Political Economy of Global Military Spending with Special Reference to U.S. Global Politico-Economic Ambitions

Sarwar Md. Saifullah Khaled

“War is a sort of hoodwinking” (Hadith: Bukhari Sharif). “One who hoodwinks shall not be counted as my followers” (Hadith: Muslim Sharif).

“Bad ideas flourish because they are in the interest of powerful groups” — Paul Krugman

Abstract: The paper highlights the scourge of global military spending to the utter neglect of global socio-economic welfare and peace through the UN. At present, the U.S. alone accounts for almost half of the global military spending to maintain its status as the sole ‘super-power’ to influence various policies of foreign countries and to tame the ‘disobedient’ ones to the advantage of big businesses, though often against its own common citizen’s economic wellbeing and the politico-economic will of the foreigners. Such role of the U.S. is dangerous for both itself and the world as a whole.

Section I – Introduction

1.1. The Concept of Defense (military)

The concept of defense (or defence) has several uses in the sphere of military application. Personal defense implies measures taken by individual soldiers in protecting themselves whether by use of protective materials such as armour, or by construction of trenches or a bunker, or by using weapons that prevent the enemy approaching them to initiate close combat. In close combat where blade weapons are used, defense refers to a specific armed fighting technique.

When applied to military units, defense implies the use of defensive tactics that seek to negate enemy offensive tactics. A defensive military doctrine implies the operation of larger military forces from a largely defensive

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posture, which at the operational warfare scale assumes the form of defense in depth, and at strategic scale encompasses a large area of operations such as the Maginot Line by large parts of the French Army before World War II.

In military operations planning, a defensive strategy is the policy of preventing an attack, or minimizing the damage of an attack, by the forces assuming defense in strategic depth for preventing an enemy from conquering territory.

Defense is also a euphemism for war, used by governments to reflect their non-aggressive posture in their region, which does not carry the negative connotation of war. Within the scope of a national defense policy, defense is used to include most military issues. El Salvador civilian and military defense personnel conduct a practice warehouse search for drugs, weapons and contraband items. Military science seeks to integrate all the meanings of defense into a coherent whole and develop a single national defense management structure.

Although defense of territory, territorial waters and national airspace is one of the functions of all sovereign governments, Hans-Hermann Hoppe, Murray Rothbard, Morris and Linda Tannehill, and other anarcho-capitalist writers have opined that it could be more efficiently provided by private vendors (Wikipedia, 2007).

1.2 The Concept of Defense Expenditure

Government’s final consumption expenditure generally includes all government current expenditures for purchases of goods and services (including compensation of employees). It also includes most expenditure on national defense and security, but excludes government military expenditures that are part of government capital formation (The World Bank, 2011). The fact that defense expenditure of big powers is treated as “investment expenditure” is historically established.

1.3 Defense through the Ages

Historically, it was generally true that defenders had an advantage over attackers. Battles commonly focused on sieges of important cities may allow defenders to strengthen their position. They had the ability to make preparations for the battle to protect themselves from the enemy while making the enemy vulnerable, e.g. preparing positions such as trenches and fortifications or in more recent times laying obstacles such as land mines and tank traps. However, in encounters larger than the small scale, the attacker may often have the advantage, since they can choose the time and place of battle. An attacker may concentrate its entire force on a small part of the
defended area, while the defender is forced to spread its forces over the possible areas of attack.

In the modern era, the defenders' advantage has gradually shrunken, due to factors like increased mobility of modern forces, better communication technologies, and increased protection of troops and equipment (Wikipedia, 2007). However, all of these need money and other economic resources to be spent – small or huge in amount as the case may be.

The paper is organized as follows: Section II – Global Military expenditure, Section III – Overall United States (U.S.) Military Spending: Modern War preparations and expenses, and Section IV – Conclusions.

**Section II – Global Military Expenditure**

2.1 World Military Spending

Of all the enemies to public liberty, war is perhaps the most to be dreaded because it comprises and develops the germ of more wars. No nation can preserve its freedom in the midst of continual warfare. Global military expenditure stood at over $1.6 trillion at current prices in 2010 and has been rising in recent years.

Table 1 is a list of United Nations (UN) Security Council’s permanent member countries by military expenditures. The list is based on the Stockholm International Peace Research Institute (SIPRI) Yearbook 2010, which includes a list of the world's top 15 military spenders. The SIPRI Military Expenditure Database shows military expenditure for 2010 in current 2009 U.S. dollars as a percentage of gross domestic product (GDP).

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>2010 Spending ($ billion)</th>
<th>Share of 2010 GDP (%)</th>
<th>World Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>United States</td>
<td>698</td>
<td>4.8</td>
<td>42.8</td>
</tr>
<tr>
<td>2</td>
<td>China</td>
<td>119</td>
<td>2.1</td>
<td>7.3</td>
</tr>
<tr>
<td>3</td>
<td>United Kingdom</td>
<td>59.6</td>
<td>2.7</td>
<td>3.7</td>
</tr>
<tr>
<td>4</td>
<td>France</td>
<td>59.3</td>
<td>2.3</td>
<td>3.6</td>
</tr>
<tr>
<td>5</td>
<td>Russia</td>
<td>58.7</td>
<td>4.0</td>
<td>3.6</td>
</tr>
<tr>
<td>----</td>
<td>World Total</td>
<td>1,630</td>
<td>2.6</td>
<td>100</td>
</tr>
</tbody>
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Source: The world's top 5 largest military budgets in 2010, Figures sourced from SIPRI.

Available at: http://en.wikipedia.org/wiki/Military_budget_of_the_United_States
Table 1 shows that world military expenditure in 2010 reached $1.63 trillion. This corresponds to 2.6% of world Gross Domestic Product (GDP), or approximately $236 for each person in the world. SIPRI has commented in the past on the increasing concentration of military expenditure in a small number of countries. For example, 15 countries with the highest spending account for over 82% of the world total. The U.S. is at the top and accounts for just under half of the world total, at 43%, distantly followed by China (7.3% of world share), U.K. (3.7%), France (3.6%), and Russia (3.6%). Military spending is concentrated in North America, Europe, and, increasingly, Asia.

2.2 Increased Spending before and even during Global Economic Crisis

The global financial and economic crisis has resulted in many nations cutting back on all sorts of public spending (often against the criticism of targeting sectors that were not responsible for the crisis), but military spending has kept on increasing. Factors behind military spending are foreign policy objectives, real or perceived threats, armed conflict and the associated multilateral peacekeeping operations, and availability of economic resources.

The last point refers mainly to rapidly developing countries like China and India that have seen their economies boom in recent years. In addition, high and rising world market prices for minerals and fossil fuels (at least until recently) have also enabled some nations to spend more on their militaries. China, for the first time in 2008, ranked number 2 in military spending. Even during the years after the financial crisis, military spending has continued to increase. SIPRI provides some observations: The U.S. led the rise in military spending, and the increase was particularly pronounced among larger economies, both developing and developed: 16 of the 19 countries in the G20 saw increases in military spending in 2009.

There are some nuances, however, as SIPRI explains: Some nations like China and India have not experienced any downturn, but instead enjoyed economic growth. Most developed (and some larger developing) countries have boosted public spending to tackle the recession using large economic stimulus packages. Military spending, though not a large part of it, has been part of that general public expenditure attention – some also calls this “Military Keynesianism”.

Geopolitics and strategic interests to project or maintain power: “rising military spending for the U.S., as the only “Super Power”, and for other major or intermediate powers, such as Brazil, China, Russia and India, appears to represent a strategic choice in their long-term quest for global and regional influence; one that they may be loath to go without, even in hard economic
times”, SIPRI adds. By contrast, when it comes to smaller countries — with no such power ambitions and, more importantly, lacking the resources and credit-worthiness to sustain such large budget deficits — many have cut back their military spending in 2009, especially in Central and Eastern Europe.

Natural resources have also driven military spending and arms imports in the developing world. The increase in oil prices means more for oil exporting nations. The “natural resource curse” has long been recognized as a phenomenon whereby resource-rich nations find themselves in conflict and tension due to power struggles that those resources bring (internal and external influences are all part of this). China and India, the world’s two emerging economic powers, demonstrate a sustained increase in their military expenditure and contribute to the growth in world military spending, though in absolute terms their current spending is only a fraction of the U.S.’s.

2.3 Spending for Peace versus Spending for War

There is a large gap between what countries are prepared to allocate for military spending to provide security and maintain their global and regional power status, on the one hand, and to alleviate poverty and promote economic development, on the other. Indeed, compare the global military spending with the entire budget of the UN: The UN and all its agencies and funds spend about $30 billion each year or about $4 for each of the world's inhabitants. This is a very small sum compared to most government budgets and it is less than 3% of the world's military spending. Yet for nearly two decades, the UN has faced financial difficulties and it has been forced to cut back on important programs in all areas, even as new mandates have arisen. Many member states have not paid their full dues and have cut their donations to the UN’s voluntary funds. As of December 31, 2010, members’ arrears to the Regular Budget topped $348 million, of which the U.S. owed 80% (UN Financial Crisis, Global Policy Forum accessed 2 May 2011).

The UN was set up for preserving peace through international cooperation and collective security. Yet, the UN’s entire budget is just a tiny fraction of the world’s military expenditure, approximately 1.8%. While the UN is not perfect and has many internal issues that need addressing, it is revealing that the world can spend so much on their military but contribute so little to the goals of global security, international cooperation and peace, fighting poverty and other problems it often faces. Unfortunately, however, as the British Broadcasting Corporation (BBC) notes, poverty fuels violence and defense spending has a tendency to rise during times of economic hardship. The global financial crisis is potentially ushering in enormous economic hardship around the world.
At a time when the wounds of the deep economic recession are yet to be healed and causing much turbulence in the civilian world, defense giants such as Boeing and The European Aeronautic Defense and Space Company N.V. (EADS), or Finmeccanica and Northrop Grumman, are enjoying a growing revenue stream from countries eager to increase their military might. Both geopolitical hostilities and domestic violence tend to flare up during downturns. Shareholders and employees in the aerospace and defense industry are clearly the ones who benefit most from growing defense spending. Defense companies, whose main task is to aid governments’ efforts to defend or acquire territory, routinely highlight their capacity to contribute to economic growth and to provide employment; indeed, some $2.4 trillion or 4.4%, of the global economy “is dependent on violence”, according to the Global Peace Index (GPI), referring to “industries that create or manage violence” — or the defense industry. Military might delivers geopolitical supremacy, but peace delivers economic prosperity and stability.

2.4 Eleven Countries where Defense Spending is soaring

Drawing on a new report Nomura, via SIPRI, Table 2 lists the 11 countries that have increased defense spending the most between 2001 and 2010.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>France</td>
<td>3.3%</td>
<td>2.3%</td>
<td>$59.3 billion</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>21.9%</td>
<td>2.7%</td>
<td>$59.6 billion</td>
</tr>
<tr>
<td>Brazil</td>
<td>30%</td>
<td>1.6%</td>
<td>$33.5 billion</td>
</tr>
<tr>
<td>South Korea</td>
<td>45.2%</td>
<td>2.8%</td>
<td>$27.6 billion</td>
</tr>
<tr>
<td>Australia</td>
<td>48.9%</td>
<td>2%</td>
<td>$24 billion</td>
</tr>
<tr>
<td>Canada</td>
<td>51.8%</td>
<td>1.5%</td>
<td>$22.8 billion</td>
</tr>
<tr>
<td>India</td>
<td>54.3%</td>
<td>2.7%</td>
<td>$41.3 billion</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>63%</td>
<td>10.4%</td>
<td>$45.2 billion</td>
</tr>
<tr>
<td>United States of America</td>
<td>81.3%</td>
<td>4.8%</td>
<td>$698 billion</td>
</tr>
<tr>
<td>Russia</td>
<td>82.4%</td>
<td>4%</td>
<td>$58.7 billion</td>
</tr>
<tr>
<td>China</td>
<td>189%</td>
<td>2.1%</td>
<td>$119 billion</td>
</tr>
</tbody>
</table>

It is surprising to see Saudi Arabia spending 10.4% of their GDP for defense. They have a problem with Iran, and an undemocratic government in a dangerous area with more money than they need, thanks to petrol, will surely spend lots of money for an army, since they probably can afford the rest anyway. Saudi Princes have to muscle up for the inevitable citizen beatdowns required when their commoners demonstrate for civil rights. They would be happy to mow down the native populace with no hint of fraternal regret. They may recruit some African Muslims too to blast away any opposition in Mecca and Medina without condemnation from the clueless Imams who manage the Shariah behavior checklists.

Denmark is a small country and compared to its size it actually sends quite a lot of people in war/peacekeeping missions. There is also a ship in Somalia and other peacekeeping missions around the world. The U.S. has paid great tribute to it. Other European countries are not so interested in offering their help, but in Europe military spending dropped 2.8% on account of the global recession. Germany and Italy have shown significant declines in their defense budget.

One thing is the current missions; another thing is the money spent on the military. Some countries may spend a lot more on the military than others because they may face more threats to protect against. That’s why the ‘Nazi’ Americans invade other countries and murder their people. It’s all good, though, because they are bringing democracy! Americans, the scum of the earth, are far, far worse than the Nazis.

2.5 China's Military build-up

China's military power is keeping pace with its growing economic dominance. China had to increase its defense budget in 2011, amid fears in the region that its military might was growing. Spending was increased by 12.7% to 601.1bn Yuan ($91.5bn; £56.2bn) up from 532.1bn Yuan in 2010. Many analysts say China's actual spending on defense is far higher than what government reports indicate. China said it posed no threat to anyone. China claims its defense spending is relatively low by world standards and was much smaller than that of the U.S. and has always paid attention to restraining defense spending.

Beijing insists that its military modernization programme is entirely peaceful but the latest hike in defense spending to boost the 2.3 million strong People's Liberation Army is likely to further stir regional unease. China is developing stealth fighters and advanced missile systems, and also plans to launch its first aircraft carrier. China's neighbours say that Beijing is becoming more assertive as its military develops. Relations are strained between China and Japan over
disputed islands in the East China Sea, where there are large potential reserves of oil and gas. Sovereignty in the South China Sea is important, not only because of probable deposits of oil and gas. More important is the fisheries industry and the vital issue of freedom for trade through some of the busiest shipping lanes in the world - 80% of China's energy imports pass through these waters.

While China's growing military power is evident, the annual meeting of policymakers is much more concerned about China's social and economic development and tackling inequality is expected to be a key focus of the new Five-Year Plan. New social service programmes and spending on education will also be given prominence in the plan (British Broadcasting Corporation).

2.6 Russia’s Defense Problem is Corruption

A fifth, id est. 20%, of Russia's state defense spending is stolen every year by corrupt officials, dishonest generals and crooked contractors. President Dmitry Medvedev says endemic corruption is holding back Russia's development, but anti-bribery groups say the problem has become worse since Medvedev was steered into the Kremlin by his mentor Vladimir Putin in 2008. Huge money is being stolen – practically every fifth rouble, but the troops are still getting poor quality equipment and arms. Every year more and more money is set aside for defense but the successes are not great, as the kickbacks and fictitious contracts were being used to defraud the state. Russia has set more than 1.5 trillion roubles (32 billion pounds) for national defense in its 2011 budget, indicating theft of more than $10 billion (6 billion pounds) a year from the sector.

While western countries roll back defense spending, Putin has promised to spend nearly 20 trillion roubles over the next decade to renew the country's rusting armaments with new submarines, nuclear missiles and air defense systems. Medvedev has repeatedly warned Russia's notoriously corrupt defense sector to clean up its act and sacked several industry chiefs over what the Kremlin said were unfulfilled contracts. Russia is still the world's second largest arms exporter but its defense industry is riddled with corruption and thousands of young men each year try to bribe their way out of having to do their national service.

Corruption is a way of life in Russia, from small bribes slipped into the pockets of traffic policemen or doctors to the vast kickbacks which, investors say, senior officials demand for access to state contracts in the natural resources sectors. Russia is perceived to be more corrupt than any other
member of the G8, G20 or even peers such as India, China and Brazil (MOSCOW, Reuters).

2.7 The Biggest Military Spenders

China's top military brass confirmed that the country's first aircraft carrier, a refurbishment of an Old Russian carrier, will be ready shortly. Only a handful of nations operate carriers that are costly to build and maintain. Indeed, Britain has recently decommissioned its sole carrier because of budget pressures. China's defense spending has risen by nearly 200% since 2001 to reach an estimated $119 billion in 2010—though it has remained fairly constant in terms of its share of GDP. America's own budget crisis is prompting tough discussions about its defense spending, which, at present is nearly $700 billion a year.

$700 billion is probably too much for a "Super Power" like the U.S. to be able to lend a hand in so many areas of the world but a substantial portion of that is warranted given the unrest and dependence on the 'almighty' Black Gold that comes from the Mid-East. But the question is after the Mid-East, which has the world's second largest underground (or untapped) deposits, runs low on crude, could it be a great strategy (currently in play) to use up the Mid-East supply before the U.S. taps its own?

In order to realize the "China Threat" so astutely promoted by the Economist, China has to more than double its spending rate just to keep up with the U.S. Let's focus on that single 20 year old refurbished diesel Russian-Ukrainian-Chinese carrier instead of the 14 nuclear power U.S. carrier groups. Where is the perspective? And more importantly for Americans, where is the outrage? The U.S. could cut $100 billion/year on Defense and a) still be the big boy, and b) reduce the deficit by 1/4 of the $14 trillion the right wants cut over 10 years. China's aircraft carrier was bought with the "intention" of being a floating casino, only to then re-announce it will be a true aircraft carrier now that it is ready to perform flight tests. The CIA world fact book is listing China's spending at 4.3% of GDP while the SIPRI puts it at 2.1%. The whole "war business" chain is about 50% of the U.S. GDP. So, war is a great, great business; must not stop! No one dares to get close to the U.S. business: it will hammer them out. Besides, the U.S. needs always to find enemies or to create some, or in other words, capitalism cannot survive without enemy.

But the question is, how large would the U.S. number might actually be if the U.S. military spending number includes the hundreds of millions, or perhaps billions of dollars the U.S. gives away in grants to other countries for military assistance? If you want peace, show your army and your arms, because if you
really wanted war, you would never give up on the element of surprise. On the other hand, the solution to the 1929 crash was World War II, so the U.S. might wonder this could be the solution to the 2008 crash. It is not feasible. The U.S. has only 2 countries that are not "as friendly as we the western world would like", which are China and Russia. China and Russia will not be stupid to seek war.

Israel spends about $16 billion a year. Turkey spends $17.5 billion. So, it's the next country after Turkey. Remember that Israel is a much smaller country than Turkey, so as percentage of GDP, or on a per capita basis, it is certainly spending more (June 8th 2011 The Economist).

2.8 The key reasons behind the difference between U.S. Military Spending and the rest of the World

The key difference between the U.S. military spending and the rest of the world's is that the U.S. military establishment (the military-industrial complex), for all its notoriety, has been by far the largest technology incubator since mid-20th century. Almost all other countries save a handful spend the bulk of their defense budgets buying weapons. The U.S. spends a significant portion of its military budget in developing technology. Nearly all world-changing technology that emerged in the past 60 years or so can trace their origin to a U.S Military (USMIL) or Defense Advanced Research Projects Agency (DARPA) project. The microchip, the internet, Global Positioning System (GPS) navigation, satellite communications, to name a few. The U.S. military is a favorite whipping boy in various circles.

The GDP percentages tell a lot about where each country's priorities lie. India, which was reportedly the biggest arms importer in 2010, spends under 3% of its GDP on defense, as do most other countries. The Saudis spend, as mentioned earlier, more than 10% of their GDP on military, including, ominously, public order and safety. Presumably that includes public order and safety in Bahrain, Oman etc (June 8th 2011, The Economist).

2.9 Calculation of Military Expenditures

On SIPRI's website is found the following on how they calculate military expenditures: Such expenditures include – (1) Personnel (all expenditures on current personnel, military and civil – retirement pensions of military personnel – social services for personnel and their families); (2) Operations and maintenance; (3) Procurement; (4) Military research and development; (5) Military construction; and (6) Military aid (in the military expenditures of the donor country). From this list one might conclude that the U.S.'s numbers include direct military aid. It is not saying that other aid can't be diverted to
military expenditures by the recipient though. Perhaps they include Saudi Arabia's public safety numbers in the calculation because their public safety costs may include non-public safety items, such as tanks.

The U.S. is spending all the money for protecting a world that doesn't even want its protection! Meanwhile, the U.S. forces all other countries to arm themselves to the teeth just so that they wouldn't be invaded like Iraq. All this of course, benefits the defense contractors and weapons makers of the world as well as government buyers who get kickbacks by awarding them the contracts. The U.S. is becoming an increasing danger not just to itself, but to the rest of the world. The U.S. Congress thinks may be Israel doesn't need to spend much as long as the U.S. is doing it. This is why America is going bankrupt (June 8th 2011 The Economist).

Section III – Overall U.S. Military Spending: Modern War Preparations and Expenses

3.1 Military Budget of the U.S.

The military budget is that portion of the U.S. discretionary federal budget that is allocated to the Department of Defense (DOD), or more broadly, the portion of the budget that goes to any defense-related expenditure. This military budget pays the salaries, training, and health care of uniformed and civilian personnel, maintains arms, equipment and facilities, funds operations, and develops and buys new equipment. The budget funds all branches of the U.S. military: Army, Navy, Air Force, Marine Corps and Coast Guard.

The recent invasions of Iraq and Afghanistan were largely funded through supplementary spending bills outside the Federal Budget, so they are not included in the military budget figures. Starting in the fiscal year 2010 budget, however, the wars in Iraq and Afghanistan are categorized as "Overseas Contingency Operations" and included in the budget. By the end of 2008, the U.S. had spent approximately $900 billion in direct costs on the Iraq and Afghanistan Wars. Indirect costs such as interest on the additional debt and incremental costs of caring for the more than 33,000 wounded borne by the Veterans Administration are additional. Some experts estimate these indirect costs will eventually exceed the direct costs.

The federally budgeted military expenditure of the U.S. DOD for fiscal year 2010, including the wars in Iraq and Afghanistan, are shown in Table 3.
Table 3. Budget breakdown by Entity, 2010

<table>
<thead>
<tr>
<th>By Entity</th>
<th>2010 Budget request</th>
<th>Percentage of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Army</td>
<td>$243.9 billion</td>
<td>31.8%</td>
</tr>
<tr>
<td>2. Navy</td>
<td>$149.9 billion</td>
<td>23.4%</td>
</tr>
<tr>
<td>3. Marine Corps</td>
<td>$29.0 billion</td>
<td>4%</td>
</tr>
<tr>
<td>4. Air Force</td>
<td>$170.6 billion</td>
<td>22%</td>
</tr>
<tr>
<td>5. Defense Intelligence</td>
<td>$50.0 billion</td>
<td>7%</td>
</tr>
<tr>
<td>6. Defense Wide Joint Activities</td>
<td>$118.7 billion</td>
<td>15.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$762.1 billion</strong></td>
<td></td>
</tr>
</tbody>
</table>

Available at: http://en.wikipedia.org/wiki/Military_budget_of_the_United_States

Table 3 does not include many military-related items that are outside of the DOD budget, such as nuclear weapons research, maintenance, cleanup, and production, payments in pensions to military retirees and widows and their families, interest on debt incurred in past wars, or State Department financing of foreign arms sales and militarily-related development assistance. Neither does it include defense spending that is not military in nature, such as the Department of Homeland Security, counter-terrorism spending by the Federal Bureau of Investigation (FBI), and intelligence-gathering spending by the National Aeronautics and Space Administration (NASA).

3.2 Problems of Audit of the Implementation of Budget for 2010

The U.S. Government Accountability Office (GAO) was unable to provide an audit opinion on the 2010 financial statements of the U.S. Government because of 'widespread material internal control weaknesses, significant uncertainties, and other limitations'. The GAO cited as the principal obstacle to its provision of an audit opinion 'serious financial management problems at the DOD that made its financial statements un-auditable'. Further management discussion in the fiscal year 2010 states 'it is not feasible to deploy a vast number of accountants to manually reconcile our books' and concludes that 'although the financial statements are not auditable for fiscal year 2010, the Department's financial managers are meeting war fighter needs'.
3.3 Military Budget and total U.S. Federal Spending

The U.S. DOD budget accounted in fiscal year 2010 for about 19% of the United States federal budgeted expenditures and 28% of estimated tax revenues. Including non-DOD expenditures, defense spending was approximately 28–38% of budgeted expenditures and 42–57% of estimated tax revenues. According to the Congressional Budget Office, defense spending grew 9% annually on average during fiscal years 2000–2009.

Because of constitutional limitations, military funding is appropriated in a discretionary spending account. In recent years, discretionary spending as a whole has amounted to about one-third (33.33%) of total federal outlays. Military spending share of discretionary spending was 50.5% in 2003, and has risen steadily ever since.

For fiscal year 2010, DOD spending amounts to 4.7% of GDP. Because the U.S. GDP has risen over time, the military budget can rise in absolute terms while shrinking as a percentage of the GDP. For example, the DOD budget is stated to be $664 billion in 2010 (including the cost of operations in Iraq and Afghanistan) previously funded through supplementary budget legislation, higher than at any other point in American history, but still 1.1–1.4% lower as a percentage of GDP than the amount spent on defense during the peak of Cold-War military spending in the late 1980s. Admiral Mike Mullen, Chairman of the Joint Chiefs of Staff, has called 4% an "absolute floor". This calculation does not take into account some other defense-related non-DOD spending, such as Veterans Affairs, Homeland Security, and interest paid on debt incurred in past wars, which has increased even as a percentage of the national GDP.

3.4 Comparison with other Countries

The 2010 U.S. military budget accounts for approximately 43% of global arms spending and is over six times larger than the military budget of China (compared at the nominal U.S. dollar/Renminbi rate, not the PPP rate). The U.S and its close allies are responsible for two-thirds (66.66%) to three-quarters (75%) of the world's military spending (of which, the U.S. is responsible for the majority).

In 2005, the U.S spent 4.06% of its GDP on its military (considering only basic DOD budget spending), more than France's 2.6% and less than Saudi Arabia's 10%. This is historically low for the U. S. since it peaked in 1944 at
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37.8% of GDP (it reached the lowest point of 3.0% in 1999–2001). Even during the peak of the Vietnam War the percentage reached a high of 9.4% in 1968.

3.5 Recent Commentary on Military Budget

In February 2009, Democratic Congressman Barney Frank called for a reduction in the defense budget on the ground that American well-being is far more endangered by a proposal for substantial reductions in Medicare, Social Security or other important domestic areas than it would be by canceling weapons systems that have no justification from any threat the U.S. is likely to face.

Republican historian Robert Kagan argued that 2009 was not the time to cut defense spending. He said, “A reduction in defense spending this year would unnerve American allies and undercut efforts to gain greater cooperation. There is already a sense around the world that the U.S. is in terminal decline. Many fear that the economic crisis will cause the U.S. to pull back from overseas commitments. The announcement of a defense cutback would be taken by the world as evidence that the American retreat has begun.” How funny! The U.S. has to play the role of a ‘headman’ in the world scenario!

Secretary of Defense Robert Gates wrote in 2009 that the U.S. should adjust its priorities and spending to address the changing nature of threats in the world: "What all these potential adversaries—from terrorist cells to rogue nations to rising powers—have in common is that they have learned that it is unwise to confront the U.S. directly on conventional military terms. The U.S. cannot take its current dominance for granted and needs to invest in the programmes, platforms, and personnel that will ensure that dominance's persistence. But it is also important to keep some perspective. As much as the U.S. Navy has shrunk since the end of the Cold War, for example, in terms of tonnage, its battle fleet is still larger than the next 13 navies combined—and 11 of those 13 navies are the U.S. allies or partners."

3.6 U. S. Military Aid

The U.S. government first recognized the usefulness of foreign aid as a tool of diplomacy in World War II. It was believed that it would promote liberal capitalist models of development in other countries and that it would enhance national security. Foreign military financing provides grants for the acquisition of the U.S. defense equipment, services, and training. These grants enable friends and allies to improve their defense capabilities.
Critics say that the U.S. aid and training have contributed to human rights violations, supported corrupt and cruel governments, and protected the economic interests of multinational corporations. It is often believed that aid is given for political purposes, that it does not benefit the people in the target country, and it may even result in greater oppression and suffering. If military aid were cut off to Israel, the tax money could be spent in the U.S. to provide 364,000 low-income households with affordable housing vouchers, or to retrain 498,000 workers for green jobs, or to provide access to primary health care services for 24 million uninsured Americans.

3.7 Overseas Interventions of the U.S.

In addition to direct annexation of land, the U.S. has been involved in a number of covert and overt military interventions that have had the effect of expanding the U.S. influence over the policies of foreign governments. The U.S. interventions have included overt American military invasions as well as secret operations, such as covert U.S foreign regime change actions (Wikipedia, 2008).

(i). The U.S. Intervention in Africa: The founding of Liberia in 1821-1822 was privately sponsored by American groups, primarily the American Colonization Society, but the country enjoyed the support and unofficial cooperation of the U.S. government; it has been under the U.S. influence ever since. The U.S. supported the National Union for the Total Independence of Angola movement in Angola, and, in the 1990s, intervened in Somalia as part of the United Nations Operation In Somalia I (UNOSOMI), a UN humanitarian relief operation (Wikipedia, 2008).

(ii). The U.S. Interventions in Latin America: The early decades of the 20th century saw a great number of interventions in Latin America by the U.S. government, often under the Roosevelt Corollary to the Monroe Doctrine which justified Big Stick Diplomacy, and most often openly in aid of the U.S. corporate interests. President William Howard Taft viewed "Dollar Diplomacy" as a way for American corporations to benefit while assisting in the national security goal of preventing European powers, above all the United Kingdom and Germany, from filling any possible financial or power vacuum. Finally, President Woodrow Wilson attempted to use Moral Diplomacy to intervene in Latin America (Wikipedia, 2008).

(iii). The U.S. Interventions in Asia: While American intervention had begun earlier with Matthew Perry forcibly opening Japan to the West with the Convention of Kanagawa in 1854, this period saw the U.S expand its presence in Asia. In 1905 the U.S. would again intervene in Japan with the mediation of
the Treaty of Portsmouth that ended the Russo-Japanese War. Later the U.S. and Japan signed the Gentlemen's Agreement of 1907 in order to limit immigration from Japan to the U.S.

The U.S. pushed through the Open Door Policy that guaranteed equal economic access to China. It also vigorously acquired small islands in the Pacific, mostly to be used as coaling stations. Throughout the later half of the 19th century, China was divided into "spheres of influence"-areas to which foreign powers (Austria, France, Germany, Great Britain, Italy, Japan, and Russia) were given exclusive trading rights or even the territory itself as the result of treaties. The U.S., having gained the Philippines in the Spanish-American War and thereby becoming a player in East Asia, felt impeded by these "spheres of influence". In an effort to equalize trade, John Hay, Secretary of State at the time (under William McKinley), sent letters to European leaders suggesting an "open door" policy in China, one that would grant equivalent trading rights to all powers inside the spheres of influence. The proposal was gently rejected. Following the Boxer Rebellion, John Hay called again for an expanded "open door" policy effective throughout China, not just within "spheres of influence". The U.S. and the European powers agreed to preserve Chinese independence and government.

More intense was the occupation of Japan from 1945 to 1951, during which time the U.S. occupation force, led by General Douglas MacArthur staged a dramatic restructuring of Japanese society in order to create a stable (western type) democracy and prevent the nation from re-emerging as a military threat. Although the occupation officially ended in the 1950s, American troops remain today in bases in Japan (Wikipedia, 2008).

(iv). The U.S. Interventions in Europe: After helping the Allies in defeating Nazi Germany, the U.S. occupied the southern portion of the Western sector of Germany (which later became part of West Germany) for ten years (1945 to 1955). Similarly, a portion of Austria was also occupied. During the 1960s and 1970s, it became fashionable to view the Soviet Empire in Eastern Europe as comparable to the American domination of Western Europe. It was frequently argued that, through economic and military pressure, the U.S. pursued hegemony just as aggressively as the Soviet Union. The post-revisionist school, which, since the fall of the Union of Soviet Socialist Republics (USSR), has come to dominate the study of Cold War history, has rejected this view, arguing that the full extent of Soviet aggression has become apparent as a result of the opening of the Kremlin's archives (Wikipedia, 2008).

(v). The U.S. Interventions in the Middle East: After World War II, with the continued rise in the importance of oil to the world economy, the U.S.
increased its interest in intervention in the Middle East. While it had no formal colonies, it had strong influence in several countries, including Israel, Iran under the Shah, and various Gulf states. Since 2001, and the September 11 attacks, the U.S. has had a large number of troops in Afghanistan. Since the U.S.-led invasion in March 2003, it has had an even larger number in Iraq. At least one U.S. war planner is claimed to have been interested in the U.S. military domination of the oil-rich Gulf region, the world’s top supply of this most important resource. In a 2004 interview in National Journal, U.S. General Jay Garner, who was in charge of planning and administering post-war reconstruction in Iraq, compared the U.S. occupation of Iraq to the Philippine model: "Look back on the Philippines around the turn of the 20th century: they were a coaling station for the navy, and that allowed us to keep a great presence in the Pacific. That’s what Iraq is for the next few decades: our coaling station that gives us great presence in the Middle East." The U.S. in the 1953 Iranian coup d'état helped the Shah remove the democratically elected Mossadegh. He had planned to nationalize the oil industry, dissolved the parliament and there was fear of a Communist takeover.

From March 2003 to June 28, 2004, the U.S. effectively (although not formally) ruled Iraq through the Coalition Provisional Authority, which was headed by Jay Garner and later by Paul Bremer. During this period, the Certified Public Accountant (CPA) controlled the Iraqi government, with its various ministries headed by Americans, and had the authority to pass legislation as it wished without consultation of Iraqis.

(vi). Strategic Reallocation of the U.S. Military Assets: Following the collapse of Soviet Communism and the development of international terrorism, the U.S. has undertaken a strategic redeployment of military assets. As a result, the U.S. has closed bases in countries where they are no longer considered necessary, such as in Iceland (2006) and established new ones where they are considered urgent, such as in Afghanistan (2001) and Iraq (2003) (Wikipedia, 2011).

3.9 Iraq, Afghan War Costs of the U.S.

The economic costs of the wars in Iraq and Afghanistan are estimated to total $1.6 trillion, according to a report by Congress' Joint Economic Committee. The report attempted to put a price tag on the two conflicts, including "hidden" costs such as interest payments on the money borrowed to pay for the wars, lost investment, the expense of long-term health care for injured veterans and the cost of oil market disruptions. The Bush administration requested $804 billion for the Iraq and Afghanistan wars combined. For the Iraq war only, total economic costs were estimated at $1.3 trillion for the period from 2002 to
2008. Future economic costs would be even greater. It is estimated that both wars would cost $3.5 trillion between 2003 and 2017. Under that scenario, it would cost a family of four to the amount of $46,400.

Oil prices surged since the start of the war, from about $37 a barrel to well over $100 a barrel. "Consistent disruptions from the war have affected oil prices," although the Iraq war is not responsible for all of the increase in oil prices. Still it is estimated that high oil prices have hit the U.S. consumers, transferring "approximately $124 billion from U.S. oil consumers to foreign (oil) producers" from 2003 to 2008. High oil prices can slow overall economic growth if that chills spending and investment by consumers and businesses. At the same time, high oil prices can spread inflation throughout the economy if companies decide to boost the prices of lots of other goods and services. This is when the House prepares to vote on another effort by Democrats to set a deadline for withdrawing troops from Iraq as a condition for providing another $50 billion for the war.

"What this report makes crystal clear is that the cost to our country in lives lost and dollars spent is tragically unacceptable," said Joint Economic Committee Chairman Sen. Chuck Schumer (The Associated Press). Recently (2011) the U.S. has withdrawn troops from Iraq.

Section IV. Concluding Remarks

4.1 The U.S. Military Spending

The U.S. has unquestionably been the most formidable military power in recent years. It’s spending levels, as noted earlier, is the principal determinant of world military spending and is therefore worth looking at further. Generally, the U.S. military spending has been on the rise. Recent increases are attributed to the so-called War on Terror and the Afghanistan and Iraq invasions, but it had also been rising before that. For example, military spending had been rising since at least 1998, if not earlier.

The decline seen in recent years is mostly due to Iraq war reduction and redeployment to Afghanistan as well as the attempt to scale that down too. The baseline budget, however, shows a continued increase, albeit at a seemingly lower rate. In addition, the effects of the global financial crisis will pressure the budget further. Already the rate of increase hints at a slowdown as the department looks to eliminate waste.

Unfortunately, the budget numbers can be a bit confusing. For example, the fiscal year budget requests for the U.S. military spending do not include combat figures (which are supplemental requests that Congress approves
separately). The budget for nuclear weapons falls under the Department of Energy, and for 2010 the request was for about $25 billion.

Generally, compared to Cold War levels, the amount of military spending and expenditure in most nations has been reduced. For example, global military spending declined from $1.2 trillion in 1985 to $809 billion in 1998, though since 2005 it has risen to over $1 trillion again. The U.S.’s spending, up to 2009 may have been reduced compared to the Cold War era but is still close to Cold War levels. Supporters of America’s high military expenditure often argue that the spending numbers miss out the fact that U.S. provides global stability with its high spending and allows other nations to avoid such high spending. Although some of the issues discussed here are about the U.S. spending, they are also relevant to a number of other nations.

4.2 Should Spending be tied to GDP?

Comparing military spending (or any other spending for that matter) to the GDP tells you how large a burden such spending puts on the U.S. economy, but it tells you nothing about the burden a $440 billion military budget puts on the U.S. taxpayers. The U.S. economy may be able to bear higher military spending, but the question today is whether current military spending levels are necessary and whether these funds are going towards the proper priorities. Further, such comparisons are only made when the economy is healthy. It is unlikely that those arguing that military spending should be a certain portion of GDP would continue to make this case if the economy suddenly weakened, thus requiring dramatic cuts in the military. But the fact is that even when there has been the global financial crisis that started from the U.S. and has spread, there are still serious proposals for pegging military spending to GDP.

In recent months some senators and representatives have introduced proposals and bills calling for 4% of GDP to be guaranteed as the military budget (not including “supplemental” for war). There are however, concerns that tying the U.S. military budget to 4% of GDP would add $1.4 trillion to $1.7 trillion to deficits over the next decade and provide more defense funding than is forecast to be necessary. It would also be politically unviable in the economic and budgetary environment faced by the U.S. It is found that when the war supplemental for Iraq and Afghanistan are considered, the U.S. budget is already over the 4% mark. The other concerns are that tying it to GDP eases the debate that would otherwise occur on the issue: GDP is an important metric for determining how much the U.S. could afford to spend on defense, but it provides no insight into how much the U.S. should spend.
There is predictable opposition from some quarters against defense spending cutback arguing it will threaten jobs and weaken national security, even though spending has been far more than necessary for over a decade. The Friends Committee on National Legislation argues that the job loss from decreased military spending argument is weak: “It is true that discontinuing weapons systems will cause job loss in the short term, but unnecessary weapons manufacturing should not be considered a jobs program (that would be like spending billions of dollars digging holes), and research shows that these jobs can be successfully transferred to other sectors.” In other words, this is unnecessary and wasted labor (as well as wasted capital and wasted resources). Furthermore, rather than creating/sustaining jobs, some research suggests that increased military spending leads to job losses.

However, the fact that military expenditure is continuing to increase even as other areas are cut suggests a clear strategic choice: the fundamental goal of ensuring continued U.S. dominance across the spectrum of military capabilities, for both conventional and ‘asymmetric’ warfare, has not changed (SPIRI Yearbook, June 2010).

4.3 U.S. high Military Spending means others do not have to

Some argue that high U.S. military spending allows other nations to spend less. But this view seems to change the order of historical events: During the Cold War, high spending was common around the world. High spending was reduced by allies such as various European and Asian countries as the Cold War ended (almost 2 decades ago) not because other nations felt they would be protected by the U.S. — a dangerous foreign policy choice by any sovereign nation to rely so much on others in this way — but because they perceived any global threat from the Cold War had diminished and simply didn’t need such high spending any more; globalization of trade was supposed to be ushered in and lead to a new era. It was only the U.S. as the remaining global “Super Power” that maintained a high budget. Many argue this was to strengthen its position as sole “Super Power” and that its “military industrial complex” was able to convince their public to maintain it. Past empires have throughout history justified their position as being good for the world — a crooked Idea. The U.S. is no exception.

However, whether this global hegemony and stability actually means positive stability, peace and prosperity for the entire world (or most of it) is subjective. As the GPI reveals, massive military spending has not led to more global peace. Unfortunately more powerful countries have also pursued policies that have contributed to more poverty, and at times even overthrown fledgling democracies in favor of dictatorships or more malleable democracies. So the
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global good hegemony theory may help justify high spending and even stability for a number of other countries, but it does not necessarily apply to the whole world. To be fair, this criticism can also be a bit simplistic especially if an empire finds itself against a competitor with similar ambitions that risks polarizing the world and answers are likely difficult to find.

But even for the large U.S. economy, the high military spending may not be sustainable in the long term. Noting trends in military spending, SIPRI added that the massive increase in the U.S. military spending has been one of the factors contributing to the deterioration of the U.S. economy since 2001. SIPRI continues that, “In addition to its direct impact of high military expenditure, there are also indirect and more long-term effects. According to one study taking these factors into account, the overall past and future costs until year 2016 to the U.S. for the war in Iraq have been estimated to $2.267 trillion.”

Run the numbers. $700 billion is only 18% of a $3.8 trillion budget. And if the U.S. stops protecting the Euro Area and the North Atlantic Treaty Organization or NATO, America's security will be seriously jeopardized, since Europe is closer and has much less controlled borders.

4.4 The U.S. Military budget versus other U.S. Priorities

The peace lobby, the Friends Committee on National Legislation, calculates for fiscal year 2010 that the majority of the U.S. tax payers’ money goes towards war. Furthermore, “national defense” category of federal spending is typically just over half of the U.S. discretionary budget (the money the President/Administration and Congress have direct control over, and must decide and act to spend each year. This is different from mandatory spending, the money that is spent in compliance with existing laws, such as social security benefits, Medicare, paying the interest on the national debt and so on). For recent years here is in Table-4 how military, education and health budgets (the top 3) have fared.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total $(billions)</th>
<th>Defense $(billions)</th>
<th>Defense (%)</th>
<th>Education $(billions)</th>
<th>Education (%)</th>
<th>Health $(billions)</th>
<th>Health (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>997</td>
<td>541</td>
<td>54</td>
<td>61.9</td>
<td>6.2</td>
<td>52.7</td>
<td>5.3</td>
</tr>
<tr>
<td>2008</td>
<td>930</td>
<td>481.4</td>
<td>51.8</td>
<td>58.6</td>
<td>6.3</td>
<td>52.3</td>
<td>5.6</td>
</tr>
<tr>
<td>2007</td>
<td>873</td>
<td>460</td>
<td>52.7</td>
<td>56.8</td>
<td>6.5</td>
<td>53.1</td>
<td>6.1</td>
</tr>
<tr>
<td>2006</td>
<td>840.5</td>
<td>438.8</td>
<td>52</td>
<td>58.4</td>
<td>6.9</td>
<td>51</td>
<td>6.1</td>
</tr>
<tr>
<td>2005</td>
<td>820</td>
<td>421</td>
<td>51</td>
<td>60</td>
<td>7</td>
<td>51</td>
<td>6.2</td>
</tr>
<tr>
<td>2004</td>
<td>782</td>
<td>399</td>
<td>51</td>
<td>55</td>
<td>7</td>
<td>49</td>
<td>6.3</td>
</tr>
<tr>
<td>2003</td>
<td>767</td>
<td>396</td>
<td>51.6</td>
<td>52</td>
<td>6.8</td>
<td>49</td>
<td>6.4</td>
</tr>
</tbody>
</table>

Source: Available at: http://www.globalissues.org/article/75/world-military-spending
For those hoping the world can decrease its military spending, SIPRI warns that “while the invasion [of Iraq] may have served as warning to other states with weapons of mass destruction, it could have the reverse effect in that some states may see an increase in arsenals as the only way to prevent a forced regime change.” In this new era, traditional military threats to the U.S. are fairly remote. All of their enemies, former enemies and even allies do not pose a military threat to the U.S. For a while now, critics of large military spending have pointed out that most likely forms of threat to the U.S. would be through terrorist actions, rather than conventional warfare, and that the spending is still geared towards Cold War-type scenarios and other such conventional confrontations. But the so-called terrorists are the Cold War products of the U.S. and their perceived post-Cold War terrorism against the U.S. is because of its aggressive global hegemony which has frustrated them – so the U.S. Administration is to be held responsible for that. It is to be noted that the lion’s share of this money is not spent by the Pentagon on protecting American citizens. It goes to supporting the U.S. military activities, including interventions throughout the world. Were this budget and the organization it finances called the “Military Department,” then attitudes might be quite different. Americans are willing to pay for defense, but they would probably be much less willing to spend billions of dollars if the money were labeled “Foreign Military Operations”. And, of course, this will come from American taxpayers’ money. Many studies and polls show that military spending is one of the last things on the minds of American people. But it is not just the U.S. military spending. In fact, Western militarism often overlaps with civilian functions affecting attitudes to militarism in general. As a result, when revelations come out that some Western militaries may have trained dictators and human rights violators, the justification given may be surprising (Shah, 2011).

4.5 The ultimate result: The products of huge military spending may be in the form of intangible “loyalty” or in the form of acquiring tangible “black-gold” or in other forms because of overwhelming military power or influence of the U.S. So it is possible to term defense or military expenditure as investment for big power’s 1% big corporate business interests especially of the U.S.; because of which they are desperate in their effort to make more and more business investment in this most profitable politico-economic investment sector of their economy to the utter neglect of human wellbeing for which Wall Street has been Occupied by the 99% commoners of the U.S. Probably time is not far away when the Pentagon will have to rush with all its arsenal to save these 1% mentors of global capitalism from the anger of 99% common taxpayers who want to “eat the rich”, setting aside its fondly ambitious
programmes of teaching the world what democracy and economic betterments means. Mind it: “Mischief has appeared on land and sea because of (the deed) that the hands of men have earned that (Allâh) may give them a taste of their deeds: in order that they may turn back (from evil); travel through the earth and see what the End of those before (you) was” (Qur’ân, 30: 41-42) – for example read through the history of Roman, Persian and British Empires at least, and learn from Al Qur’ân and Al Hadith the encyclopedias of pure knowledge for guidance.

NOTES

1. Such accounts permit government planners to have more flexibility to change spending each year, as opposed to mandatory spending accounts that mandate spending on programmes in accordance with the law, outside of the budgetary process (Wikipedia, 2011).

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