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Overspent and Overextended

Why is Washington spending so much on the military?

Doug Bandow | January 7, 2010

The U.S. dominates the globe militarily. America's reach exceeds that of the Roman and British Empires at their respective heights. The threats facing the U.S. pale compared to its capabilities. So why is Washington spending so much on the military?

The military budget is the price we pay for the nation's foreign policy. The U.S. currently is spending nearly as much as the rest of the world. In real terms, Washington is spending more today than at any time during the Cold War, the Korean War, or the Vietnam War.

In 2010 the U.S. will spend roughly \$700 billion on the military. The Obama administration's original non-war defense budget was \$534 billion. The latter is an increase of \$20 billion, or 4 percent (2 percent after inflation). Yet conservatives attacked Obama for "cutting" military outlays. Robert Kagan of the Carnegie Endowment for International Peace charged that the administration was signaling that "the American retreat has begun."

It is a curious form of "retreat." The U.S. is ramping up the war in Afghanistan. American troops continue to occupy Iraq. The U.S. remains the principal member of every major Cold War alliance: NATO, U.S.-Japan, and U.S.-Korea. America is allied with every major industrialized power outside of China and Russia. U.S. troops are stationed at hundreds of installations in scores of nations around the globe. The American secretary of state continues to circle the globe instructing other nations how to order their economies, reform their political systems, and behave in international relations.

Retreat indeed.

Despite initial plans for zero growth in defense spending in coming years, there are rumors that the Department of Defense will receive a 2 percent increase in real outlays through 2015. The Congressional Budget Office (CBO) estimates that the Pentagon needs about 6 percent more dollars just to carry out the administration's current plans. The CBO's Matthew Goldberg testified: "CBO projects that carrying out the plans proposed in the president's 2010 budget request ... would require defense resources averaging \$567 billion annually" in constant terms from 2011 to 2028, compared to just \$534 billion in 2010.

And with Congress voting to preserve weapons systems targeted by the administration, actual outlays likely will end up higher. Moreover, the "surge" in Afghanistan will boost Afghan war costs from about \$65 billion to \$95 billion in 2010 alone.

Still, none of this spending is enough for those determined to micro-manage the globe. The slightest caution, the least restraint, the barest hesitation is attacked as “isolationism.” Some conservatives want to enshrine a military build-up in law, mandating that outlays be fixed at 4, 5, or even 6 percent of GDP.

Hawks focus on the percentage of GDP going to the military—currently about 4.4 percent—since it has fallen over the years. The most recent peak was 6.2 percent in 1986. Thus, Thomas Donnelly of the American Enterprise Institute contends that the cost of “primacy” has been falling.

But America spends more dollars on the military today than in 1986 or at any other point since World War II. The numbers are striking. Using 2000 for constant dollars, the U.S. devoted \$774.6 billion to the military in 1945, the last year of World War II. In 1953, the last year of the Korean War, military outlays ran \$416.1 billion. Peak expenditures during the Vietnam War hit \$421.3 billion in 1968.

In contrast, in 2010, before the Afghan surge and other unplanned expenditures, the administration expected to spend \$517.8 billion (\$700 billion including Afghanistan and Iraq). That is more than during two large, hot wars. More than during a lengthy, often warm Cold War. And two-thirds as much as during the worst conflict in human history.

Expenditures as a percentage of GDP have fallen because the U.S. economy has grown, not because military outlays have dropped. The 2010 GDP (in 2000) will run about \$11.7 trillion. That is almost twice as much as in 1986 (also in 2000 dollars). That’s more than three times the U.S. GDP in 1968. It is nearly six times America’s GDP in 1953. And 6.6 times the GDP of 1945.

Thus, spending the same GDP percentage on the Pentagon today as in 1986 would double outlays. Spend the same percentage as in 1968 and expenditures would be three times as large. Do the same as in 1953 and spending would be six times as high. Military outlays should be tied to threats, not economic growth. Can anyone credibly claim the military threat facing America is two, three, or six times as great today as during those years?

Equally important, the U.S. spends vastly more than any other nation and devotes a larger percentage of its GDP on the military than do most of its allies and adversaries. Of course, a few poorer or smaller states spend more—columnist Jeff Huber points to “juggernauts like Burundi (5.9 percent), Eritrea (6.3 percent), and Qatar (10 percent).” But the GDP percentage tells us little about their capabilities.

U.S. outlays per capita dramatically outpace those of other nations. My Cato Institute colleague Chris Preble figures that in 2010 citizens in America will devote more than five times as much as Germans, about eight times as much as Japanese, and more than 27 times as much as Chinese.

Obviously, international comparisons of military expenditures and capabilities, especially over time, are uncertain. Even so, however one measures the cost of maintaining “primacy,” it isn’t small.

Moreover, primacy is not cost-effective. Primacy, with the objective of micro-managing affairs in every country on every continent, may satisfy the desires of Washington policymakers, but is not likely to improve the lives of common citizens. Sufficiency, that is, creating a military able to

protect the lives, liberties, and wealth of the American people, is a better standard. The first is not necessary for the second.

American foreign policy should reflect international realities and change over time. Both Nazi Germany and the Soviet Union were aggressive, hegemonic powers. Both were capable of threatening the survival of other nations. Both had allies around the world.

Today the U.S. faces no significant military threats—a circumstance Americans should celebrate, not regret. As Colin Powell famously declared in 1991 when chairman of the Joint Chiefs of Staff, “I’m running out of demons. I’m running out of enemies. I’m down to Castro and Kim Il Sung.”

The U.S. has no great power enemies. Relations with China and Russia are at times uneasy, but not confrontational, let alone warlike. Washington is allied with every other industrialized state.

America possesses the most sophisticated nuclear arsenal and most powerful conventional force. Washington’s ability to intervene is unparalleled: the U.S. possesses 11 carrier groups. Russia has one. India has one. There are no others.

Other nations, most notably China, are stirring. But it will take years for them to match, let alone overtake, the U.S. Even subtracting the costs of the Afghanistan and Iraq wars leaves American military outlays around five times those of China, 10 times those of Russia, and 20 times those of India. Add together a gaggle of adversaries, enemies, and rogues—Burma, Cuba, Iran, North Korea, Syria—and the U.S. spends perhaps 25 times as much.

Moreover, America is not alone. The European Union has 10 times the GDP and three times the population of Russia. The United Kingdom alone spends as much as Moscow. Military outlays by the U.S. plus its NATO allies account for about 70 percent of world military spending.

Add in America’s other allies and friends and the total share of global military outlays hits 80 percent. With the world’s second-ranking economy, Japan could do far more. South Korea has 40 times the GDP and twice the population of North Korea. In 2009 Australia issued a defense White Paper proposing a measured build-up in response to an expected reduction in U.S. dominance.

In short, Washington spends what it spends not to defend America but to maintain the ability to attack and overpower other nations—that’s what “primacy,” as Donnelly put it, really means. This perspective is reflected in oft-voiced concerns over Beijing’s ongoing military expansion. As Andrew F. Krepinevich, Jr. of the Center for Strategic and Budgetary Assessments observes: “China’s People’s Liberation Army is aggressively developing capabilities and strategies to degrade the U.S. military’s ability to project power into the region.” He did not express fear that China is planning aggression against America. Rather, he believed Beijing is hoping to prevent intervention by America.

Addressing the first is a vital U.S. interest. Avoiding the second is not. Moreover, it will be far less expensive for countries like China to deter an American attack than for America to preserve the ability to attack countries like China. The cost of the latter will only grow over time.

Terrorism remains a pressing security threat. However, terrorist attacks, such as 9/11, though horrid, do not pose an existential danger. Al-Qaeda is no replacement for Nazism and

Communism, nuclear-topped ICBMs, and armored divisions. Nor is traditional military force the best way to combat terrorism. International cooperation, improved intelligence, judicious use of Special Forces abroad, and smarter use of police forces at home will work far better in far more cases. Indeed, foreign intervention often promotes terrorism, rather like swatting a hornet's nest. The Reagan administration's misguided intervention in the Lebanese civil war is one of many examples.

America's military spending is determined by its foreign policy. *The Wall Street Journal* editorialized that "We learned on 9/11 that three percent [of GDP] isn't nearly enough to maintain our commitments and fight a war on terror." That's true, but irrelevant. America's commitments are a matter of choice, and the question is whether they make sense. They don't. The second issue is whether more money on the military would better prevent terrorism. It wouldn't.

In its 2010 budget justification the Department of Defense announced: "It is not enough to possess military forces capable of deterring or responding to aggression. Rather it is vital that the United States be a force for good by engaging with and helping to positively shape the world." Shaping the world might prove helpful, but that does not mean it is "vital"; engagement is good, but military force is not the only form of engagement. Any international involvement must balance costs and benefits.

Adjusting commitments would allow a vastly different, and less expensive, force structure. The U.S. could make significant cuts and still maintain the globe's strongest and most sophisticated military—and one well able to defend America and Americans.

Cutting commitments is an imperative for anyone committed to limited government. War is the ultimate big government program, the "health of the state," as social critic Randolph Bourne put it. The world is a dangerous place, but not all dangers are created equal and not all dangers must be confronted by America. The U.S. has global interests, but most are not worth going to war over. When the Constitution authorizes the federal government to "provide for the common defense," it means America's defense, not that of well-heeled allies and failed Third World states.

Even Defense Secretary Robert Gates acknowledges that "resources are scarce" at a time of massive deficits. Washington must reconsider its priorities. That means cutting back on the U.S. government's role abroad as well as at home. American primacy is bound to diminish. Deciding in what way and at what rate should be made by Washington, not forced by events.

Doug Bandow is a Senior Fellow at the Cato Institute. A former Special Assistant to President Ronald Reagan, he is the author of several books, including Foreign Follies: America's New Global Empire (Xulon).