

By William Felice, special to the Tampa Bay Times

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## Column: The myth of U.S. military spending

Congress is currently engaged in a ferocious debate over certain aspects of the \$1.3 trillion catchall spending bill, including immigration and abortion-related issues.

Yet President Donald Trump's proposal to increase military spending by \$195 billion over the next two years, which will build up the yearly military budget to approximately \$716 billion in 2019, was met with a collective shrug of acceptance. There is little debate in either Congress or the country about whether these large sums are actually needed to combat America's real security threats. And there is almost no discussion about the impact of such spending on the U.S. economy.

President Dwight Eisenhower famously advised a different direction, stating:

*Every gun that is made, every warship launched, every rocket fired signifies, in the final sense, a theft from those who hunger and are not fed, those who are cold and are not clothed. ... The cost of one modern heavy bomber is this: a modern brick school in more than 30 cities. It is two electric power plants, each serving a town of 60,000 population. It is two fine, fully equipped hospitals. It is some 50 miles of concrete pavement.*

Eisenhower's assertions are counter to the popular belief that the military budget stimulates the economy. This argument draws on the U.S. experience during and after World War II when military spending was seen as preventing a recession and/or depression in our country. In the 1930s, the country experienced the Great Depression, with unemployment rates hovering around 25 percent. In 1944, the unemployment rate dropped to 1.2 percent.

The public's willingness to finance a large military establishment has

subsequently been linked to the perception that these expenditures perform a positive overall economic function in the national economy — and prove Eisenhower wrong.

Yet World War II was characterized by special circumstances — the productive capabilities of our large competitors were destroyed while little physical destruction took place within our borders. As a result, the United States was able to quickly capture world markets and focus world production and trade around itself.

Since World War II, there is in fact little evidence that military spending provides the Keynesian function of stimulating the economy. Key economic thinkers, including Adam Smith, have long viewed military expenditures as an impediment to economic progress because they are merely outlays for good and services and not investments. Military expenditures are designed to meet an immediate goal. Investments, on the other hand, are designed to increase future resources.

Military research and development has created well-publicized inventions and technological innovations of benefit to the civilian economy. But overall, excessive military spending and the diversion of significant amounts of national resources toward non-productive military expenditures can result in a long-term decline in productive capacity and efficiency. One scholar estimates, for example, that every 1 percent of GNI (gross national income) devoted to military spending reduces economic growth by about a 0.5 percentage point.

Critics of excessive military spending will point to two trade-offs, often characterized as "guns versus butter" and "guns versus investment." The "guns versus butter" argument implies that high military spending is harmful when it is financed by reducing public expenditures on health, education, food stamps, Medicare and so on. The consequences of such dramatic reductions in these vital social services can be devastating to millions and harmful to the economy overall.

The "guns versus investment" argument focuses on the negative consequences of financing military spending through debt and borrowing. Military spending financed through an increase in the budget deficit (borrowing) can lead to an increase in interest rates, which discourages private investment.

Congress has an obligation to be honest with the American people about the economic consequences of excessive military spending. We all want to support the troops and protect our nation's defense. But perhaps there are ways to accomplish national security without bankrupting our nation and harming our most vulnerable.

*William Felice is professor of political science at Eckerd College. This article draws on material from his book "The Global New Deal: Economic and Social Rights in World Politics." Felice can be reached via his website [williamfelice.com](http://williamfelice.com).*