeast region of the U.S. which once achieved dominance as the nation's core manufacturing area had businesses shutter en masse by the 1970s.[17] Those numbers represent more than just money. They represent jobs.

"Emerging economies, such as China, are acquiring manufacturing capability through modest R&D intensities, tax and other incentives for foreign direct investment, and intellectual property theft. This second group then competes through low-cost labor and the use of exchange rate manipulation along with tariff and non-tariff barriers."

Gregory Tassey, NIST[14]

The money we are using to buy "Made in China" manufactured goods would've been once spent on goods "Made in the USA" but no longer. We are buying $200-$350 billion of goods from China each year that we could instead be making here in the U.S.

What is more, as we grow poorer from the lost jobs, Americans are increasingly likely to buy the cheaper products China provides, even once they know what is being done to them. In poverty, they will have little choice, unless the government steps in to provide protections to American industries, businesses, and workers.

The Result

A. Communist countries like China, Mexico, and Russia use low minimum wages to attract international business looking for cheap labor.[18] Lacking the regard for their people of democratic countries, they seek power. This harms the working poor but is irrelevant to such countries since they grow in power and prosperity, while reaping more taxes from business. As a result, these non-western countries increasingly grow in power and influence at the expense of democracies like the U.S. The power helps cement tyrannical control over the impoverished peoples they govern (e.g., China).

B. The system preserves itself. Companies who morally want to employ workers with fair wages in democratic countries like America will be forced out of business. If they don't outsource, their competitors will have so great an advantage they will not be able to compete, since a large portion of a company's costs consist of payroll. Thus, free trade will result in workers worldwide being paid the absolute bare minimum.

C. A growing global income disparity arises. Now that goods are being turned out en masse by low-paid workers, companies need pay only a small amount of money, perhaps 50 cents an hour as in China, to their impoverished workforce. With all that money saved on workers, where does all the money saved go? Where else? The pockets of CEOs. Workers as they grow poorer lose negotiating rights and the ability to fight their conditions. More companies are forced to outsource to stay in business, devaluing the rights of workers to negotiate or form unions. After all, if you won't work cheap, we'll just outsource to people who will. And everybody's got to eat - without regulation (minimum wages) protecting the workers, they can't do anything to stop it.

D. Monopolies become more prevalent, since they have an endless supply of dirt-cheap labor providing advantage over smaller competitors. Those companies too small to outsource will be knocked out of the market. The increasing profits of corporations will then go to hiring lobbyists, seeking to stifle criticisms of free trade so the big business interests behind free trade can go unchecked.

As such, Free Trade supporters may talk of liberty and freedom (likely due to their business investments and desire to continue profiting off the backs of foreign workers paid slave wages), but unchecked Free Trade leads to a worldwide takeover by tyrannical dictatorships. Countries which care nothing for their people will inevitably keep those people in poverty as slaves for multinational business, so their country may gain global power and wealth.

Free Trade, paradoxically, is the ultimate tool for destruction of Democracy and empowerment of Communism. It will take government intervention to stop this horrifying trend, just as it took government intervention in the form of Free Trade Agreements and membership in the World Trade Organization to begin a cycle that is destroying America’s economy and quite possibly the global economy as well.

Solution A: Trade Restrictions on Countries with Too-Low Minimum Wages

The problem to be confronted is not the freeness of trade, but the fairness of it. And minimum wages, if drastically different between two countries, will result in an inherently unfair trade environment. To allow U.S. workers and small businesses to compete with cheap overseas workers and the corporations that employ them on a level playing field, we must stop trading with countries whose minimum wages are too low. The benchmark minimum wage I am recommending is $4.00 an hour, and countries whose minimum wages are below this level should not be traded with.

To avoid excessive bureaucracy, and avoid impacting still-developing third-world countries ill-equipped to institute the sweeping reforms of a minimum wage, a second requirement could be involved – countries to be impacted must have had at least $10 billion in imports to the U.S. the previous year. We will thus not focus on lesser trading partners of minimal importance, and keep the bureaucracy to a bare minimum – instead of trying to track minimum wages for all 233 countries that we trade with, we will only need to be aware of the 31 countries whose imports exceeded $10 billion.

Essentially we would set up a government agency to monitor minimum wage levels for the countries whose imports the previous year exceeded $10 billion. Imports by country are already tracked by the U.S. Census Bureau and again, we've used tariffs and trade restrictions for most of our nation's history – in comparison to past trade regulation, this would be simplistic in practicality.

All the agency would have to do is ensure goods do not enter the country from nations on the list with $10 billion in imports the previous year (currently only 34 nations meet such a requirement) whose minimum wages were below $4.00 an hour. The agency simply needs to review minimum wages and import balances once a year. If a country that had a minimum wage below $4.00 an hour increases it to the $4.00 / hour level, trade will resume with them the next year when the minimum wages and Import levels are reviewed.

This trade restriction would have no effect on many of our top trading partners who already have minimum wages above $4.00 an hour, including most westernized countries. It would, however, have major impact on numerous communist countries, including some of the countries most renowned for fascist dictatorships and human rights abuses.

Countries whose minimum wages are above $4.00 an hour and would NOT be affected (even apart from the imports requirement) include[ii]:

Table 1. List of countries with 2011 Imports above $10B and min. wages ABOVE $4.00/hour.

Country	Imports	Trade Balance	Imports: Exports	Min. Wage[19]	Trade Rank	Exports Rank	Imports Rank
Canada	$316.5	-$35.6	1.13	$8.03	1	1	2
Japan	$128.8	-$62.6	1.95	$5.42	4	4	4
South Korea	$56.6	-$13.1	1.30	$5.27	7	7	6
United Kingdom	$51.2	$4.8	0.91	$10.86	6	5	7
Taiwan	$41.3	-$15.4	1.60	$5.85	10	15	10
France	$40.0	-$12.1	1.40	$8.51	9	13	11
Ireland	$39.2	-$31.6	5.16	$9.12	19	34	12
Switzerland	$24.4	$0.0	1.00	$7.43	17	16	20
Netherlands	$23.5	$19.4	0.55	$9.30	11	9	21
Israel	$23.0	-$9.1	1.65	$6.01	26	24	23
Belgium	$17.4	$12.5	0.58	$9.04	18	12	27
Spain	$11.0	-$0.3	1.03	$5.49	31	28	32
Australia	$10.2	$17.2	0.37	$9.34	24	14	33
TOTAL 2011 TRADE BALANCE: -$125.9 Billion			AVERAGE IMPORTS:EXPORTS: 1.18				

[ii]Data for rankings is from the U.S. Census Bureau: www.census.gov/foreign-trade/balance/country.zip. Rankings represent 2010 total trade with the U.S., exports from the U.S., and imports to the U.S. All numbers in Billions of dollars.

To avoid excessive bureaucracy, the tariff could furthermore affect only countries from which we received at least $10 billion in imports the previous year. As of 2011, only 34 countries would have met that requirement, 13 of whom are listed above, and would not have been affected due to minimum wages above the $4.00 an hour mark.

Table 2. List of countries with 2011 Imports above $10B and min. wages BELOW $4.00/hour.

Country	Imports	Trade Balance	Imports: Exports	Min. Wage[1]	Trade Rank	Exports Rank	Imports Rank
China	$399.3	-$295.5	3.84	$0.00	2	3	1
Mexico	$263.1	-$65.6	1.33	$0.84	3	2	3
Germany	$98.4	-$49.3	2.00	$0.00	5	6	5
Saudi Arabia	$47.5	-$33.6	3.44	$3.65	12	25	8
Venezuela	$43.3	-$30.9	3.50	$3.51	14	26	9
India	$36.2	-$14.5	1.67	$0.00	13	17	13
Russia	$34.6	-$26.3	4.17	$1.34	20	31	14
Italy	$34.0	-$18.0	2.12	$0.00	16	18	15
Nigeria	$33.7	-$28.9	7.01	$0.71	23	44	16
Brazil	$31.4	$11.6	0.73	$2.09	8	8	17
Malaysia	$25.8	-$11.6	1.81	$2.28	27	27	19
Thailand	$24.8	-$13.9	2.27	$1.10	17	16	20
Colombia	$23.1	-$8.8	1.61	$2.40	25	22	22
Indonesia	$19.1	-$11.7	2.58	$0.49	28	35	24
Singapore	$19.1	$12.3	0.61	$0.00	15	11	25
Vietnam	$17.5	-$13.1	4.03	$0.48	30	45	26
Iraq	$17.0	-$14.5	6.97	$0.95	33	58	28
Algeria	$14.6	-$13.0	9.19	$2.06	39	67	29
Angola	$13.6	-$12.1	9.06	$0.89	41	69	30
Sweden	$11.5	-$6.2	2.18	$0.00	37	43	31
Costa Rica	$10.1	-$4.0	1.65	$1.81	38	41	34
TOTAL TRADE BALANCE -$640.7 Billion			**AVERAGE IMPORTS:EXPORTS: 2.14**				

The data above shows that we have a $640.7 Billion trade deficit with the 21 countries whose minimum wages are below $4.00 an hour and whose imports in 2011 exceeded $10 billion. We had just a $125.9 billion trade deficit with the 13 countries whose minimum wages are above $4.00 an hour, and whose imports exceeded $10 billion in 2011. The 21 countries who we would stop trading with under my proposed plan accounted for 88% of our total $726.3 Billion trade deficit in 2011. By not trading with them, we would return to a nearly even trade balance, and thus export nearly the same amount we import. Much of the imbalance is due exclusively to China, which accounts for a $295.5 Billion trade deficit by itself, or 41% of the entire trade deficit.

It can also easily be seen that there is a much greater imbalance of Imports:Exports when comparing countries with good minimum wages above $4.00 an hour in Table 1 to countries with poor minimum wages below $4.00 an hour in Table 2. The average Imports:Exports ratio for those with minimum wages above $4.00 an hour is 1.18. In other words, we are buying 18% more from those countries than we are selling. However, the Imports:Exports ratio for those with minimum wages below $4.00 an hour is 2.14; thus we are buying 114% more from those countries than is being sold. Whereas just one country exceeds a 2.00 Imports:Exports ratio in Table 1 (Ireland), 14 of the 21 countries in Table 2 do so. Clearly countries with low minimum wages result in unequal trade relationships, disadvantaging the U.S. economy.

The solution is obvious. We <u>MUST</u> stop trading with countries who do not provide adequate minimum wages to their workers so that our own workers and industry stand a chance of competing. There is no way for the U.S. to retain competitiveness in a global environment otherwise.

Trade War?

Doubtless, some will question whether the above reform could lead to a trade war. After all, if you restrict trade with countries, they are sure to restrict trade with you. However, this will not lead to a large-scale trade war. Bear in mind that this would only affect specifically the 21 countries shown in the above table. No one else. To be affected, a country would need to meet two conditions:

1. Have a minimum wage below $4.00 an hour. Most democratic countries have minimum wages well above this level.
2. Have $10 Billion in Imports to the U.S. the previous year. Again, only 34 of the 233 countries the U.S. trades with meet this requirement.

Would many of these 21countries be likely to stop trading with us? Yes. Would they be exceptionally displeased with the United States for the trade stoppage? Yes. However, many of them are chief among the world's human rights abusers (examples China, Saudi Arabia, Nigeria). By trading with them, we have been empowering evil regimes, and trade should not have been occurring anyway. Others are countries the U.S. has not historically gotten along with in the past (examples China, Venezuela, Russia), and who already didn't like us. By putting a stop to trade with such countries, we will improve the quality of human rights, by forcing these countries to change their treatment of workers for us to pursue trade relations. Not only does it help our own workers, but workers worldwide.

The only three European countries of the twenty-one total (Germany, Italy, and Sweden) all use nationally-negotiated Collective Bargaining Agreements to set minimum wages for individual economic sectors. They would likely have no problem with setting a national minimum wage in addition to their sector-based ones in order to remain on good relations with the U.S. Venezuela, with its $3.40 minimum wage, would likely just increase its minimum wage the 60 cents necessary to retain trade with the U.S. The only thing any of the 21 countries has to do to continue trading with the U.S. is set a national minimum wage of $4.00 an hour.

Six of our top 10 trading partners already have minimum wages above $4.00 an hour and would not be affected (Canada, Japan, United Kingdom, South Korea, France, Taiwan,). A seventh, Germany, would likely adopt a national minimum wage rather than cut off trade. This would affect 21 countries at the most, and only if they refuse to adopt national minimum wages of $4.00 an hour or higher. Most of our top trading partners would be unaffected. Our #2 trading partner, China, would likely stop trading with us, but this would be ideal, since trade with China has been utterly one-sided, with us buying 4 to 6 times as much from them as they do from us. They have been parasiting off of us, stealing jobs and labor at the expense of their own people, and a stop to trade would not only help our own workers but the chance for democracy and improved working conditions for the people of China.

Typically, when one speaks about a trade war, one thinks in terms of a determined stop to trade by both sides. However, because this is a first-of-its-kind trade invention, it would not apply the way a tariff or embargo would. The other country can choose to meet the condition stopping trade at any time, and have trade resume the next year merely by raising its minimum wage to $4.00 an hour. The goal after all is not to stop trade, but to ensure that our trading partners play fair by using adequate minimum wages.

Furthermore, this trade restriction would be entirely justifiable to world governing bodies and other nations, such as the United Nations or World Trade Organization, unlike a tariff or embargo, for the following reasons:

- We can point out other countries should be paying their workers better for us to trade with them, and that it is immoral for them to keep their workers in poverty so the country can attract foreign investment. We can emphasize how the system rewards the most corrupt and evil nations who disadvantage their own people, and a standard wage is necessary to prevent the spread of evil nations worldwide.
- We can explain our own workers and companies cannot compete with cheap foreign labor, and that we are not trying to stop trade, merely to equalize it in the realm of worker wages, so that workers are paid fairly enough in other countries for our own workers and companies to compete.
- We can point out this will not affect 3rd-world countries who lack the development to institute sweeping minimum wage reforms, only a select few countries whose trade and economic growth is such they should have instituted such a standard already.
- We can emphasize how such low minimum wages devalue worker rights and wages worldwide, forcing workers across the global spectrum to settle for lower wages without bargaining power, lest their jobs be sent to starving workers elsewhere, and that a minimum standard wage needs to be set for the good of workers everywhere.
- We can point out such cheap labor results in a surplus of cheap product on the global market, resulting in excess price deflation and devaluation of goods, thus creating risk of a global recession, and the onset of competition so fierce that competitors drop prices below profitability.

At any rate, there is no danger from other countries refusing to trade with us, as 21 at the most would be affected, and no more than 4 of our top 12 trading partners (and likely 2 of them at the most, 1 of whom – China – is extremely disadvantageous).

Solution B: Reducing the Minimum Wage, Eliminating 'ObamaCare'

Ultimately, the way to return U.S. jobs lost from outsourcing is to make our minimum wage more competitive in relation to our trading partners. Just as we can stop trading with countries whose minimum wages are too low, we can also reduce our own minimum wage to incentivize companies to hire here in the U.S.

Naturally, a living wage is required for workers. A decent minimum wage is required to ensure they are paid fairly and have enough to meet Cost of Living requirements. However, we raised the minimum wage in 2007 under the Fair Minimum Wage Act to $7.25 an hour. Before that, it was just $5.15

an hour. That increase in minimum wage may have spurred the current economic recession by forcing employers to hire outside the U.S. Passing the Affordable Healthcare Act also likely played a role, by forcing employers to pay higher healthcare costs for employees. In both cases, it drastically increased the cost of hiring U.S. workers, and would force companies to go increasingly to cheap foreign labor, whether outsourcing or illegal immigrants, or to automation (machines instead of people). It likely boosted temporary/part-time/seasonal hiring as well, in order to avoid the Overtime and benefits required for Full-Time employees.

It is not possible to blame this wholly on greedy CEOs and companies. By boosting the minimum wage so drastically as well as healthcare expenditures for employers, we certainly drove employment from this country. Small businesses, which form the backbone of employment in this country, and compose more employment than large businesses, would be particularly unable to bear the higher costs, and to go out of business. That would be another explanation for the growth of monopolization and megacorps in today's market environment.

For those reasons, I am recommending that not only do we stop trading with countries whose minimum wages are below $4.00 / hour (assuming they had $10 Billion or more in Imports the previous year), but that we also return the minimum wage to pre-2007 levels of $5.15 / hour, and repeal aspects of the new healthcare bill that affect employers. Removing the recent healthcare law (preferably replacing it with a more sensible one which confronts the real drivers of healthcare expense like the nursing shortage and tort reform) would also create a more business-friendly environment. While we do need healthcare reform, the bill which was passed was done with a political agenda to legislate abortion funding for Planned Parenthood, rather than public healthcare for all, which was why the pro-life Democrats (DFLA) fought their own party when the Democrats had a Supermajority capable of passing anything they wanted without a single Republican vote. If not for opposition from within their own party over the abortion agenda that Obama promised Planned Parenthood in July 2007, the bill would have passed easily (see Chapter 2 for detail and sourcing).

However, reducing the minimum wage like this should ONLY be done if Cost of Living is first reduced and jobs are created beforehand, to ensure that the nation's poorest will be prepared to cope with the changes. Other solutions should be implemented first, before instituting any decline in the minimum wage, to ensure the poor will be able to sustain the impact. While it would result in less pay per hour, it would also result in more hours for U.S. workers, more full-time jobs (including benefits), more small businesses (who would thrive with the lower expense), and lowered cost of living across the board. However, all of these would require time to take effect, which is why a minimum wage decrease should only be put in place carefully after ensuring other measures make the transition easy.

Problem 2: Automation

While there is no denying the impact of outsourcing on U.S. jobs, it would be a serious mistake to try and single it out as the only cause of growing unemployment, as a multitude of factors are to blame. Another major factor is automation, the increasing use of machinery to replace U.S. workers. Due to advances in technology, we are producing more manufacturing output with fewer workers. Back in 2004, Gregory Lamb observed that $100 billion had been spent installing nearly 1 million robots over the past decade, resulting in productivity increases of 7% each year, but eliminating 10 million jobs, most of them in manufacturing.[20]

It's not just the U.S. that is losing manufacturing jobs. From 1995 to 2002, 22 million manufacturing jobs disappeared globally, and at the same time, global manufacturing output, the product produced overall, increased by 30%.[22] Globally, we are producing more product with fewer and fewer workers, thanks to advances in machinery. As Steve Lohr of the New York Times summarizes, more jobs are predicted for machines, not people.[23]

If this doesn't concern you, it should. If fewer workers are required, then all the money accumulates at the top with the CEOs, who no longer have to pay workers. You now get a lot of unemployed people with no jobs, who've been replaced with machines. These people are then on welfare, and you have to tax the rich to make up the difference, because very few people have jobs and money with which to pay taxes.

Furthermore, you get fewer consumers. If only the rich have the money, you have a limited number of consumers with purchasing power. According to research by Edward Wolff (discussed further in Ch. 6, Flat Tax) the wealthiest 10% of Americans control 73.1% of the nation's Net Worth.[24] Improvements in automation are leading to fewer workers required, a consolidation of wealth among America's top 5%, and fewer consumers with purchasing power.

> ***"Workers today produce twice as much manufacturing output as their counterparts did in the early 1990s, and three times as much as in the early 1980s, thanks to innovation and advances in technology that have made today's factory workers the most productive in history. Simply put, we're producing more and more manufacturing output with fewer and fewer workers, and the increase in worker productivity is one of the main reasons that 8 million manufacturing jobs in the U.S. have been eliminated since the late 1970s."***
>
> **Mark J. Perry**, The American[21]

Solution: Tax Breaks to Companies Who Hire U.S. Workers

While we can't very well tell companies, "Don't use as much machinery, it's reducing the need for workers", we can reward companies who hire more workers in relation to company earnings, thus making it more cost-effective for companies to use workers over machinery. Given the mass U.S. unemployment, it is a wonder we have not already instituted tax breaks conditioned upon U.S. workers employed in relation to company earnings. Under the tax break I am proposing, the more U.S. workers a company employs in relation to their earnings, the less they will pay in taxes, thus incentivizing them to hire maximally.

It is important that the tax break affect companies on the basis of U.S. workers hired specifically, so that it does not reward companies for outsourcing. And, since it is a U.S. tax break from paying U.S. taxes, it's only reasonable that it should affect companies who hire U.S. workers as opposed to foreign labor. Tracking workers employed outside the U.S. would be messy, difficult, and more expensive anyway. The tax break also needs to be conditioned on earnings, not profits, since earnings are more independent of employee downsizing tactics. In other words, it is possible for a company to increase profits by firing U.S. workers to replace them with foreign labor, automation, or illegal immigrants, but earnings not so much.

There may be weighting required as well to account for company size as well, so small businesses are not excluded. A smaller company may require a lower ratio of workers to earnings to receive the same tax break to have the same opportunity at one as a large company with the ability to hire many workers regardless. By providing tax breaks for companies who hire more workers it will serve to provide growth opportunities to companies which hire more, so the good companies will rise to the top.

There needs to be a reason for companies to hire more workers when technology is reducing need to hire them, and a tax break for companies who have more workers in relation to earnings will allow them to hire workers without harming the bottom line. It also reduces corporate taxation in an equitable manner and should quickly boost U.S. employment and consequently, the economy.

Problem 3: CEOs Firing U.S. Workers to Boost Own Pay

Even though the S&P 500 (America's 500 biggest companies) has been recording record profits year after year, breaking its own records, this has not translated to hiring for workers. [25] CEO pay has been growing 127 times faster than that of the average worker over the past 30 years.[26] CEO compensation in 2010 jumped 27% while private sector workers saw pay increase just 2.1%.[27]

Ultimately, U.S. workers are fired by CEOs and replaced with foreign labor, illegal immigrants, or automation for the same underlying incentive – reducing payroll expense, increasing company profits, and freeing up money for the CEO. CEO pay in relation to the average worker was 35:1 in 1978; by 2000 it had risen to 300:1, an 800% increase in just 22 years. In 2010, the rate was 343:1.[29]

In fact, 25 of the top 100 highest-paid CEOs received more money than their company paid in federal income taxes. This highlights another issue of tax evasion, using offshore tax havens and green energy tax breaks to get tax refunds rather than paying a dime in taxes.

"Despite high unemployment and a largely languishing real estate market, U.S. businesses are more profitable than ever, according to federal figures released on Friday... Corporate profits steadily increased last year as companies continued holding onto record amounts of cash and other liquid assets while cutting costs, laying off workers and wringing more productivity -- defined as the amount of output that comes from an hour of work -- from remaining staff, even as the recession eased."

Yepoka Yeebo, Huffington Post[28]

2010, Companies Which Pay Little to No Taxes and Highly Pay CEOs					
S&P 500 Rank	**Company**	**Tax Refund**	**CEO Pay**	**Profits**	**U.S. Workers Fired**
6	General Electric	$3.3 B	$15.2 M	$11.6 B	22,000 ('04-10)[30]
10	Ford Motor	$69 M	$26.5 M	$6.5 B	
16	Verizon	$705 M	$18.1 M	$2.5 B	39,000 ('08-10)[31]
36	Boeing	-$13 M	$13.8 M	$3.3 B	
45	Dow Chemical	$576 M	$17.7 M	$2.3 B	
64	Prudential Financial	$777 M	$16.2 M	$3.2 B	
70	Coca-Cola	-$8 M	$19.1 M	$11.8 B	
81	Honeywell	$471 M	$15.2 M	$2.0 B	
105	International Paper Company	$249 M	$12.3 M	$644 M	

116	Motorola Solutions	-$7 M	$13.7 M	$633 M	
134	Capital One	$152 M	$14.9 M	$2.7 B	
165	Bank of New York, Mellon	$670 M	$19.4 M	$2.5 B	
209	Qwest Communications	$14 M	$13.4 M	-$55 M	
225	Marsh and McLennan	$90 M	$14.0 M	$855 M	10,500 ('04-10)[32]
246	Ameriprise	$224 M	$16.2 M	$1.1 B	
263	Chesapeake Energy	$0	$21.0 M	$1.7 B	
269	eBay	$131 M	$12.4 M	$1.8 B	
286	Aon	-$16 M	$20.8 M	-$5.5 M	2,700 ('07)[33]
288	Stanley Black & Decker	$75 M	$32.6 M	$198 M	4,000 (2010)[34]
321	Cablevision Systems	$3 M	$13.3 M	$361 M	
418	Mylan	$73 M	$15.0 M	$345 M	
TOTALS, All Companies					

Sources: Executive Excess 2011[35], 2011 Fortune 500[36].

Notes: A negative number in the Tax Refund column indicates the company DID pay taxes rather than receiving a refund. See Appendix 1 of the Executive Excess report for more details.

According to a report by the Institute for Policy Studies the salaries/bonuses earned by the 50 CEOs who laid off the most workers in 2009 (accounting for ¾ of all layoffs in 2009) amounted to 42% more pay than CEO pay at S&P firms overall. 72% of the firms employing these CEOs laying off the most workers had positive earning reports at the time. 2009 CEO pay has more than doubled since the 1990s, more than quadrupled since the 1980s, and is 8 times the average for the 20th century according to the report, even after adjusting for inflation.

"CEOs of the 50 firms that have laid off the most workers since the onset of the economic crisis took home nearly $12 million on average in 2009, 42 percent more than the CEO pay average at S&P 500 firms as a whole."

The Institute for Policy Studies[37]

In its 2009 report, the Institute for Policy Studies reported that the 20 U.S. firms which received the most bailout money from 2006-2008 awarded their top five executives a combined total of $3.2 billion, an average of $32 million each. However, these same 20 firms at the same time fired a combined 160,000 U.S. workers from Jan. 2008 to Sept. 2009.[38] Even as they were driving the economy into the ground corporate executives were paying themselves huge bonuses with the money saved by firing workers, and gained by taxpayer-funded bailouts.[39] Furthermore, as of January 2009, 9 of every 10 CEOs at banks receiving federal bailout funds were still employed there.[40]

"Directors generally wish to be re-appointed to the board. Average director compensation in the 200 largest U.S. corporations was $152,626 in 2001 (Pearl Meyers and Partners, 2002). In the notorious Enron case, the directors were each paid $380,000 annually (Abelson, 2001). Besides an attractive salary, a directorship is also likely to provide prestige and valuable business and social connections. CEOs play an important role in renominating directors to the board. Thus, directors usually have an incentive to favor the CEO."[42]

Trickle Down Effect

When CEOs whose firms are profiting are still firing workers so they can give the money to themselves, and using taxpayer money from the bailouts to do so, there clearly is not enough done to limit CEO compensation.

The mere fact that the bottom 50% of the country now controls less than 3% of the overall wealth, and the top 10% controls 73.1% of the nation's wealth, should be evidence that Trickle Down theory is not working. Yes, it may 'trickle down' but this is having so little effect that half the country controls less than 3% of the overall wealth. This fact alone should disprove the Trickle-Down theory.

- **Time Element**: Time is money. It may take time for money to trickle down from the CEO to the yacht maker to the Lamborghini manufacturer to the escargot farmer, etc. By the time that time has elapsed, those lower in the order may have gone bankrupt, been foreclosed upon, etc.
- **Circular Effect**: It is possible some money will stay in a continually revolving circle among an upper echelon. The yacht maker may buy Lamborghinis and escargot, the escargot farmer may buy Lamborghinis and yachts, etc. Some money may simply never leave this upper elite tier.
- **Foreign Element**: Yes, money may trickle down from the rich to the workers, investors, or providers of goods/services. However, what is being ignored is that the wealthier a person is, the more likely they are to travel, and be engaged overseas. In other words, they may be buying their yachts from an overseas manufacturer. They may be employing cheap foreign labor. These are less likely cases with a small business owner than a megacorp CEO for obvious reasons, so the bigger the business and the wealthier the CEO, the more likely this becomes.

"S&P 500 companies generated $1.29 trillion in cash over the four quarters ended in September, according to data compiled by Bloomberg. Expense reductions and firing workers helped preserve revenue and pushed the annualized rate to a record $1.5 trillion for all U.S. companies, according to data from the Bureau of Economic Analysis."

Alexis Xydias & Rita Nazareth, Bloomberg[41]

"Whenever we diminish equality of opportunity, it means that we are not using some of our most valuable assets—our people—in the most productive way possible… America has long prided itself on being a fair society, where everyone has an equal chance of getting ahead, but the statistics suggest otherwise: the chances of a poor citizen, or even a middle-class citizen, making it to the top in America are smaller than in many countries of Europe. …

With youth unemployment in America at around 20 percent (and in some locations, and among some socio-demographic groups, at twice that); with one out of six Americans desiring a full-time job not able to get one; with one out of seven Americans on food stamps (and about the same number suffering from 'food insecurity')—given all this, there is ample evidence that something has blocked the vaunted 'trickling down' from the top 1 percent to everyone else."

Joseph Stiglitz, Vanity Fair[43]

Solution: Cap Executive Compensation

Given that top-earning CEOs are firing workers even as their companies are profiting, there is a huge concern over executive compensation. While particularly egregious when occurring with taxpayer funds from government bailouts, such huge salaries are also inexcusable at publicly traded companies in general, since not only does it harm stockholders – whose money is being given by a CEO controlling it to himself, but workers at the company as well.

If a privately-owned company, then CEOs should be able to pay themselves what they wish, they own the company and it is their money. But what has been occurring is their use of taxpayer funds from bailouts, stockholder funds from investing, and ultimately betrayal of the same public who buys from the company to fire workers so they can give themselves the money. They are harming the taxpayers, their investors, and their workers through greedily giving themselves money even after driving the economy into the ground with poor management – the same CEOs responsible are using the money the government gives them to reward themselves with billions of dollars in bonuses.

As illustrated by the Economic Policy Institute in 'The State of Working America 2008/2009', the ratio of average CEO compensation (in America) to average worker pay was 24 in 1965, rose to 35 in 1978, and to 71 in 1989. By the year 2000, CEOs in America were making 298 times the rate of the average worker and in 2007, 275 times the pay of the average worker. The EPI report also reveals that CEOs outside the United States make on average just 44% that of their American counterparts.[44]

It is time for a cap on CEO salaries at all publicly traded companies. What this cap should consist of is debatable, but here are a few possibilities:

- Cap CEO salaries in relation to pay of the average worker, whether at the company, in the industry, or in general. Even at 100 times the pay of the average worker, that is still roughly $4 million a year that a CEO can make.
- Cap CEO salaries at the president's pay level of $400,000 a year. A bill was actually proposed by Senator Claire McCaskill to this very effect for CEOs of bailed out companies.[45] The bill was read twice, referred to the Committee on Banking, Housing, and Urban Affairs, and there has been no further action on it since.[46]
- Cap CEO salaries in relation to a measure of company earnings or profits. This might be the most justifiable since it allows CEOs to be paid up to a set level based on their performance.

However, expect such standards to be potentially imposed elsewhere, including sports athletes, movie stars, and talk show hosts. Ultimately, how much does a CEO need to make to feel properly rewarded for their hard work? How many millions of dollars are needed to properly incentivize a CEO?

Problem 4: Need for a Stimulus

Franklin D. Roosevelt during the Great Depression created numerous public works programs to reduce the high unemployment of his generation. However, the Stimulus bills created under both George W. Bush and Barack Obama have not had the same effect. Why?

Recent Stimulus bills have not focused on the kind of cost-effective employment programs FDR used. The fallacy made by some Keynesian economists lies in thinking that all government spending is created equal, and will create the same amount of jobs. But logically one can spend more or less effectively per job created, and the money can go to those who already have jobs, or to creating new ones.

According to a 2007 report by the University of Massachusetts' Institute for Policy Studies (Pollin and Garrett-Peltier), the following numbers of jobs and total wages/benefits were created in each government sector per $1 billion of federal spending:[47]

- Tax Cuts for Personal Consumption: 10, 779 jobs, $504.6 million total wages
- Defense: 8,555 jobs, $564.5 million total wages
- Construction/Infrastructure: 12,804 jobs, $693.7 million total wages
- Health Care: 12,883 jobs, $730.1 million total wages
- Mass Transit: 19,795 jobs, $880.1 million
- Education: 17,687 jobs, $1,309.3 million

As Garrett and Peltier conclude,

> "How can spending on education generate both higher average wages as well as more new jobs per $1 billion in spending? The answer is straightforward. For one thing, the high average wage reflects the fact that a large proportion of people in the sector operate with relatively high credentials and skills, and their incomes reflect this. In addition, education is a relatively labor-intensive industry. This means that, compared with the other industries we are examining, for every $1 billion in new spending in education, proportionally more money is spent on hiring new people into the industry and relatively less is spent on supplies, equipment, buildings."[48]

Robert Pollin and Heidi Garrett-Peltier

The problem with Obama's major Stimulus bill and other related legislation was that, as the Wall Street Journal observed, it was "*a 40-year wish list... that manages to spend money on just about every pent-up Democratic proposal of the last 40 years. We've looked it over, and even we can't quite believe it. There's $1 billion for Amtrak, the federal railroad that hasn't turned a profit in 40 years; $2 billion for child-care subsidies; $50 million for that great engine of job creation, the National Endowment for the Arts; $400 million for global-warming research and another $2.4 billion for carbon-capture demonstration projects. There's even $650 million on top of the billions already doled out to pay for digital TV conversion coupons.*"[49]

Rather than spending money wisely, hiring as many people as possible per dollar spent, the Obama Stimulus legislation simply tossed money around at liberal special interest projects in the form of earmarks cut in backroom deals.[50] Roughly a third of the bill consisted of tax cuts for personal consumption,[51] the least effective form of government spending according to the previously-cited IPS report.

While we do need a Stimulus, it needs to create jobs effectively, not simply throw money around. FDR used labor-intensive public works projects that spent money primarily on the labor, with minimal extraneous expenses for land, labor, buildings, equipment, utilities, technology, etc. Obama's "Stimulus" on the other hand simply tossed millions and billions of dollars around carelessly. Logically, there can be a wide contrast in how many jobs are created based on how the money is spent. You can use $1 million to pay 50 people $20,000 each to clean up a public building, or you can give 3 scientists $333,333 each to research swine odor and manure management (an actual Stimulus allotment which cost $1.791 million).[52]

Regardless of the usefulness of the research, it is the difference between hiring 50 people and hiring 3 people. The wealth of the people it is spent on will also make a difference, since the poor will have to spend it on necessities, whereas the rich may hoard it or invest it in foreign companies where it does not affect U.S. jobs.

Solution: FDR-Like Stimulus

Franklin D. Roosevelt after the Great Depression created a number of public works programs that spent money simply; they were labor-intensive and created jobs effectively per dollar spent. Were we to enact the budget solutions I've proposed in Chapter 4 we could free up roughly $800 billion in federal spending annually. This is money that could be used to create such a public works program and quickly put 35 million Americans back to work.

Logically, you can pay 35 million people $20,000 a year for $700 billion to perform low-cost jobs. It is not quite so simple, as extraneous expenses will inevitably find their way in, payment for supervisory positions, equipment fees, and various land/building-related costs. However, jobs can be chosen which will minimize these outside costs, so as to keep the additional cost to $100 billion. Examples of such jobs, many of which were utilized by FDR, include:

- Conservation, cleaning up parks and forests, and reforestation.
- Repairing/cleaning up public buildings such as schools, hospitals, etc.
- Censuses of local areas via the U.S. Census Bureau.
- Painting murals and creating works of art/music.
- Sewing projects.
- Public education courses held in public areas (libraries, parks, and other freely-accessed areas).
- Farming – physical, labor-intensive only, not technological.
- Low-cost, labor-intensive construction/landscaping projects like digging ditches.

The key is to keep federal expense minimal apart from payroll expenditures. Virtually anything that can be imagined which simply pays workers to do a task while requiring little expense apart from paying the worker, would be ideal for such public works projects. Currently, the U.S. is spending over $2.5 trillion on healthcare, retirement, and the military. Healthcare and retirement spending account for over half the U.S. budget as seen from Sections 550, 570, 600, 650, and 700. Were $800 billion to be freed up, it could mean jobs for 35 million Americans.

Sources

[1] Kisling, W. & Thomasson, L (2011, March 14). Profit Margins at 18-Year High Signal Bigger Dividends Coming for S&P 500. Bloomberg. Retrieved from http://www.bloomberg.com/news/2011-03-14/profit-margins-at-18-year-high-signal-bigger-s-p-500-dividends.html

Shell, A. (2012, January 2). Is Market Poised to Heat Up for a Bull Run in 2012? USA Today. Retrieved from http://www.usatoday.com/MONEY/usaedition/2012-01-03-Stocks-2012-Cover-_CV_U.htm

[2] Hwang, I. (2011, November 16). S&P 500 Showing Record Sales Collides With Slowing Growth Rate. Bloomberg BusinessWeek. Retrieved from http://www.businessweek.com/news/2011-11-16/s-p-500-showing-record-sales-collides-with-slowing-growth-rate.html

[3] Winship, S. (2011, September 9). A Decade of Slack Labor Markets. *The Brookings Institution*. Retrieved from http://www.brookings.edu/opinions/2011/0909_jobs_winship.aspx

[4] Bureau of Labor Statistics. Job Openings and Labor Turnover – July 2012. *U.S. Department of Labor*. Retrieved from http://www.bls.gov/news.release/pdf/jolts.pdf

[5] Bureau of Labor Statistics. The Employment Situation – August 2012. *U.S. Department of Labor*. Retrieved from http://www.bls.gov/news.release/pdf/empsit.pdf

[6] Scott, R.E. (2011, September 20). Growing U.S. Trade Deficit With China Cost 2.8 Million Jobs Between 2001 and 2010. *Economic Policy Institute*. Retrieved from http://www.epi.org/publication/growing-trade-deficit-china-cost-2-8-million/

[7] Scott, R.E. (2011, October 12). Trade Deficit With Mexico Has Resulted in 682,900 U.S. Jobs Lost or Displaced. *Economic Policy Institute*. Retrieved from http://www.epi.org/publication/trade-deficit-mexico-resulted-682900-jobs/

[8] Thurm, S. (2012, April 9). For Big Companies, Life Is Good. The Wall Street Journal. Retrieved from http://online.wsj.com/article/SB10001424052702303815404577331660464739018.html

[9] Trumbore, B. Smoot Hawley. StocksandNews.com. Retrieved from http://www.buyandhold.com/bh/en/education/history/2002/smoot_hawley.html

[10] Eichengreen, B. & Irwin, D.A. (2009, July). The Slide to Protectionism in the Great Depression: Who Succumbed and Why? Working Paper 15142. *National Bureau of Economic Research*. Retrieved from http://www.dartmouth.edu/~dirwin/w15142.pdf

[11] Bolly, M.J., et. al. (2006, July 5). Qualifying Industrial Zones in Jordan and Egypt. CRS Report for Congress. *CRS Web*. Retrieved from http://www.au.af.mil/au/awc/awcgate/crs/rs22002.pdf

[12] (1999, November 17). Summary of U.S. – China Bilateral WTO Agreement. The White House Office of Public Liaison. Retrieved from https://www.uschina.org/public/991115a.html

[13] Scott, R. (2010, September 20). Rising China Trade Deficit Will Cost One-Half Million U.S. Jobs in 2010. Economic Policy Institute. Retrieved from http://www.epi.org/publications/entry/ib283

[14] Tassey, G. (2010, January 29). Rationales and mechanisms for revitalizing U.S. manufacturing R&D strategies. p. 2. National Institute of Standards and Technology. Retrieved from http://www.nist.gov/director/planning/upload/manufacturing_strategy_paper.pdf

[15] Glor, J. (2010, July 4). Restoring a Rust Belt Town. CBS News. Retrieved from http://www.cbsnews.com/stories/2010/07/04/sunday/main6646176.shtml

[16] Matthews, R. (2010, January 11). Chinese Demand to Reshape Global Steel Market. The Wall Street Journal. Retrieved from http://online.wsj.com/article/SB10001424052748703535104574646600280362462.html

[17] Pollick, M. What is the Rust Belt? WiseGeek.com. Retrieved from http://www.wisegeek.com/what-is-the-rust-belt.htm

[18] List of minimum wages by country. Wikipedia. Retrieved from http://en.wikipedia.org/wiki/List_of_minimum_wages_by_country

Palley, T. (2007). The Economics of Outsourcing. p. 3. The Levy Economics Institute of Bard College. Retrieved from http://www.levyinstitute.org/pubs/hili_89a.pdf

[19] Wikipedia. List of minimum wages by country. Retrieved from http://en.wikipedia.org/wiki/List_of_minimum_wages_by_country

[20] Lamb, G.M. (2004, August 29). Automation Streamlines Services and Hi-Tech, But At What Cost? Christian Science Monitor. Retrieved from http://www.usatoday.com/tech/news/techinnovations/2004-08-29-automation_x.htm

[21] Perry, M.J. (2010, April 7). Making More with Less: U.S. Manufacturing Efficiency. The American – The Journal of the American Enterprise Institute. Retrieved from http://blog.american.com/?p=12330

[22] Worstall, T. (2012, February 3). That Giant Sucking Sound of Manufacturing Jobs Going to China. Forbes. Retrieved from http://www.forbes.com/sites/timworstall/2012/02/03/that-giant-sucking-sound-of-manufacturing-jobs-going-to-china/

[23] Lohr, S. (2011, October 23). More Jobs Predicted for Machines, Not People. The New York Times. Retrieved from http://www.nytimes.com/2011/10/24/technology/economists-see-more-jobs-for-machines-not-people.html

[24]Wolff, E. (2010, March). Working Paper No. 589, 'Recent Trends in Household Wealth in the United States: Rising Debt and the Middle Class Squeeze'. Appendix B, Table 2. The Size Distribution of Wealth and Income, 1983-2007. pg. 44. Levy Economics Institute of Bard College. Retrieved from http://www.levyinstitute.org/publications/?docid=1235

[25] Krantz, M. (2011, April 6). Why Aren't the Biggest U.S. Companies Hiring? USA Today. Retrieved from http://usatoday30.usatoday.com/money/workplace/2011-04-05-jobs-lag-at-thriving-companies.htm

Hansen, B. (2012, March 28). CEO Pay Rises Again in 2011, While Workers Struggle to Find Work. *USA Today Money*. Retrieved from http://usatoday30.usatoday.com/money/workplace/story/2012-03-28/ceo-pay-executive-compensation/53839786/1

[26] Kavoussi, B. (2012, May 2). CEO Pay Grew 127 Times Faster Than Worker Pay Over Past 30 Years: Study. *The Huffington Post*. Retrieved from http://www.huffingtonpost.com/2012/05/02/ceo-pay-worker-pay_n_1471685.html

[27] Krantz, M. & Hansen, B. (2011, April 4). CEO Pay Soars While Workers' Pay Stalls. USA Today. Retrieved from http://usatoday30.usatoday.com/money/companies/management/story/CEO-pay-2010/45634384/1

Gandel, S. (2011, March 8). CEO Pay Up, Average Worker Not So Much. TIME Business. Retrieved from http://business.time.com/2011/03/18/ceo-pay-up-average-worker-not-so-much/

[28] Yeebo, Y. (2011, March 25). Corporate Profits At All-Time High As Recovery Stumbles. *Huffington Post*. Retrieved from http://www.huffingtonpost.com/2011/03/25/corporate-profits-2011-all-time-high_n_840538.html

[29] Liberto, J. (2011, April 20). CEOs Earn 343 Times More Than Typical Workers. CNN Money. Retrieved from http://money.cnn.com/2011/04/19/news/economy/ceo_pay/index.htm

[30] Bartash, J. (2011, July 13). GE's Immelt Draws Fire After Urging U.S. Firms to Hire. Wall Street Journal MarketWatch. Retrieved from http://blogs.marketwatch.com/election/2011/07/13/ges-immelt-draws-fire-after-urging-u-s-firms-to-hire/

[31] Cheng, R. (2010, January 26). Verizon Reports Loss, Plans to Cut More Jobs. The Wall Street Journal. Retrieved from http://online.wsj.com/article/SB10001424052748703906204575026803979106926.html?mod=googlewsj

[32] Valdmanis, T. (2005, March 1). Marsh to Cut 2,500 Jobs After Profit Plummets. USA Today. Retrieved from http://www.usatoday.com/money/industries/insurance/2005-03-01-marsh-usat_x.htm

Frye, A. (2009, August 5). Marsh & McLennan Posts Loss on 3rd Kroll Writedown. Bloomberg. Retrieved from http://www.bloomberg.com/apps/news?pid=newsarchive&sid=a9yfjPLARNOo

Associated Press. Marsh & McLennan To Cut 750 Jobs. Retrieved from http://msnbc.msn.com/id/14849330/

NewRatings.com. Marsh & McLennan Posts 4Q Net Loss; To Spin Off Private Equity Unit. Retrieved from http://www.newratings.com/en/main/company_headline.m?&id=715102

[33] Mider, Z.M. (2007, October 31). Aon Profit Climbs 92 Percent; Plans to Cut 2,700 Jobs. Bloomberg. Retrieved from http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aPXi8ZfXS.gA&refer=news

[34] Sentementes, G. (2010, April 27). Layoffs Begin at Stanley Black & Decker. The Baltimore Sun. Retrieved from http://articles.baltimoresun.com/2010-04-27/business/bal-stanley-layoffs-0427_1_stanley-black-decker-stanley-works-tim-perra

[35] Anderson, S. et. al. (2011, August 31). Executive Excess, 2011: The Massive CEO Rewards for Tax Dodging. Institute for Policy Studies. Retrieved from http://www.ips-dc.org/reports/executive_excess_2011_the_massive_ceo_rewards_for_tax_dodging/

[36] CNN Money (2011). Fortune 500. Retrieved from http://money.cnn.com/magazines/fortune/fortune500/2011/index.html

[37]Anderson, S., Collins, C., Pizzigati, S, and Shih, K. (2010, September 1). CEO Pay and the Great Recession. The Institute for Policy Studies. Retrieved from http://www.ips-dc.org/reports/executive_excess_2010

Perkins, J. (2010, September 3). Mr. CEO, Can You Spare a Job or a Free Lunch. Huffington Post. Retrieved from http://www.huffingtonpost.com/john-perkins/mr-ceo-can-you-spare-a-jo_b_705430.html

Hindman, N.C. (2010, September 1). The 10 Highest-Paid CEOs Who Laid off the Most Workers: Institute for Policy Studies. Huffington Post. Retrieved from http://www.huffingtonpost.com/2010/09/01/ceo-pay-layoffs_n_701908.html

[38]Anderson, S., Cavanagh, J., Collins, C., Pizzigati, S. (2009, September 2). America's Bailout Barons. The Institute for Policy Studies. Retrieved from http://www.ips-dc.org/reports/executive_excess_2009

Geimann, S. (2009, September 2). Bank CEOs Paid More Than S&P 500 Chiefs, Study Shows. Bloomberg. Retrieved from http://www.bloomberg.com/apps/news?pid=newsarchive&sid=axp8.r40LFLE

Cook, N. (2009, September 3). America's Bailout Barons. Newsweek. Retrieved from http://www.newsweek.com/2009/09/02/america-s-bailout-barons.html

[39]CNN Politics (2009, January 30). Angry senator wants pay cap on Wall Street 'idiots'. Retrieved from http://articles.cnn.com/2009-01-30/politics/executive.pay_1_bonuses-wall-street-federal-bailout-money?_s=PM:POLITICS

Muir, D. (2008, October 30). Congress Speaks Out About CEO Bonuses. ABC News. Retrieved from http://abcnews.go.com/Business/story?id=6150746&page=1

[40]Associated Press (2009, January 27). 9 in 10 execs at bailout banks remain on job. Retrieved from http://www.msnbc.msn.com/id/28869701/

[41] Xidias, A. & Nazareth, R. (2010, January 19). Record Cash Means S&P 500 At Half It's 2007 Valuation. Bloomberg. Retrieved from http://www.bloomberg.com/apps/news?pid=newsarchive&sid=anDIJIkZOUt4

[42] Bebchuk, L.A. & Fried, J.M. (2003). Executive Compensation as an Agency Problem. Journal of Economic Perspectives. Volume 17, no. 3, pp. 71-92. Retrieved from http://www.law.harvard.edu/faculty/bebchuk/pdfs/2003.Bebchuk-Fried.Executive.Compensation.pdf

[43] Stiglitz, J.E. (2011, May). Of the 1%, By the 1%, For the 1%. Vanity Fair. Retrieved from http://www.vanityfair.com/society/features/2011/05/top-one-percent-201105?currentPage=all

[44]Mishel, L, Bernstein, J., Shierholz, H. (2008, August 28). The State of Working America. Ch. 3. pp. 220-222. Retrieved from http://www.stateofworkingamerica.org/swa08-exec_pay.pdf and http://www.stateofworkingamerica.org/excerpt.html

[45]U.S. Senate. Cap Executive Officer Pay Act of 2009. Retrieved from http://mccaskill.senate.gov/newsroom/attachments/CEO%20Pay%20Act.pdf

Tapper, J. (2009, January 30). Obama Ally Introduces Bill to Cap Salaries of CEOs from TARP-Receiving Companies. ABC News. Retrieved from http://blogs.abcnews.com/politicalpunch/2009/01/obama-ally-intr.html

[46]Library of Congress. Bill Summary & Status: S. 360. 111th Congress: 2009-2010. Thomas.gov. Retrieved from http://thomas.loc.gov/cgi-bin/bdquery/z?d111:SN00360:@@@X

[47]Pollin, R. & Garrett-Peltier, H. (2007, October). The U.S. Employment Effects of Military and Domestic Spending Priorities. pg. 5. Institute for Policy Studies. Political Economy Research Institute. University of Massachusetts, Amherst. Retrieved from http://www.peri.umass.edu/fileadmin/pdf/other_publication_types/PERI_IPS_WAND_study.pdf

[48] Ibid., pg. 10.

[49] (2009, January 28). A 40-Year Wish List. The Wall Street Journal. Retrieved from http://online.wsj.com/article/SB123310466514522309.html#articleTabs%3Darticle

[50] Riedl, B.M. (2009, March 2). Omnibus Spending Bill: Huge Spending and 9,000 Earmarks Represent Business as Usual. The Heritage Foundation. Retrieved from http://www.heritage.org/research/reports/2009/03/omnibus-spending-bill-huge-spending-and-9000-earmarks-represent-business-as-usual

[51] Calmes, J. (2009, January 28). House Passes Stimulus Plan With No G.O.P. Votes. The New York Times. Retrived from http://www.nytimes.com/2009/01/29/us/politics/29obama.html?_r=0

Richert, C. (2010, February 10). Truth-o-Meter: Stewart Claims that the Stimulus Bill is One-Third Tax Cuts. PolitiFact. Retrieved from http://www.politifact.com/truth-o-meter/statements/2010/feb/10/jon-stewart/stewart-claims-stimulus-bill-one-third-tax-cuts/

[52]Borrell, B. (2009, March 5). Why Study Pig Odor? Scientific American. Retrieved from http://www.scientificamerican.com/article.cfm?id=why-study-pig-odor

Coburn, T. $1,791,000 earmark for Swine Odor and Manure Management Research. Retrieved from http://www.coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=aa41f9d8-f48b-400e-baac-9e47e217b304

Plans That Won't Work and Why

Flat Tax

While it sounds good in theory, have everyone pay the same tax rate, it omits some very crucial information – it would mean drastically decreasing taxation on the rich to tax far, far more heavily the poor and middle class. In all probability it is the wealthy that are pushing for this. You see, as of 2007, the wealthiest 10% of the country paid 71.2% of the taxes, and for good reason. That wealthiest 10% accounted for 48.1% of the total gross income.[1] However, income is not the same as total net worth.

"The top 10% have 80% to 90% of stocks, bonds, trust funds, and business equity, and over 75% of non-home real estate. Since financial wealth is what counts as far as the control of income-producing assets, we can say that just 10% of the people own the United States of America."

Prof. G. William Domhoff, University of CA[2]

According to the research by Edward Wolff (in turn based on the Survey of Consumer Finances put out by the Federal Reserve Board[3]), the wealthiest 1% in America holds 34.6% of the nation's net worth, while the poorest 80% combined holds just 15% of the net worth – meaning the richest 20% in the country combine for the other 85%. The richest 5% controls 61.9% of the nation's net worth. [4]

In other words, since the wealthiest 10% of the nation controls 73% of the nation's wealth and pays 71.2% of the nation's taxes, if you made a 'Flat Tax' where everyone pays the same rate (even though the wealthy disproportionately hold most of the wealth), it would mean not only would the wealthy have to pay far, far less than they do now but everyone else would have to be taxed a LOT to make up for all the money the rich are not paying.

U.S. Wealth Divisions	Wealth/Net Worth	Cumulative %
Richest 1%	34.6%	34.6%
Richest 2-5%	27.3%	61.9%
Richest 6-10%	11.2%	73.1%
Richest 11-20%	12.0%	85.0%
Richest 21-40%	10.9%	95.9%
Richest 41-60%	4.0%	99.8%
Poorest 40%	0.2%	100.0%
Based on data from Edward Wolff, Levy Institute.		

According to Table 1 of the Tax Foundation's data (in turn based on data from the IRS) [5], the Income Tax accounts for $1.1 trillion of the government's income with an average tax rate for all taxpayers of 12.68%.[1]

Under the current income tax, taxpayers pay as follows:

	Tax Payers	Adjusted Gross Income	Income Tax (Millions)	Tax Rate	Share of Taxes
All Tax-payers	141,070,971	$8,798,500	$1,115,760	12.68%	100.00%
Top 1%	1,410,710	$2,008,259	$451,181	22.47%	40.44%
2-5%	5,642,839	$1,286,283	$225,367	17.52%	20.20%
6-10%	7,053,548	$933,297	$118,139	12.66%	10.59%
11-25%	21,160,646	$1,817,515	$171,443	9.43%	15.37%
26-50%	35,267,742	$1,674,859	$117,369	7.01%	10.52%
Bottom 50%	70,535,486	$1,078,287	$32,261	2.99%	2.89%

But under a Flat Tax, that would change to[i]:

	Income Tax (Millions)	Tax Rate	Share of Taxes	Change in Tax	Change in Rate
All Taxpayers	$1,115,650	12.68%	100.00%		
Top 1%	$254,647	12.68%	22.83%	-$196,534	-9.79%
2-5%	$163,101	12.68%	14.62%	-$62,266	-4.84%
6-10%	$118,342	12.68%	10.61%	$203	0.02%
11-25%	$230,461	12.68%	20.66%	$59,018	3.25%
26-50%	$212,372	12.68%	19.04%	$95,003	5.67%
Bottom 50%	$136,727	12.68%	12.26%	$104,466	9.69%

So basically, the Flat Tax has the effect of making the wealthiest 1% (1.5 million Americans) pay $200,000 less in taxes with about a 10% tax rate decrease, and the wealthiest 2-5% (5.6 million Americans) pay $60,000 less in taxes with about a 5% tax rate decrease. Meanwhile, the poorest 50% of Americans see a 10% tax rate increase and pay over $100,000 more in taxes, and the slightly upper-class, the richest 26-50%, see a 6% tax rate increase and pay about $100,000 more as well.

Now, even aside from the whole morality issue of effectively taking from the poor to give to the already sickeningly wealthy, who by the way control almost all the nation's wealth already, there is the question of whether this is truly best for the economy and small business. After all, what are those wealthy 5% of Americans likely to do with the money?

Yes they will invest it – but quite likely in the large companies outsourcing. What you're doing with such a tax is putting as much of the money as possible in the hands of about 7 million people, and

---

[i] I did not copy Tax Foundation's charts, though I mimicked the format somewhat and used their Table 1 to verify my own results. I recalculated the data entirely via the IRS Source they provided using Table 6: Individual Income Tax Rates and Tax Shares: http://www.irs.gov/pub/irs-soi/07in06tr.xls

trusting them to do all the business investing and buying in the economy. That means less money in the hands of the bottom 75% of the economy with which to buy your cheaper, everyday goods, create small businesses, or donate politically.

The basic concept behind the free market is competition, correct? But such a tax is anti-competitive. It means fewer companies overall, directed by fewer people, and less opportunity for a full 75% of the nation to create small businesses. And with fewer small businesses, just a few large ones left run by the ultra-rich, you will get less competition in the market, fewer jobs, monopolism, and quite possibly higher prices and price-fixing as a result.

Another problem with the ultra-rich having all the money to invest is that they will have more ability to invest internationally, rather than locally, with the resources to consider global alternatives rather than the immediate, and thus their use of the money may benefit the global economy, but not necessarily America, and certainly not Americans in general. Furthermore, large companies are more likely to outsource than smaller ones since they have the power to move overseas, that a cash-strapped small business will not.

Eliminating the Minimum Wage

Like a Flat Tax, this sounds good on the surface – no minimum wage means that companies can hire more workers.[6] However, that is because companies can pay workers less. Already we are seeing people who once worked one single, good-paying job, having to work multiple part-time jobs to make ends meet.

A fallacy committed with such reasoning is False Dilemma, which assumes just two solutions to the problem in question, when there are in fact more. After all, just because raising the minimum wage too high causes problems, does not mean the minimum wage is bad, or should be eliminated altogether.

"The number of persons employed part time for economic reasons (sometimes referred to as involuntary part-time workers) increased by 331,000 over the month to 8.9 million. These individuals were working part time because their hours had been cut back or because they were unable to find a full-time job."

Bureau of Labor Statistics, Sept. 2010 [7]

Problems are caused by having the minimum wage either too high or too low:

TOO HIGH	TOO LOW
• Fewer workers can be hired, resulting in less employment. • Small business is hampered, unable to handle the higher costs. • Business goes to other countries for cheaper labor.	• Workers have to work more part-time jobs to make ends meet. • CEOs just give themselves the money in the form of bonuses rather than hiring more workers. • Workers can be paid dirt-cheap, poor get poorer, rich richer.

The solution of course is not one extreme or the other. You have to find a proper balance that allows small businesses to compete, does not burden business unduly, and yet requires a fair living wage for workers. It should also be pointed out that higher minimum wages are likely to be detrimental right now because of the impacts of outsourcing.

Without a trade policy like the one I've proposed, goods imported to the U.S. are cheaper because they are made with cheaper labor overseas, where there are no decent minimum wages. Therefore, a higher minimum wage in the U.S. won't matter until we tax goods from other countries with low minimum wages, or business will just go to those countries rather than hiring workers here. It's not that minimum wages are bad, but that without confronting the issue of low minimum wages in other countries through use of a trade protection, they will drive business to countries where there are no minimum wages, and workers can be paid and treated like dirt.

"The CEOs of the 50 U.S. companies that laid off the most workers between November 2008 and April 2010 were paid $12 million on average in 2009, or 42 percent more than the average across the Standard & Poor's 500, according to a study by the Institute for Policy Studies, a Washington think tank."

Reuters[9]

The solution is not living in the Sahara or Antarctica. One should avoid both harmful extremes, and strike the balance which will avoid both sets of negative outcomes as best possible. Furthermore, companies like to hire the bare minimum so they can make the maximum profit. They are still not likely to hire workers to do nothing. It should also be pointed out that just because layoffs are currently occurring, does not mean the company can't afford to hire more workers, or that CEOs are having their pay cut. In fact, CEO pay actually rose in 2009, particularly among companies that laid off the most workers, according to a report by the Institute for Policy Studies.[8] In chapter 5 I addressed this subject of CEOs who are firing workers even as their companies are profiting, and they themselves are receiving huge bonuses, not only from those firings, but directly from taxpayers via government bailouts.\

National Sales Tax

Much as I personally would love for a national sales tax to be a simple alternative to our current income tax, I just see several irresolvable problems plaguing it as things stand.

Overseas Buying: This is the primary concern for me. Even if you design a sales tax that fairly taxes the rich according to their wealth and avoids taxing basic goods, the rich have the resources to simply buy their luxury goods overseas and then bring them with them into the U.S. Reasonably, how do you prevent that? How do you tax the goods to make up for their buying of goods elsewhere? Even if you were to somehow devise a system for taxing the goods when they are brought in, that does not stop them from buying goods out of country and keeping them out of country, with money made here in the U.S. As such, it would be too easy to dodge such a tax system for the rich and for tax revenues to decline drastically as a result.

Wealth Differential: As shown for the Flat Tax previously, the rich disproportionately control the country's wealth. If you use any other system but an income tax, the rich are likely to dodge it by buying elsewhere, and become even richer. For a sales tax to therefore be fair in regards to wealth it would need to tax goods differently based on their status as a luxury good vs. a good necessary to survival – you would need to tax basic foods and toiletries at a low or zero rate, and tax luxury goods generally at higher rates for their cost. However, even designing such a system – which I'd love to see if I thought it could work – you still have to overcome the first point, per above, and prevent dodging of the system by overseas purchases. And I have yet to come up with a solution to address that particular loophole.

As such, it appears we are stuck with our current Income Tax system, though perhaps elimination of payroll taxes like FICA might prove viable. The best solution at present appears to be simplifying the system to try and achieve the same effect with far less paperwork. Figure out what information accounts for the largest percentage of accuracy in determining wealth and try to trim out everything else. One would think that with perhaps 15 questions answered a reasonably good estimate of wealth status could be achieved for taxation, and that beyond that, more questions might prove more trouble than they are worth.

Sources

[1]Prante, G. (2009, July 30). 'Summary of Latest Federal Individual Income Tax Data'. Table 1. Tax Foundation. Retrieved from http://www.taxfoundation.org/news/show/250.html.

[2] Domhoff, W.G. (2006, September). Who Rules America: Wealth, Income, and Power. University of California at Santa Cruz. Retrieved from http://www2.ucsc.edu/whorulesamerica/power/wealth.html

[3]Federal Reserve Board (2009, February 17). 2007 Survey of Consumer Finances. Retrieved from http://www.federalreserve.gov/pubs/oss/oss2/scfindex.html

[4]Wolff, E. (2010, March). Working Paper No. 589, 'Recent Trends in Household Wealth in the United States: Rising Debt and the Middle Class Squeeze'. Appendix B, Table 2. The Size Distribution of Wealth and Income, 1983-2007. pg. 44. Levy Economics Institute of Bard College. Retrieved from http://www.levyinstitute.org/publications/?docid=1235

[5](2010, July 9). SOI Tax Stats – Individual Statistical Tables by Tax Rate and Income Percentile. IRS.gov. Retrieved from http://www.irs.gov/taxstats/indtaxstats/article/0,,id=133521,00.html

[6]Carden, A. (2010, September 13). Scrap the Minimum Wage. Forbes Magazine. Retrieved from http://www.forbes.com/forbes/2010/0913/curing-unemployment-federal-uncle-sam-scrap-minimum-wage.html

[7]Bureau of Labor Statistics (2010, September 3). Employment Situation Summary. Retrieved from http://www.bls.gov/news.release/empsit.nr0.htm

[8]Anderson, S., Collins, C., Pizzigati, S., & Shih, K. (2010, September 1). Executive Excess 2010: CEO Pay and the Great Recession. Institute for Policy Studies. Retrieved from http://www.ips-dc.org/reports/executive_excess_2010

[9](2010, September 1). Executive Compensation – CEOs Who Fired More, Earned More in '09: Study. Reuters. Retrieved from http://www.cnbc.com/id/38949303/CEOs_Who_Fired_More_Earned_More_in_09_Study

Appendix

Table 1. U.S. Budget 2012, Color-Coded.

Baseline Budget Authority and Outlays by Function, Category, and Program	**Key:**	**Section Headings and Section Costs** / **Costs greater than $100 billion, individual** / **Costs greater than $10 billion, less than $100 Billion, individual**	
(in millions of dollars)	**2012**	**Section %**	**Budget %**
050 National defense:			
Discretionary:			
Department of Defense-Military:			
Military personnel	**156,169**	**21.44%**	**4.28%**
Operation and maintenance	**298,236**	**40.94%**	**8.18%**
Procurement	**136,044**	**18.68%**	**3.73%**
Research, development, test and evaluation	**82,038**	**11.26%**	**2.25%**
Military construction	**17,569**	**2.41%**	**0.48%**
Family housing	2,291	0.31%	0.06%
Revolving, management, and trust funds and other	4,514	0.62%	0.12%

Total, Department of Defense-Military	696,861	95.67%	19.11%

Atomic energy defense activities:			
Department of Energy	**17,358**	**2.38%**	**0.48%**
Formerly utilized sites remedial action	137	0.02%	0.00%
Defense nuclear facilities safety board	27	0.00%	0.00%

Total, Atomic energy defense activities	17,522	2.41%	0.48%

Defense-related activities:			
Federal Bureau of Investigation	4,548	0.62%	0.12%
Other discretionary programs	2,742	0.38%	0.08%

Total, Defense-related activities	7,290	1.00%	0.20%

Total, Discretionary	721,673	99.07%	19.79%

Mandatory:			
Department of Defense-Military:			
Concurrent receipt accrual payments to the Military Retirement Fund	5,475	0.75%	0.15%
Revolving, trust and other DoD mandatory	1,182	0.16%	0.03%

Offsetting receipts	-1,648	-0.23%	-0.05%

Total, Department of Defense-Military	5,009	0.69%	0.14%

Atomic energy defense activities:			
Energy employees occupational illness compensation program and other	1,158	0.16%	0.03%
Defense-related activities:			
Radiation exposure compensation trust fund	60	0.01%	0.00%
Payment to CIA retirement fund and other	514	0.07%	0.01%

Total, Defense-related activities	574	0.08%	0.02%

Total, Mandatory	6,741	0.93%	0.18%

Total, National defense	**728,414**	**100.00%**	**19.98%**
	======		
150 International affairs:			
Discretionary:			
International development and humanitarian assistance:			
Development assistance	2,555	3.82%	0.07%
Department of Agriculture food aid	1,927	2.88%	0.05%
Refugee programs	1,763	2.64%	0.05%
Millennium challenge corporation	1,122	1.68%	0.03%
Global health	7,888	11.80%	0.22%
International disaster assistance	857	1.28%	0.02%
Other development and humanitarian assistance	1,662	2.49%	0.05%
Multilateral development banks (MDB's)	2,072	3.10%	0.06%
Peace Corps	408	0.61%	0.01%
International narcotics control and law enforcement	1,623	2.43%	0.04%
USAID operations	1,617	2.42%	0.04%
Overseas Private Investment Corporation	-202	-0.30%	-0.01%

Total, International development and humanitarian assistance	23,292	34.85%	0.64%

International security assistance:			
Foreign military financing grants	5,232	7.83%	0.14%
Economic support fund	6,430	9.62%	0.18%
Nonproliferation, antiterrorism, demining, and related programs	765	1.14%	0.02%
Other security assistance	1,157	1.73%	0.03%

Total, International security assistance	13,584	20.32%	0.37%

Conduct of foreign affairs:			
State Department operations	8,947	13.39%	0.25%
Embassy security, construction, and maintenance	1,751	2.62%	0.05%
Assessed contributions to international organizations	1,706	2.55%	0.05%
Assessed contributions for international peacekeeping	2,155	3.22%	0.06%
Other conduct of foreign affairs	440	0.66%	0.01%

Total, Conduct of foreign affairs	14,999	22.44%	0.41%

Foreign information and exchange activities:			
Educational and cultural exchanges	645	0.97%	0.02%
International broadcasting	765	1.14%	0.02%
Other information and exchange activities	175	0.26%	0.00%

Total, Foreign information and exchange activities	1,585	2.37%	0.04%

International financial programs:			
Export-Import Bank	-228	-0.34%	-0.01%
Total, Discretionary	53,232	79.64%	1.46%

Mandatory:			
International development and humanitarian assistance:			
Credit liquidating accounts	-585	-0.88%	-0.02%
Receipts and other	68	0.10%	0.00%

Total, International development and humanitarian assistance	-517	-0.77%	-0.01%

International security assistance:			
Foreign military loan liquidating account	-171	-0.26%	0.00%
Conduct of foreign affairs:			
Trust funds and other	50	0.07%	0.00%
Foreign information and exchange activities:			
Mandatory programs	1	0.00%	0.00%
International financial programs:			
Foreign military sales trust fund (net)	**14,257**	**21.33%**	**0.39%**
Credit liquidating account (Ex-Im)	-14	-0.02%	0.00%
Export-Import Bank - subsidy reestimates	-0--		

Total, International financial programs	14,243	21.31%	0.39%

Total, Mandatory	13,606	20.36%	0.37%

Total, International affairs	**66,838**	**100.00%**	**1.83%**
	======		
250 General science, space, and technology:			
Discretionary:			
General science and basic research:			
National Science Foundation programs	6,905	21.89%	0.19%
Department of Energy science programs	4,977	15.78%	0.14%
Department of Homeland Security science and technology programs	1,016	3.22%	0.03%

Total, General science and basic research	12,898	40.89%	0.35%

Space flight, research, and supporting activities:			
Science, Exploration, and NASA supporting activities	**12,068**	**38.26%**	**0.33%**
Space operations	6,257	19.84%	0.17%
NASA Inspector General, education, and other	222	0.70%	0.01%

Total, Space flight, research, and supporting activities	18,547	58.80%	0.51%

Total, Discretionary	31,445	99.68%	0.86%

Mandatory:			
General science and basic research:			
National Science Foundation and other	100	0.32%	0.00%
Total, Mandatory	100	0.32%	0.00%

Total, General science, space, and technology	**31,545**	**100.00%**	**0.87%**
	======		
270 Energy:			
Discretionary:			
Energy supply:			
Fossil energy	686	5.86%	0.02%
Naval petroleum reserves operations	24	0.21%	0.00%
Uranium enrichment decontamination	113	0.97%	0.00%
Nuclear waste program	99	0.85%	0.00%
Federal power marketing	126	1.08%	0.00%

Title 17 Innovative Technology Loan Guarantee Program	-0--		
Electricity delivery and energy reliability	168	1.44%	0.00%
Energy efficiency and renewable energy	1,232	10.53%	0.03%
Nuclear energy R&D	800	6.84%	0.02%
Non-defense environmental management and other	239	2.04%	0.01%

Total, Energy supply	3,487	29.80%	0.10%

Energy conservation:			
Advanced Technology Vehicles Manufacturing Loan Program	21	0.18%	0.00%
Energy efficiency and renewable energy	1,048	8.96%	0.03%
Other energy conservation	50	0.43%	0.00%

Total, Energy conservation	1,119	9.56%	0.03%

Emergency energy preparedness:			
Energy preparedness	259	2.21%	0.01%
Energy information, policy, and regulation:			
Nuclear Regulatory Commission (NRC)	177	1.51%	0.00%
Federal Energy Regulatory Commission fees and recoveries, and other	-29	-0.25%	0.00%
Department of Energy departmental management, OIG, EIA administration	344	2.94%	0.01%

Total, Energy information, policy, and regulation	492	4.21%	0.01%

Total, Discretionary	5,357	45.79%	0.15%

Mandatory:			
Energy supply:			
Naval petroleum reserves oil and gas sales	-1	-0.01%	0.00%
Federal power marketing	134	1.15%	0.00%
Tennessee Valley Authority	1,125	9.62%	0.03%
United States Enrichment Corporation	-6	-0.05%	0.00%
Nuclear waste fund program	-778	-6.65%	-0.02%
Research and development	20	0.17%	0.00%
Title 17 Innovative Technology Loan Guarantee Program	-0--		
Recovery Act grants in lieu of energy tax credits	6,481	55.39%	0.18%
Rural electric and telephone liquidating accounts	-803	-6.86%	-0.02%
Rural electric and telephone loan subsidy reestimates	-0--		
Other	24	0.21%	0.00%

Total, Energy supply	6,196	52.96%	0.17%

Energy conservation:		0.00%	0.00%
Advanced Technology Vehicles loan reestimate	-0--		
Other	47	0.40%	0.00%

Total, Energy conservation	47	0.40%	0.00%

Emergency energy preparedness:			
Energy information, policy, and regulation:			
Electric Reliability Organization	100	0.85%	0.00%
Total, Mandatory	6,343	54.21%	0.17%

Total, Energy	**11,700**	**100.00%**	**0.32%**
	======		
300 Natural resources and environment:			
Discretionary:			
Water resources:			
Corps of Engineers	5,316	12.97%	0.15%
Bureau of Reclamation	1,059	2.58%	0.03%
Watershed, flood prevention, and other	190	0.46%	0.01%

Total, Water resources	6,565	16.02%	0.18%

Conservation and land management:			
Forest Service	5,463	13.33%	0.15%
Management of public lands (BLM)	1,185	2.89%	0.03%
Conservation operations	978	2.39%	0.03%
Farm security and rural investment, discretionary change in mandatory program	-0--		
Fish and Wildlife Service	1,575	3.84%	0.04%
Other conservation and land management programs	1,529	3.73%	0.04%

Total, Conservation and land management	10,730	26.19%	0.29%

Recreational resources:			
Operation of recreational resources	2,875	7.02%	0.08%
Other recreational resources activities	24	0.06%	0.00%

Total, Recreational resources	2,899	7.07%	0.08%

Pollution control and abatement:			
Regulatory, enforcement, and research programs	4,072	9.94%	0.11%
State and tribal assistance grants	4,998	12.20%	0.14%
Hazardous substance superfund	1,339	3.27%	0.04%
Other control and abatement activities	194	0.47%	0.01%
Offsetting receipts	-15	-0.04%	0.00%

Total, Pollution control and abatement	10,588	25.84%	0.29%

Other natural resources:			
National Oceanic and Atmospheric Administration	4,926	12.02%	0.14%
United States Geological Service and other	1,596	3.89%	0.04%

Total, Other natural resources	6,522	15.92%	0.18%

Total, Discretionary	37,304	91.04%	1.02%

Mandatory:			
Water resources:			
Offsetting receipts and other mandatory water resource programs	123	0.30%	0.00%
Conservation and land management:			
Conservation Programs	7,387	18.03%	0.20%
Offsetting receipts	-4,749	-11.59%	-0.13%

Total, Conservation and land management	2,638	6.44%	0.07%

Recreational resources:			
Operation of recreational resources	1,376	3.36%	0.04%
Offsetting receipts	-419	-1.02%	-0.01%
Special recreation user fees	-37	-0.09%	0.00%

Total, Recreational resources	920	2.25%	0.03%

Pollution control and abatement:			
Superfund resources and other mandatory	-52	-0.13%	0.00%
Other natural resources:			
Coastal impact assistance	-0--		
Fees and mandatory programs	43	0.10%	0.00%

Total, Other natural resources	43	0.10%	0.00%

Total, Mandatory	3,672	8.96%	0.10%

Total, Natural resources and environment	**40,976**	**100.00%**	**1.12%**
	======		
350 Agriculture:			
Discretionary:			
Farm income stabilization:			
Agriculture credit loan program	477	2.62%	0.01%
P.L.480 market development activities	3	0.02%	0.00%
Commodity Credit Corporation Fund	61	0.33%	0.00%
Administrative expenses and other	1,793	9.83%	0.05%

Total, Farm income stabilization	2,334	12.80%	0.06%

Agricultural research and services:			
Research and education programs	2,090	11.46%	0.06%
Integrated research, education, and extension programs	61	0.33%	0.00%
Extension programs	502	2.75%	0.01%
Marketing programs	95	0.52%	0.00%
Animal and plant inspection programs	941	5.16%	0.03%
Research and statistical analysis	252	1.38%	0.01%
Grain inspection and packers program	45	0.25%	0.00%
Foreign agricultural service	186	1.02%	0.01%
Other programs and unallocated overhead	552	3.03%	0.02%

Total, Agricultural research and services	4,724	25.91%	0.13%

Total, Discretionary	7,058	38.71%	0.19%

Mandatory:			
Farm income stabilization:			
Commodity Credit Corporation	5,316	29.16%	0.15%
Crop insurance	3,142	17.23%	0.09%
Tobacco Trust Fund	960	5.27%	0.03%
Credit insurance and PL480 credit subsidy reestimates	-0--		
Other farm credit activities	1,483	8.13%	0.04%
Credit liquidating accounts (ACIF and FAC)	-163	-0.89%	0.00%

Total, Farm income stabilization	10,738	58.89%	0.29%

Agricultural research and services:			
Miscellaneous mandatory programs	637	3.49%	0.02%
Offsetting receipts	-200	-1.10%	-0.01%

Total, Agricultural research and services	437	2.40%	0.01%

Total, Mandatory	11,175	61.29%	0.31%

Total, Agriculture	**18,233**	**100.00%**	**0.50%**
	======		
370 Commerce and housing credit:			
Discretionary:			
Mortgage credit:			
Federal Housing Administration (FHA) loan programs	-5,293	141.79%	-0.15%
Government National Mortgage Association (GNMA)	-528	14.14%	-0.01%
Rural housing insurance fund	687	-18.40%	0.02%
Other mortgage credit	20	-0.54%	0.00%

Total, Mortgage credit	-5,114	136.99%	-0.14%

Postal service:			
Payments to the Postal Service fund (on-budget)	119	-3.19%	0.00%
Postal Service fund outlays (off-budget)	258	-6.91%	0.01%

Total, Postal service	377	-10.10%	0.01%

Deposit insurance:			
National credit union administration	2	-0.05%	0.00%
FDIC Office of the Inspector General	45	-1.21%	0.00%

Total, Deposit insurance	47	-1.26%	0.00%

Other advancement of commerce:			
Small and minority business assistance	798	-21.38%	0.02%
Science and technology	938	-25.13%	0.03%
Economic and demographic statistics	1,362	-36.49%	0.04%
Regulatory agencies	-298	7.98%	-0.01%
International Trade Administration	463	-12.40%	0.01%
Other discretionary	283	-7.58%	0.01%

Total, Other advancement of commerce	3,546	-94.99%	0.10%

Total, Discretionary	-1,144	30.65%	-0.03%

Mandatory:			
Mortgage credit:			
Federal Housing Administration (FHA) loan programs	5,025	-134.61%	0.14%
Government National Mortgage Association	-0--		
GSE purchase programs	-21,023	563.17%	-0.58%
Other HUD mortgage credit	-542	14.52%	-0.01%
Other mortgage credit activities	-331	8.87%	-0.01%

Total, Mortgage credit	-16,871	451.94%	-0.46%

Postal service:			
Receipt of Postal Service payments to the retiree health benefit fund for nonfunded liabilities (on- budget)	-5,600	150.01%	-0.15%
Postal Service (off-budget)	5,947	-159.31%	0.16%

Total, Postal service	347	-9.30%	0.01%

Deposit insurance:			
Federal Deposit Insurance Fund	-0--		
Orderly Liquidation Fund	855	-22.90%	0.02%
National credit union administration	1,900	-50.90%	0.05%
Other deposit insurance activities	15	-0.40%	0.00%

Total, Deposit insurance	2,770	-74.20%	0.08%

Other advancement of commerce:			
Universal service fund	9,095	-243.64%	0.25%
Terrorism Insurance Program	474	-12.70%	0.01%
Payments to copyright owners	-0--		
Spectrum auction subsidy	1	-0.03%	0.00%
Digital television transition and public safety fund	-0--		
Regulatory fees	-23	0.62%	0.00%
Credit liquidating accounts	-1	0.03%	0.00%
SBA business loan program and subsidy reestimate	-0--		
Continued dumping and subsidy offset	-0--		
Troubled Asset Relief Program equity purchases, direct loans, and loan guarantees	-0--		

Troubled Asset Relief Program administrative expenses	311	-8.33%	0.01%
Small Business Lending Fund Program Account	73	-1.96%	0.00%
State Small Business Credit Initiative	-0--		
Other	1,235	-33.08%	0.03%

Total, Other advancement of commerce	11,165	-299.09%	0.31%

Total, Mandatory	-2,589	69.35%	-0.07%

Total, Commerce and housing credit	**-3,733**	**100.00%**	**-0.10%**
	======		
400 Transportation:			
Discretionary:			
Ground transportation:			
Highways	956	1.01%	0.03%
Highway safety	3	0.00%	0.00%
Mass transit	152	0.16%	0.00%
Railroads	322	0.34%	0.01%
Other	137	0.15%	0.00%

Total, Ground transportation	1,570	1.66%	0.04%

Air transportation:			
Airports and airways (FAA)	**12,878**	**13.64%**	**0.35%**
Air transportation security	5,306	5.62%	0.15%
Aeronautical research and technology	514	0.54%	0.01%
Payments to air carriers	152	0.16%	0.00%

Total, Air transportation	18,850	19.96%	0.52%

Water transportation:			
Marine safety and transportation	8,426	8.92%	0.23%
Ocean shipping	252	0.27%	0.01%

Total, Water transportation	8,678	9.19%	0.24%

Other transportation:			
Transportation departmental administration and other	413	0.44%	0.01%
Total, Discretionary	29,511	31.25%	0.81%

Mandatory:			
Ground transportation:			
Highways	**42,461**	**44.97%**	**1.16%**
Highway safety	1,446	1.53%	0.04%
Mass transit	**10,907**	**11.55%**	**0.30%**
National Infrastructure Investments	609	0.64%	0.02%
Railways	4,122	4.37%	0.11%
Offsetting receipts, credit subsidy reestimates, and other	-47	-0.05%	0.00%

Total, Ground transportation	59,498	63.01%	1.63%

Air transportation:			
Airports and airways (FAA)	3,700	3.92%	0.10%
Payments to air carriers	50	0.05%	0.00%

Total, Air transportation	3,750	3.97%	0.10%

Water transportation:			
Coast Guard retired pay	1,440	1.52%	0.04%
MARAD ocean freight differential	175	0.19%	0.00%
Other water transportation programs	59	0.06%	0.00%

Total, Water transportation	1,674	1.77%	0.05%

Other transportation:			
Other mandatory transportation programs	-3	0.00%	0.00%
Total, Mandatory	64,919	68.75%	1.78%

Total, Transportation	**94,430**	**100.00%**	**2.59%**
	======		
450 Community and regional development:			
Discretionary:			
Community development:			
Community development fund	4,512	28.15%	0.12%
Other community development programs	1,324	8.26%	0.04%

Total, Community development	5,836	36.41%	0.16%

Area and regional development:			
Rural development	1,082	6.75%	0.03%

Economic Development Administration	299	1.87%	0.01%
Indian programs	1,677	10.46%	0.05%
Regional authorities and commissions	108	0.67%	0.00%

Total, Area and regional development	3,166	19.75%	0.09%

Disaster relief and insurance:			
Disaster relief	1,515	9.45%	0.04%
Small Business Administration disaster loans	80	0.50%	0.00%
Other FEMA state and local grants	3,987	24.88%	0.11%
Other disaster assistance programs	1,541	9.62%	0.04%

Total, Disaster relief and insurance	7,123	44.44%	0.20%

Total, Discretionary	16,125	100.61%	0.44%

Mandatory:			
Community development:			
Neighborhood Stabilization Program	-0--		
Other Mandatory programs	71	0.44%	0.00%

Total, Community development	71	0.44%	0.00%

Area and regional development:			
Indian programs	465	2.90%	0.01%
Rural development programs	116	0.72%	0.00%
Credit liquidating accounts	-155	-0.97%	0.00%
Offsetting receipts	-616	-3.84%	-0.02%

Total, Area and regional development	-190	-1.19%	-0.01%

Disaster relief and insurance:			
National flood insurance fund	-0--		
SBA disaster loan subsidy reestimates	-0--		
DHS disaster assistance, downward reestimates	23	0.14%	0.00%
Credit liquidating accounts	-2	-0.01%	0.00%

Total, Disaster relief and insurance	21	0.13%	0.00%

Total, Mandatory	-98	-0.61%	0.00%

Total, Community and regional development	**16,027**	**100.00%**	**0.44%**
	======		
500 Education, training, employment, and social services:			
Discretionary:			
Elementary, secondary, and vocational education:			
Education for the disadvantaged	**16,137**	**14.31%**	**0.44%**
Impact aid	1,294	1.15%	0.04%
School improvement	5,378	4.77%	0.15%
English language acquisition	761	0.68%	0.02%
Special education	**12,763**	**11.32%**	**0.35%**
Vocational and adult education	2,044	1.81%	0.06%
Indian education	946	0.84%	0.03%
Innovation and improvement	1,408	1.25%	0.04%
Safe schools and citizenship education	399	0.35%	0.01%
Other	25	0.02%	0.00%

Total, Elementary, secondary, and vocational education	41,155	36.51%	1.13%

Higher education:		0.00%	0.00%
Student financial assistance	**45,705**	**40.54%**	**1.25%**
Higher education	2,288	2.03%	0.06%
Student aid administration	888	0.79%	0.02%
SMART grants, discretionary change in mandatory program	-0--		
Other higher education programs	501	0.44%	0.01%

Total, Higher education	49,382	43.81%	1.35%

Research and general education aids:			
Library of Congress	526	0.47%	0.01%
Corporation for Public broadcasting	532	0.47%	0.01%
Smithsonian institution and related agencies	1,037	0.92%	0.03%
Institute of Education Sciences	668	0.59%	0.02%
Other	1,180	1.05%	0.03%

Total, Research and general education aids	3,943	3.50%	0.11%

Training and employment:			
Training and employment services	3,882	3.44%	0.11%
Older Americans employment	837	0.74%	0.02%

State employment services and national activities	1,212	1.08%	0.03%
Other employment and training	1,832	1.63%	0.05%

Total, Training and employment	7,763	6.89%	0.21%

Other labor services:			
Labor law, statistics, and other administration	1,911	1.70%	0.05%
Social services:		0.00%	0.00%
Rehabilitation services - Department of Education	428	0.38%	0.01%
Corporation for National and Community Service	1,135	1.01%	0.03%
Children and families services programs	9,445	8.38%	0.26%
Aging services program	1,538	1.36%	0.04%
Other	67	0.06%	0.00%

Total, Social services	12,613	11.19%	0.35%

Total, Discretionary	116,767	103.58%	3.20%

Mandatory:			
Elementary, secondary, and vocational education:			
Education Jobs Fund	-0--		
Other	873	0.77%	0.02%

Total, Elementary, secondary, and vocational education	873	0.77%	0.02%

Higher education:			
Student financial assistance	5,471	4.85%	0.15%
Federal family education loan program	-0--		
Federal direct loan program	-21,726	-19.27%	-0.60%
Academic competitiveness, SMART grants	-0--		
American Opportunity Tax Credit	4,416	3.92%	0.12%
Credit liquidating account (Family education loan program)	-148	-0.13%	0.00%
Other higher education programs	680	0.60%	0.02%

Total, Higher education	-11,307	-10.03%	-0.31%

Research and general education aids:			
Mandatory programs	7	0.01%	0.00%
Training and employment:			
Trade adjustment assistance, training	260	0.23%	0.01%

H-1B fee financed activities	638	0.57%	0.02%

Total, Training and employment	898	0.80%	0.02%

Other labor services:			
Other labor services	51	0.05%	0.00%
Social services:			
Social services block grant	1,785	1.58%	0.05%
Rehabilitation services - Department of Education	3,122	2.77%	0.09%
Supporting Healthy Families and Adolescent Development	505	0.45%	0.01%
Other social services	30	0.03%	0.00%

Total, Social services	5,442	4.83%	0.15%

Total, Mandatory	-4,036	-3.58%	-0.11%

Total, Education, training, employment, and social services	**112,731**	**100.00%**	**3.09%**
	======		
550 Health:			
Discretionary:			
Health care services:			
Substance abuse and mental health services	3,520	0.96%	0.10%
Indian health	4,137	1.13%	0.11%
Health Resources and Services Administration	6,749	1.84%	0.19%
Disease control, research, and training	6,299	1.71%	0.17%
Public health and social services emergency fund	1,056	0.29%	0.03%
Departmental management and other	751	0.20%	0.02%
Biodefense countermeasures acquisition (DHS)	-0--		

Total, Health care services	22,512	6.13%	0.62%

Health research and training:			
National Institutes of Health	**31,291**	**8.51%**	**0.86%**
Clinical training	858	0.23%	0.02%
Other health research and training	217	0.06%	0.01%

Total, Health research and training	32,366	8.81%	0.89%

Consumer and occupational health and safety:			
Food safety and inspection	1,058	0.29%	0.03%

Occupational and mine safety and health	967	0.26%	0.03%
Food and Drug Administration	2,690	0.73%	0.07%
Consumer Product Safety Commission	122	0.03%	0.00%

Total, Consumer and occupational health and safety	4,837	1.32%	0.13%

Total, Discretionary	59,715	16.25%	1.64%

Mandatory:			
Health care services:			
Grants to States for Medicaid	**270,725**	**73.67%**	**7.43%**
Children's Health Insurance Program (CHIP)	**15,027**	**4.09%**	**0.41%**
Health care tax credit	130	0.04%	0.00%
Refundable premium assistance tax credit	-0--		
Small business health insurance tax credit	259	0.07%	0.01%
Federal employees' and retired employees' health benefits	**10,856**	**2.95%**	**0.30%**
DoD Medicare-eligible retiree health care fund	9,918	2.70%	0.27%
UMWA Funds (coal miner retiree health)	258	0.07%	0.01%
State grants and demonstrations	530	0.14%	0.01%
COBRA tax credit	220	0.06%	0.01%
Child Enrollment Contingency Fund	16	0.00%	0.00%
Other mandatory health services activities	-1,177	-0.32%	-0.03%

Total, Health care services	306,762	83.47%	8.41%

Health research and training:			
Qualifying Therapeutic Discovery Project Grant	4	0.00%	0.00%
Patient-Centered Outcomes Research Trust Fund	150	0.04%	0.00%
Diabetes research and other	862	0.23%	0.02%

Total, Health research and training	1,016	0.28%	0.03%

Consumer and occupational health and safety:			
Other	-1	0.00%	0.00%
Total, Mandatory	307,777	83.75%	8.44%

Total, Health	**367,492**	**100.00%**	**10.08%**
	======		
570 Medicare:			
Discretionary:			

Medicare:			
Hospital insurance (HI) administrative expenses	2,429	0.51%	0.07%
Supplementary medical insurance (SMI) administrative expenses	3,051	0.64%	0.08%
Medicare prescription drug (SMI) administrative expenses	396	0.08%	0.01%
Health care fraud and abuse control	315	0.07%	0.01%

Total, Medicare	6,191	1.31%	0.17%

Total, Discretionary	6,191	1.31%	0.17%

Mandatory:			
Medicare:			
Hospital insurance (HI)	**262,413**	**55.33%**	**7.20%**
Supplementary medical insurance (SMI)	**218,879**	**46.15%**	**6.00%**
Medicare prescription drug (SMI)	**62,569**	**13.19%**	**1.72%**
HI premiums and collections	-3,652	-0.77%	-0.10%
SMI premiums and collections	-61,559	-12.98%	-1.69%
Prescription drug premiums and collections	-11,854	-2.50%	-0.33%
Health care fraud and abuse control	1,272	0.27%	0.03%
Medicare interfunds and other	-3	0.00%	0.00%

Total, Medicare	468,065	98.69%	12.84%

Total, Mandatory	468,065	98.69%	12.84%

Total, Medicare	**474,256**	**100.00%**	**13.01%**
	======		
600 Income security:			
Discretionary:			
General retirement and disability insurance (excluding social se:			
Railroad retirement	166	0.03%	0.00%
Employee Benefits Security Administration and other	161	0.03%	0.00%
Special workers' compensation program	2	0.00%	0.00%

Total, General retirement and disability insurance (excluding social se	329	0.06%	0.01%

Federal employee retirement and disability:			
Civilian retirement and disability program administrative expenses	108	0.02%	0.00%
Armed forces retirement home	105	0.02%	0.00%

Total, Federal employee retirement and disability	213	0.04%	0.01%

Unemployment compensation:			
Unemployment insurance program administrative expenses	3,458	0.64%	0.09%
Housing assistance:			
Section 8 rental assistance	**27,328**	**5.03%**	**0.75%**
Public housing operating fund	4,842	0.89%	0.13%
Public housing capital fund	2,534	0.47%	0.07%
Home Investment Partnership Program	1,851	0.34%	0.05%
Homeless assistance	1,891	0.35%	0.05%
Other HUD programs	3,746	0.69%	0.10%
Rural housing assistance	1,146	0.21%	0.03%

Total, Housing assistance	43,338	7.97%	1.19%

Food and nutrition assistance:			
Special supplemental food program for women, infants, and children (WIC)	6,789	1.25%	0.19%
Other nutrition programs	781	0.14%	0.02%

Total, Food and nutrition assistance	7,570	1.39%	0.21%

Other income security:			
Refugee assistance	741	0.14%	0.02%
Low income home energy assistance	5,171	0.95%	0.14%
Child care and development block grant	2,157	0.40%	0.06%
Supplemental security income (SSI) administrative expenses	3,660	0.67%	0.10%
Office of the Inspector General Social Security Administration	30	0.01%	0.00%

Total, Other income security	11,759	2.16%	0.32%

Total, Discretionary	66,667	12.26%	1.83%

Mandatory:			
General retirement and disability insurance (excluding social se:			
Railroad retirement	6,726	1.24%	0.18%
Black Lung and Longshore Act benefits	447	0.08%	0.01%
Pension Benefit Guaranty Corporation (PBGC)	-0--		
District of Columbia pension funds	603	0.11%	0.02%
Special workers' compensation program	147	0.03%	0.00%

Total, General retirement and disability insurance (excluding social se	7,923	1.46%	0.22%

Federal employee retirement and disability:			
Federal civilian employee retirement and disability	**75,344**	**13.86%**	**2.07%**
Military retirement	**48,455**	**8.91%**	**1.33%**
Federal employees workers' compensation (FECA)	353	0.06%	0.01%
Federal employees life insurance fund	44	0.01%	0.00%
Recovery Act tax credit for Federal retirees	-0--		

Total, Federal employee retirement and disability	124,196	22.84%	3.41%

Unemployment compensation:			
Unemployment insurance (UI) programs	**91,779**	**16.88%**	**2.52%**
Trade adjustment assistance, cash assistance	840	0.15%	0.02%

Total, Unemployment compensation	92,619	17.04%	2.54%

Housing assistance:			
Affordable housing program	216	0.04%	0.01%
First-time homebuyer tax credit	-0--		
Troubled Asset Relief Program mortgage modification program	-0--		
Recovery Act grants in lieu of low-income housing tax credits	450	0.08%	0.01%
Other mandatory housing assistance	-0--		

Total, Housing assistance	666	0.12%	0.02%

Food and nutrition assistance:			
Food stamps (incl. Puerto Rico)	**85,082**	**15.65%**	**2.33%**
State child nutrition programs	**19,016**	**3.50%**	**0.52%**
Funds for strengthening markets, income, and supply (Sec. 32)	1,100	0.20%	0.03%

Total, Food and nutrition assistance	105,198	19.35%	2.89%

Other income security:			
Supplemental security income (SSI)	**47,788**	**8.79%**	**1.31%**
Child support and family support programs	3,505	0.64%	0.10%
Federal share of child support collections	-835	-0.15%	-0.02%
Temporary assistance for needy families (TANF) and related programs	**17,352**	**3.19%**	**0.48%**

Child care entitlement to states	2,917	0.54%	0.08%
Foster care and adoption assistance	7,006	1.29%	0.19%
Earned income tax credit (EITC)	**46,495**	**8.55%**	**1.28%**
Child tax credit	**25,136**	**4.62%**	**0.69%**
Payment where recovery rebate exceeds liability for tax	-0--		
Refundable portion of alternative minimum tax credit	40	0.01%	0.00%
Making Work Pay Tax Credit	-0--		
Adoption tax credit	410	0.08%	0.01%
Children's research and technical assistance	52	0.01%	0.00%
SSI recoveries and receipts	-3,473	-0.64%	-0.10%

Total, Other income security	146,393	26.93%	4.02%

Total, Mandatory	476,995	87.74%	13.08%

Total, Income security	**543,662**	**100.00%**	**14.91%**
	======		
650 Social security:			
Discretionary:			
Social security:			
Old-age and survivors insurance (OASI) administrative expenses (off-budget)	3,069	0.40%	0.08%
Disability insurance (DI) administrative expenses (off- budget)	2,915	0.38%	0.08%
Other discretionary (on-budget)	-0--		

Total, Social security	5,984	0.78%	0.16%

Total, Discretionary	5,984	0.78%	0.16%

Mandatory:			
Social security:			
Old-age and survivors insurance (OASI)(off-budget)	**627,844**	**81.58%**	**17.22%**
Disability insurance (DI)(off-budget)	**135,740**	**17.64%**	**3.72%**
Economic Recovery Payments, Recovery Act	-0--		
Quinquennial OASDI adjustments (Pre-1957)(on- budget)	-0--		
Intragovernmental transactions (Unified-budget)	3		

Total, Social security	763,587	99.22%	20.94%

Total, Mandatory	763,587	99.22%	20.94%

Total, Social security	**769,571**	**100.00%**	**21.11%**
	======		
700 Veterans benefits and services:			
Discretionary:			
Income security for veterans:			
Filipino Veterans Equity Compensation and other	1	0.00%	0.00%
Veterans education, training, and rehabilitation:			
Grants for veterans' employment	46	0.04%	0.00%
Hospital and medical care for veterans:			
Medical care and hospital services	**46,695**	**36.09%**	**1.28%**
Medical facilities	5,869	4.54%	0.16%
Medical and prosthetic research	600	0.46%	0.02%
Collections for medical care	-2,990	-2.31%	-0.08%
Construction	2,025	1.57%	0.06%

Total, Hospital and medical care for veterans	52,199	40.35%	1.43%

Veterans housing:			
Housing loan program account	174	0.13%	0.00%
Other veterans benefits and services:			
National Cemetery Administration	304	0.23%	0.01%
Departmental administration	6,133	4.74%	0.17%
Other	151	0.12%	0.00%

Total, Other veterans benefits and services	6,588	5.09%	0.18%

Total, Discretionary	59,008	45.61%	1.62%

Mandatory:			
Income security for veterans:			
Compensation and pensions	58,067	44.88%	1.59%
Special benefits for certain World War II veterans	7	0.01%	0.00%
National service life insurance trust fund	1,043	0.81%	0.03%
All other insurance programs	104	0.08%	0.00%
National life insurance receipts	-84	-0.06%	0.00%

Total, Income security for veterans	59,137	45.71%	1.62%

Veterans education, training, and rehabilitation:			
Readjustment benefits	**11,011**	**8.51%**	**0.30%**

All-volunteer force educational assistance trust fund	-70	-0.05%	0.00%

Total, Veterans education, training, and rehabilitation	10,941	8.46%	0.30%

Hospital and medical care for veterans:			
Veterans housing:			
Housing program loan subsidies	295	0.23%	0.01%
Housing program loan liquidating account	-6	0.00%	0.00%

Total, Veterans housing	289	0.22%	0.01%

Other veterans benefits and services:			
National homes, Battle Monument contributions and other	4	0.00%	0.00%

Total, Other veterans benefits and services	4	0.00%	0.00%

Total, Mandatory	70,371	54.39%	1.93%

Total, Veterans benefits and services	**129,379**	**100.00%**	**3.55%**
	======		
750 Administration of justice:			
Discretionary:			
Federal law enforcement activities:			
Criminal investigations (DEA, FBI, DHS, FinCEN, ICDE)	6,163	9.61%	0.17%
Alcohol, tobacco, firearms, and explosives investigations (ATF)	1,162	1.81%	0.03%
Border and transportation security directorate activities	**18,592**	**28.98%**	**0.51%**
Equal Employment Opportunity Commission	380	0.59%	0.01%
Tax law, criminal investigations (IRS)	599	0.93%	0.02%
United States Secret Service	1,537	2.40%	0.04%
Other law enforcement activities	1,481	2.31%	0.04%

Total, Federal law enforcement activities	29,914	46.62%	0.82%

Federal litigative and judicial activities:			
Civil and criminal prosecution and representation	4,380	6.83%	0.12%
Representation of indigents in civil cases	426	0.66%	0.01%
Federal judicial and other litigative activities	6,785	10.58%	0.19%

Total, Federal litigative and judicial activities	11,591	18.07%	0.32%

Federal correctional activities:			
Federal prison system and detention trustee program	7,846	12.23%	0.22%
Criminal justice assistance:			
High-intensity drug trafficking areas program	242	0.38%	0.01%
State and Local Law Enforcement Assistance	1,721	2.68%	0.05%
Crime victims fund, discretionary change in mandatory program	-0--		
Other justice programs	1,940	3.02%	0.05%

Total, Criminal justice assistance	3,903	6.08%	0.11%

Total, Discretionary	53,254	83.00%	1.46%

Mandatory:			
Federal law enforcement activities:			
Border and transportation security directorate activities	4,209	6.56%	0.12%
Immigration and customs fees	-5,272	-8.22%	-0.14%
Treasury forfeiture fund	1,214	1.89%	0.03%
Other mandatory law enforcement programs	245	0.38%	0.01%

Total, Federal law enforcement activities	396	0.62%	0.01%

Federal litigative and judicial activities:			
Federal forfeiture fund	1,727	2.69%	0.05%
Federal judicial officers salaries and expenses and other mandatory programs	902	1.41%	0.02%

Total, Federal litigative and judicial activities	2,629	4.10%	0.07%

Federal correctional activities:			
Mandatory programs	-3	0.00%	0.00%
Criminal justice assistance:			
Crime victims fund	7,491	11.68%	0.21%
September 11 victim compensation	325	0.51%	0.01%
Public safety officers' benefits	67	0.10%	0.00%

Total, Criminal justice assistance	7,883	12.29%	0.22%

Total, Mandatory	10,905	17.00%	0.30%

Total, Administration of justice	**64,159**	**100.00%**	**1.76%**
	======		

800 General government:			
Discretionary:			
Legislative functions:			
Legislative branch discretionary programs	4,150	14.98%	0.11%
Executive direction and management:			
Drug control programs	156	0.56%	0.00%
Executive Office of the President	447	1.61%	0.01%
Other programs	4	0.01%	0.00%

Total, Executive direction and management	607	2.19%	0.02%

Central fiscal operations:			
Tax administration	**11,927**	**43.05%**	**0.33%**
Other fiscal operations	1,063	3.84%	0.03%

Total, Central fiscal operations	12,990	46.89%	0.36%

General property and records management:			
Federal Buildings Fund	-236	-0.85%	-0.01%
Records management	467	1.69%	0.01%
Other government-wide information technology and property management	154	0.56%	0.00%

Total, General property and records management	385	1.39%	0.01%

Central personnel management:			
Discretionary central personnel management programs	210	0.76%	0.01%
General purpose fiscal assistance:		0.00%	0.00%
Payments and loans to the District of Columbia	402	1.45%	0.01%
Other	15	0.05%	0.00%

Total, General purpose fiscal assistance	417	1.51%	0.01%

Other general government:			
Election assistance commission	91	0.33%	0.00%
Other discretionary programs	404	1.46%	0.01%

Total, Other general government	495	1.79%	0.01%

Total, Discretionary	19,254	69.50%	0.53%

Mandatory:			
Legislative functions:			
Congressional members compensation and other	129	0.47%	0.00%
Central fiscal operations:			
Payment for financial services	606	2.19%	0.02%
Charges for administrative expenses of the Social Security Act	-1,023	-3.69%	-0.03%
Other mandatory programs	439	1.58%	0.01%

Total, Central fiscal operations	22	0.08%	0.00%

General property and records management:			
Mandatory programs	34	0.12%	0.00%
Offsetting receipts	-40	-0.14%	0.00%

Total, General property and records management	-6	-0.02%	0.00%

Central personnel management:		0.00%	0.00%
Flexible Benefits Plan Reserve	-0--		

Total, Central personnel management	-0--		

General purpose fiscal assistance:			
Payments to States and counties	414	1.49%	0.01%
Tax revenues for Puerto Rico (Treasury)	522	1.88%	0.01%
Other general purpose fiscal assistance	2,849	10.28%	0.08%
Build American Bond Payments, Recovery Act	2,990	10.79%	0.08%

Total, General purpose fiscal assistance	6,775	24.45%	0.19%

Other general government:			
Territories	231	0.83%	0.01%
Treasury claims and judgments	2,692	9.72%	0.07%
Presidential election campaign fund	36	0.13%	0.00%
Other mandatory programs	-3	-0.01%	0.00%

Total, Other general government	2,956	10.67%	0.08%

Deductions for offsetting receipts:			
Offsetting receipts	-1,426	-5.15%	-0.04%
Total, Mandatory	8,450	30.50%	0.23%

Total, General government	**27,704**	**100.00%**	**0.76%**
	======		
900 Net interest:			
Mandatory:			
Interest on Treasury debt securities (gross):			
Interest paid on Treasury debt securities (gross)	**277,877**	**115.77%**	**7.62%**
Interest paid to trust funds	**180,186**	**75.07%**	**4.94%**
Interest paid to expenditure accounts	5,461	2.28%	0.15%
Interest paid to offsetting receipts in subfunction 908	**10,644**	**4.43%**	**0.29%**

Total, Interest on Treasury debt securities (gross)	474,168	197.55%	13.00%

Interest received by on-budget trust funds:			
Civil service retirement and disability fund	-34,255	-14.27%	-0.94%
Military retirement	-15,189	-6.33%	-0.42%
Foreign service retirement and disability trust fund	-808	-0.34%	-0.02%
Supplemental Medical Insurance fund	-3,694	-1.54%	-0.10%
Hospital Insurance fund	-11,313	-4.71%	-0.31%
Unemployment trust fund	-301	-0.13%	-0.01%
Veterans Affairs, NSLI	-358	-0.15%	-0.01%
Airport and airway trust fund	-200	-0.08%	-0.01%
Other on-budget trust funds	-728	-0.30%	-0.02%
Interest not offset in subfunction 901	-428	-0.18%	-0.01%

Total, Interest received by on-budget trust funds	-67,274	-28.03%	-1.85%

Interest received by off-budget trust funds:		0.00%	0.00%
Interest received by social security trust funds	-113,340	-47.22%	-3.11%
Other interest:		0.00%	0.00%
Interest on loans to Federal Financing Bank	-2,479	-1.03%	-0.07%
Interest on refunds of tax collections	3,289	1.37%	0.09%
Payment to the Resolution Funding Corporation	2,178	0.91%	0.06%
Interest paid to credit financing accounts	**19,364**	**8.07%**	**0.53%**
Interest received from credit financing accounts	-59,545	-24.81%	-1.63%
Interest on deposits in tax and loan accounts	-163	-0.07%	0.00%
Interest, DoD retiree health care fund	-7,029	-2.93%	-0.19%
Interest, Nuclear waste disposal fund	-1,518	-0.63%	-0.04%
Interest on loans to CCC	-37	-0.02%	0.00%
Interest on loans to the national flood insurance fund	-278	-0.12%	-0.01%

Interest, Postal retiree health fund	-1,640	-0.68%	-0.04%
Interest, other special and revolving funds	-469	-0.20%	-0.01%
Interest on unemployment insurance loans to States	-1,830	-0.76%	-0.05%
All other interest	-2,663	-1.11%	-0.07%

Total, Other interest	-52,820	-22.01%	-1.45%

Other investment income:		0.00%	0.00%
Private sector holdings, National Railroad Retirement Investment Trust	-704	-0.29%	-0.02%
Other	-1	0.00%	0.00%

Total, Other investment income	-705	-0.29%	-0.02%

Total, Mandatory	240,029	100.00%	6.58%

Total, Net interest	**240,029**	**100.00%**	**6.58%**
	======		
920 Allowances:			0.00%
Mandatory:			0.00%
Future Disaster Cost:			0.00%
Allowance for Future Disaster Costs	**10,000**	**100.00%**	**0.27%**
Total, Mandatory	10,000	100.00%	0.27%

Total, Allowances	**10,000**	**100.00%**	**0.27%**
	======		
950 Undistributed offsetting receipts:			
Mandatory:			
Employer share, employee retirement (on-budget):			
Employing agency contributions, military retirement fund	-27,503	28.26%	-0.75%
Employing agency contributions, DoD Retiree Health Care Fund	-11,033	11.34%	-0.30%
Employing agency contributions, Civil Service Retirement and Disability Fund	-19,161	19.69%	-0.53%
Postal Service contributions, Civil Service Retirement and Disability Fund	-3,800	3.90%	-0.10%
Contributions to HI trust fund	-3,987	4.10%	-0.11%
Other contributions to employee retirement and disability funds	-278	0.29%	-0.01%

Total, Employer share, employee retirement (on- budget)	-65,762	67.57%	-1.80%

Employer share, employee retirement (off-budget):		0.00%	0.00%

Contributions to social security trust funds	-15,205	15.62%	-0.42%
Rents and royalties on the Outer Continental Shelf:		0.00%	0.00%
OCS Receipts	-7,268	7.47%	-0.20%
Sale of major assets:		0.00%	0.00%
Proceeds from Sale of Securities from the AIG Credit Facility Trust	-4,035	4.15%	-0.11%
Privatization of Elk Hills	-0--		

Total, Sale of major assets	-4,035	4.15%	-0.11%

Other undistributed offsetting receipts:		0.00%	0.00%
Wireless Innovation and Infrastructure Initiative (WI3)	-5,050	5.19%	-0.14%
Digital television transition and public safety fund	-0--		

Total, Other undistributed offsetting receipts	-5,050	5.19%	-0.14%

Total, Mandatory	-97,320	100.00%	-2.67%

Total, Undistributed offsetting receipts	**-97,320**	**100.00%**	**-2.67%**
	======		
Total Budget Authority	**3,646,093**		100.00%
	======		
On-budget	3,053,912		83.76%
Off-budget	592,181		16.24%
Total Outlays	**3,698,965**		101.45%
	======		
On-budget	3,116,059		85.46%
Off-budget	582,906		15.99%

Table 2. U.S. Budget 2012, Summary.

Most Expensive Categories	Expense (in millions)	Budget %
Military (Sec. 050)	$728,414.00	19.98%
Health (Sec. 550 & 570)	$841,748.00	23.09%
Income Security (Sec. 600)	$543,662.00	14.91%
Social Security (Sec. 650)	$769,571.00	21.11%
Subtotal	**$2,883,395.00**	**79.08%**
Other Expenses	$860,018.00	23.59%
Offsetting Receipts	-$97,320.00	-2.67%
Total Budget	**$3,646,093.00**	**100%**

All Other Categories	Expense (in millions)	Budget %
Interest on Debt (Sec. 900)	$240,029.00	6.58%
Veterans Benefits & Services (Sec. 700)	$129,379.00	3.55%
Education, Training, Employment, & Social Services (Sec. 500)	$112,731.00	3.09%
Transportation (Sec. 400)	$94,430.00	2.59%
International Affairs (Sec. 150)	$66,838.00	1.83%
Administration of Justice (Sec. 750)	$64,159.00	1.76%
Natural Resources & Environment (Sec. 300)	$40,976.00	1.12%
General Science, Space, & Technology (Sec. 250)	$31,545.00	0.87%

General Government (Sec. 800)	$27,704.00	0.76%
Agriculture (Sec. 350)	$18,233.00	0.50%
Community & Regional Development (Sec. 450)	$16,027.00	0.44%
Energy (Sec. 270)	$11,700.00	0.32%
Allowances (Sec. 920)	$10,000.00	0.27%
Commerce and Housing Credit (Sec. 370)	-$3,733.00	-0.10%
Combined Minor Expenses	**$860,018.00**	**23.59%**

Table 3. List of Countries with Minimum Wages Above $4.00 an Hour.

Country	Imports	Trade Bal-ance	Imports: Ex-ports	Min. Wage[1]	Trade Rank	Exports Rank	Imports Rank
Canada	$316.5	-$35.6	1.13	$8.03	1	1	2
Japan	$128.8	-$62.6	1.95	$5.42	4	4	4
South Korea	$56.6	-$13.1	1.30	$5.27	7	7	6
United Kingdom	$51.2	$4.8	0.91	$10.86	6	5	7
Taiwan	$41.3	-$15.4	1.60	$5.85	10	15	10
France	$40.0	-$12.1	1.40	$8.51	9	13	11
Ireland	$39.2	-$31.6	5.16	$9.12	19	34	12
Switzerland	$24.4	$0.0	1.00	$7.43	17	16	20
Netherlands	$23.5	$19.4	0.55	$9.30	11	9	21
Israel	$23.0	-$9.1	1.65	$6.01	26	24	23
Belgium	$17.4	$12.5	0.58	$9.04	18	12	27
Spain	$11.0	-$0.3	1.03	$5.49	31	28	32
Australia	$10.2	$17.2	0.37	$9.34	24	14	33
Austria	$9.5	-$6.6	0.70	$6.78	44	54	37
Kuwait	$7.8	-$5.1	2.86	$5.93	48	57	42
Denmark	$6.8	-$4.5	3.01	$11.33	51	59	43
Turkey	$5.2	$9.4	0.36	$3.40	32	21	45
Argentina	$4.5	$5.4	0.46	$3.35	43	29	49
New Zealand	$3.2	$0.4	0.88	$8.07	56	47	59
Portugal	$2.6	-$1.3	1.97	$4.35	66	73	63
Greece	$0.9	$0.2	0.80	$5.51	87	80	83
Bahamas	$0.8	$2.6	0.23	$4.77	63	48	85
Slovenia	$0.5	$0.0	0.95	$4.67	97	95	93
Luxembourg	$0.5	$1.1	0.31	$9.34	84	68	95
Malta	$0.2	$0.5	0.35	$6.52	100	86	114
Cyprus	$0.0	$0.1	0.21	$5.75	164	154	155
Antigua and Barbuda	$0.0	$0.1	0.04	$4.10	154	139	173
San Marino	$0.0	$0.0	2.40	$7.55	213	220	179
Kiribati	$0.0	$0.0	0.03	$5.31	196	191	210

---

[1]Wikipedia. List of minimum wages by country. Retrieved from
http://en.wikipedia.org/wiki/List_of_minimum_wages_by_country