

## Option Two

# Strengthen the National Economy

**The national economy must be strengthened in order to have the national security we want in the 21st Century.**

**T**he wealth of a nation influences its national security. A wealthy nation has the resources needed to protect the health and well-being of its citizens. Superior economic strength helped America in World War II. This strength also was important to success against the Soviet Union in the years following World War II.

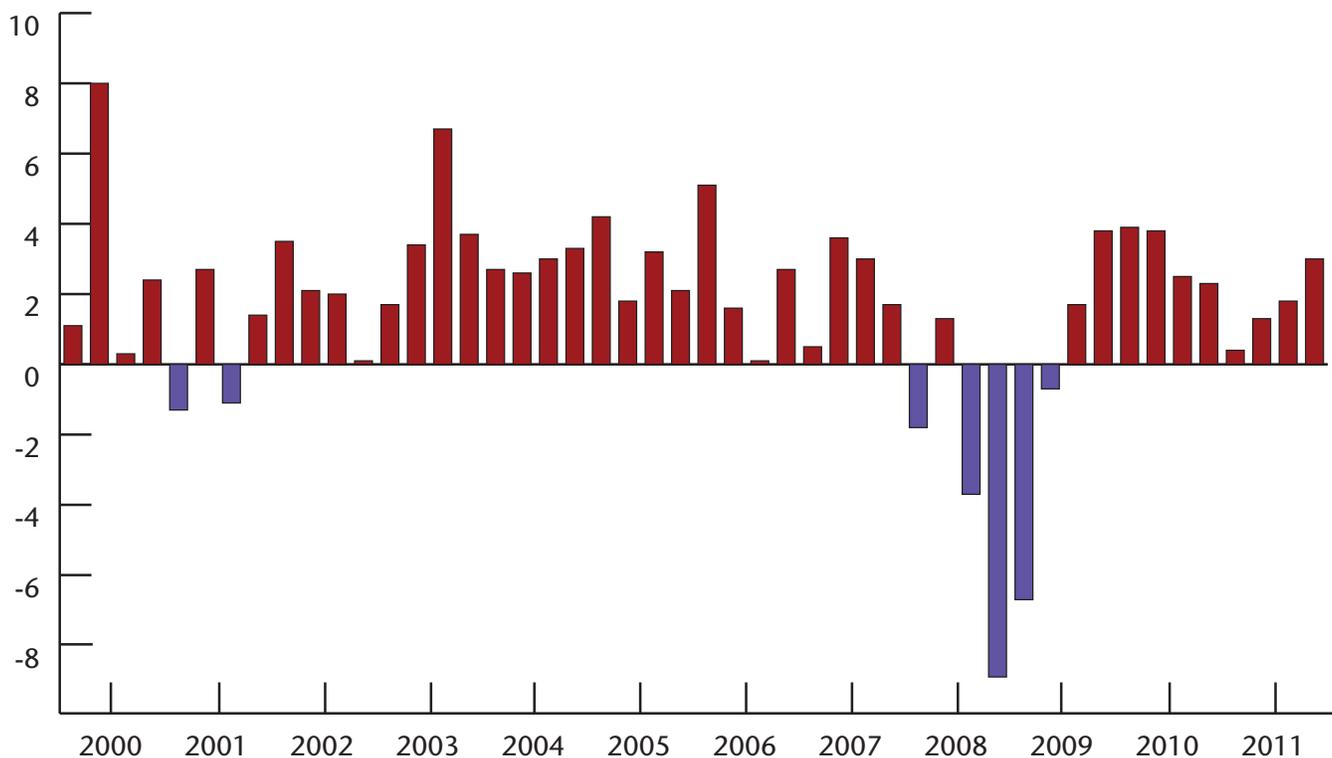
Until the early years of the 21st century, America produced more wealth than any other nation. Now, America's economy is losing strength. Experts predict that within 10 years, China will become the world's leading economy.

The economy of the United States has shrunk by 3.9 percent since 2008-2009. This is the worst decline since 1947. Today, the economy cannot support the level of national security that America wants.

Since 2008, America has suffered from several serious economic problems

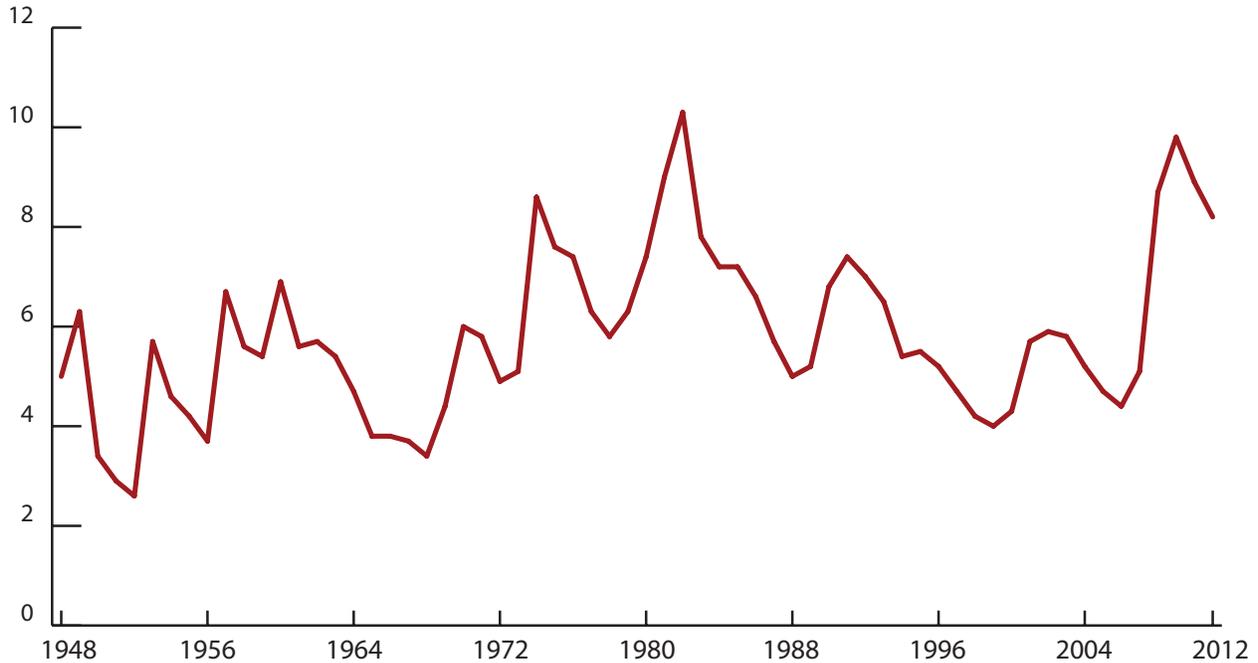
- the number of new jobs created has been low;
- unemployment has been high;

## Economic Growth Since 2000, Inflation-Adjusted Annualized GDP Growth



Source: Bureau of Economic Analysis

# Unemployment Rate



Source: United States Bureau of Labor Statistics

- the number of goods and **services** produced has fallen;
- income and wealth of individuals has declined;
- prices of some basic goods, such as gas, oil, and electric power have risen;
- money owed by individuals has increased;
- services from federal and state government, such as maintenance of highways and bridges, have decreased;
- money collected by government in **revenues** has greatly declined;
- money owed by government has greatly increased;
- benefits provided by government, such as pensions, healthcare, and welfare payments to poor and needy individuals, are in danger of being decreased or stopped.

While its economic situation is bad, America is not alone. Most nations, in every region of the world, are facing serious economic trouble. This is

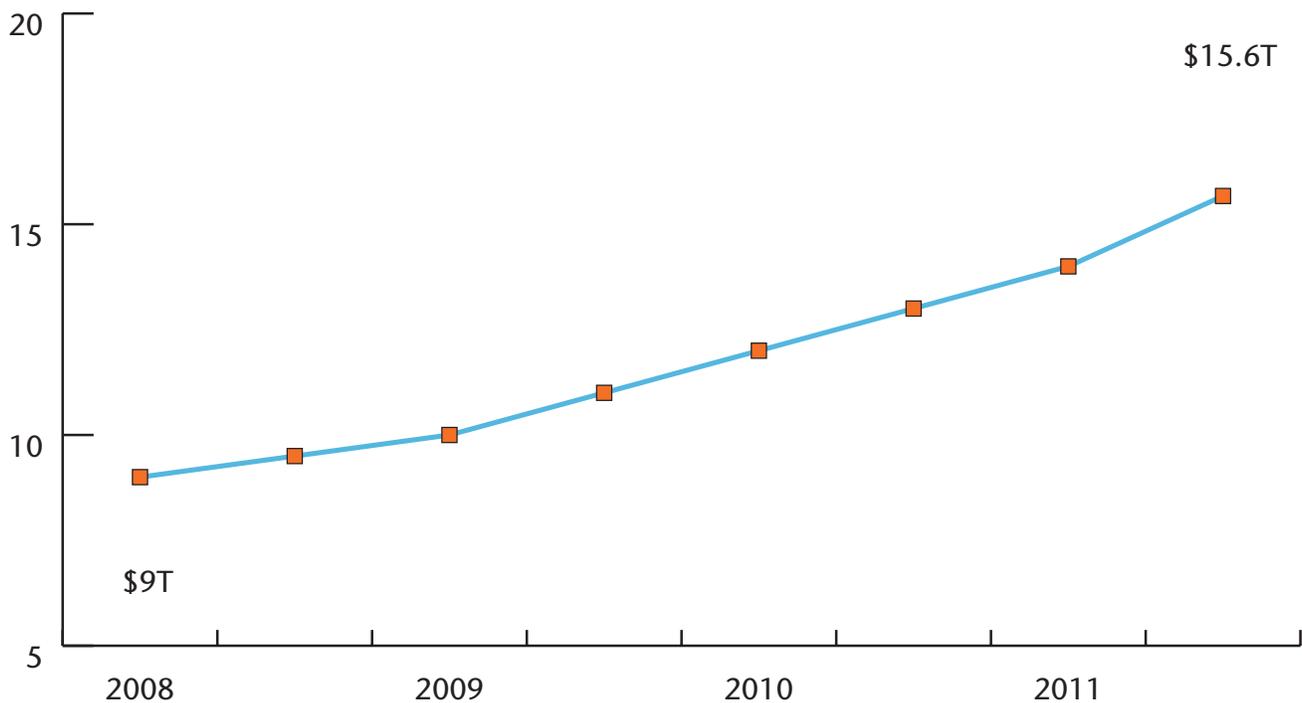
certainly true in Europe, and especially in Greece and Spain.

Strengthening America's economy is a huge challenge because the problems are so serious. For example, since 1997, America's trade deficit has been growing. The United States Census Bureau reported that the United States trade deficit was \$558 billion in 2011, an increase of \$38 billion from 2010.

Another major economic problem is the annual budget deficit of the United States government. This means that the United States government pays out more than it receives in revenue. The government borrows money from various sources, including China, to pay what it owes. The **national debt** was more than \$10 trillion in 2008. That was a debt of \$32,970 per American. It has continued to rise. By the middle of 2012, the national debt was more than \$15.7 trillion. This was a debt of more than \$50,000 for each American.

Why is the national debt so high and growing? Huge, continuing expenses add to America's

## The National Debt in Trillions of Dollars



Source: United States Treasury

enormous debt. For example, the United States spent \$607 billion on the military in 2008. By 2010, \$711 billion went to the United States military budget.

The United States has military forces stationed in foreign countries. It costs more than \$100 billion a year to maintain these military bases.

Foreign assistance programs have continued to increase every year. In 2008, the United States government spent \$25.4 billion to provide various kinds of aid to nation-states around the world. This was more than double the amount spent in 2000. In 2010, foreign aid expenses—military and economic—were \$52.7 billion.

### What We Can Do

We must strengthen the economy of the United States in order to have the national security we want in the 21st century. The national debt must be controlled and reduced, and the national economy must grow.

Here are some actions that we could take to strengthen the national economy, along with some drawbacks of each action suggested.

- Decrease military spending and the number of United States military bases around the world.

***But . . . if we cut back on military spending and reduce our military presence around the world, nations like China and Russia may build up their military strength. With less military power, the United States may also lose influence with other nations. That would make it harder to achieve many of our goals. Also, many communities and states in the United States are home to military bases or military-related industries. Reducing military spending may hurt the economies of these communities and states.***

- Decrease or end military and non-military assistance to other nations. Right now, the United States cannot afford to provide aid to other nations. We must use our resources and wealth to improve our economy and strengthen our national security.

**But . . .** *reducing or ending aid to other nations would reduce our influence in those countries.*

- Eliminate some government programs. On March 1, 2011, the Government Accountability Office issued a report on government programs. The report recommended reducing or eliminating some programs. It suggested that this could save billions of tax dollars and help agencies provide better services.

**But . . .** *if we rush to cut government spending, we could eliminate some necessary programs—for example, programs that assist the handicapped, the poor, young children, and the elderly—along with other programs that should be cut.*

- Encourage economic growth by investing in new energy resources and by improving the

**balance of trade.** The United States should increase investment in energy resources within its borders. It should also invest in alternative energy sources, such as wind power. By doing this, we can reduce our dependence on foreign energy providers. America should also enter into new **free-trade agreements** with other nations. Such agreements have led to economic growth in the past, and should have the same effect now. Both actions would improve our balance of trade.

**But . . .** *free-trade agreements without protecting workers and the natural environment may cost Americans jobs and damage the environment. Developing new energy sources, without careful planning, could also cause environmental problems.*