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## Trump says we can reduce the debt by making U.S. allies pay for military protection. That's mostly wrong.

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Donald Trump has been steadily insisting that U.S. allies must pay their “fair share” of the world’s national security expenses, in NATO and similar alliances.

The United States is “getting killed” economically, Trump claims:

We’re a debtor nation . . . [and] one of the reasons we’re a debtor nation [is that] we spend so much on the military, but the military isn’t for us. The military is to be policeman for other countries.

This stance appeals to citizens weary of global commitments, connecting abstract national security questions to their personal economic fortunes.

Here are the problems with that position.

Trump’s perspective isn’t new

Trump is not alone in his critique. People on both the left and right have worried for a long time that U.S. global ambitions lead to high military spending, increased debt and weaker U.S. prosperity. In the 1980s, Yale historian Paul Kennedy popularized this argument in a best-selling book.

You could see this point of view in 2011, when Republican fiscal hawks in Congress broke with decades of support for a substantial Pentagon budget and voted for “sequestration,” or automatic federal budget cuts across a wide array of government programs. That included freezing Defense Department funding, despite the top brass’s dire warnings.

Polls show the American public increasingly coming to believe that the U.S. global role is becoming unsustainably costly.

A number of distinguished academics line up (on this issue) with Cato institute libertarians in echoing these concerns. Some prominent scholars even agree with Trump on the solution: Make allies uncertain enough about U.S. support that they increase their own military investments.

Even so, they're controversial

Many other academic experts and policymakers disagree profoundly. In fact, it's a big part of the reason so many Republican national security experts bailed on Trump, even before the recording of him boasting about apparent sexual assault. Their attitude — and that of the foreign policy establishment in general — is that you can't lead allies to doubt U.S. financial and military commitments without destroying U.S. credibility.

That point of view can be difficult to defend. It suggests that the United States is forever trapped by its global position into subsidizing its allies and saddling its economy with debt. When Hillary Clinton defended this position, Trump's response was telling: "Once the allies hear her dumb talk . . . why would they ever pay?"

With the U.S. economy expected to grow slowly and with a rising China, a challenging Russia and unstable Middle East, the nation's global position might look unsustainable to many.

But military spending isn't what causes increases in U.S. national debt

Here's the problem. There's an assumption that military spending leads to debt-induced economic decline. But as we show in our new article, there simply is no statistical evidence to support the claim that higher military spending leads to unsustainable debt.

Our analysis covers precisely the period during which arguments attributing economic decline to military spending took root and flourished. This period started in the post-Vietnam 1970s. It includes the "Reagan military buildup" of the 1980s, the most intense and costly phase of the arms race with the Soviet Union. And it also covers the dramatic escalation of U.S. military ambitions and spending in the 2000s, post-9/11.

Our statistical analysis confirms the impression conveyed by the graph below. We found no significant association between quarterly (or even yearly) increases in the growth of military expenditures and public debt.

Even during periods of military buildup and activist foreign policy, defense spending is less than other federal expenses. Our finding is consistent with analyses conducted by the nonpartisan Congressional Budget Office. The CBO's detailed budget forensics on both the Reagan buildup of the 1980s and the "war on terror" of the 2000-2010 period revealed that other federal expenses were larger than military spending in both periods.

Tax cuts are what cause increases in national debt

Ironically, we found the most significant explanatory variable for growth in America's public debt to be income and corporate tax cuts.

At the beginning of Ronald Reagan's administration, for example, Congress passed a bill slashing individual, corporate and estate taxes in an effort to stimulate the economy. More recently, Congress passed a raft of tax cuts proposed by President George W. Bush in the early 2000s and extended later during the presidency of Barack Obama.

Sure, tax cuts are only part of the deficit story, but they are the biggest part.

Trump is right that free-riding can be a problem. But the free-riding that matters is not by U.S. allies but by U.S. citizens who do not pay enough taxes. Politicians like Trump may wish to worry less about U.S. defense spending relative to other countries, and worry more about low tax revenue.

The empirical evidence from our research suggests that raising taxes, improving tax collection or removing tax concessions (e.g., closing tax breaks for wealthy or for well-connected U.S. corporations) are the options to explore if the goal is to reduce U.S. debt.