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ObamaCare and American Power

The lesson of Europe is that the U.S. can't fund a health entitlement and maintain superpower status.

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By **MAX BOOT**

A lot has been written about the impact of ObamaCare on health care and the economy. I am worried about its impact on our global power.

The United States currently spends roughly as much on defense (\$661 billion in fiscal year 2009) as the rest of the world combined. But that's a pittance compared to what we spend on three major entitlement programs—Social Security, Medicare and Medicaid. Combined, they cost \$1.38 trillion or almost 35% of the budget, compared with 17% for defense. And entitlements will only grow dramatically. The current unfunded liability for Social Security and Medicare, according to the 2009 Social Security and Medicare Trustees Report, is nearly \$107 trillion—seven times the size of our economy.

It's hard to remember now, but there was a time when the federal government spent most of its money on the armed forces. In 1962, the total federal budget was \$106 billion of which \$52 billion—almost half—went for defense. It wasn't until 1976 that entitlement spending exceeded defense spending. Since then the totals have been getting more lopsided—more for social programs, less, in relative terms, for defense.

In 1935, Franklin Roosevelt assured the public that the new Social Security system would not lead to runaway spending. In 1965, Lyndon Johnson pledged that the fiscal impact of Medicare would be minimal. And now Barack Obama cites a Congressional Budget Office estimate claiming that the vast new health-care entitlement will actually reduce the deficit.

Count me as skeptical. Odds are great that the cost-containment provisions will never be rigorously implemented while the promised subsidies will prove more costly than projected.

In other words, ObamaCare will likely continue the trend already evident during the first year of the administration—when, thanks to the bank bailout and stimulus bill, federal spending as a share of GDP soared to 24.7%, unprecedented in peacetime. If you add in state and local spending, the government as a whole consumes 37.5% of GDP, up from 34.7% in 2008. Prepare for those figures to climb further as government takes on new health-care obligations.

To consider the implications for defense, look at Europe. Last year government spending in the 27 European Union nations hit 52% of GDP. But most of them struggle to devote even 2% of GDP to defense, compared to more than 4% in the U.S.

When Europeans after World War II chose to skimp on defense and spend lavishly on social

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welfare, they abdicated their claims to great power status. That worked out well for them because their security was subsidized by the U.S.

But what happens if the U.S. switches spending from defense to social welfare? Who will protect what used to be known as the "Free World"? Who will police the sea lanes, stop the proliferation of weapons of mass destruction, combat terrorism, respond to genocide and other unconscionable human rights violations, and deter rogue states from aggression? Those are all responsibilities currently performed by America. But it will be increasingly hard to be globocop and nanny state at the same time. Something will have to give.

President Obama's budget projects that "core" defense spending (excluding supplemental appropriations for wars) will fall as a percentage of GDP to 3% in 2019 from 3.9% in 2010. Assuming the economy keeps growing, that will still deliver more defense spending in absolute terms—but economic growth may well be endangered by the higher taxes needed to fund ObamaCare. Even if defense spending stays steady, it will be increasingly hard to replace aging weapons systems such as Bradley Fighting Vehicles, Abrams tanks and Black Hawk helicopters, which were purchased during the Reagan defense buildup.

The Air Force, which is responsible for maintaining air and space superiority—a sine que non of American power—faces a particularly big budget crunch. Its aircraft are aging and need to be replaced (KC-135 tankers and B-52 bombers are more than 40 years old), but each new plane is much costlier than its predecessor.

The Navy faces a similar problem. It now has only 283 ships—the smallest number since 1916. Granted, each of those vessels is much more capable than earlier models. But at some point quality cannot substitute for a crippling lack of quantity.

The crunch will not come anytime soon. The U.S. will remain strong for years to come. But if we are looking at major threats to our global standing, we should not look at China, Iran or Russia. We have met the enemy and he is us—specifically, our insatiable demand for entitlement spending, which ObamaCare will only exacerbate.

Mr. Boot is a senior fellow in National Security Studies at the Council on Foreign Relations and author most recently of "War Made New: Technology, Warfare, and the Course of History, 1500 to Today" (Gotham, 2006).

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