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# USA and Allies Outspend Potential Rivals on Military by Four-to-One; America Carries Much of the Defense Burden for its Allies

Carl Conetta

Project on Defense Alternatives

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Efforts to cull savings from the US defense budget for purposes of deficit reduction have been stymied by Pentagon claims that any significant cut might have “devastating” or even “catastrophic” effects. However, a review of global defense spending data shows that America and its allies outspend potential rivals by a margin of four-to-one.

Moreover, the United States carries much more than its share of the allied defense burden, as measured by percentage of Gross Domestic Product allocated to defense. Together, the United States and its close allies worldwide spent \$1.23 trillion on their armed forces in 2010 – more than 68% of the global total. But had the burden been shared equally based on GDP, the United States could have reduced its military spending by one-third (33%), including spending for war.

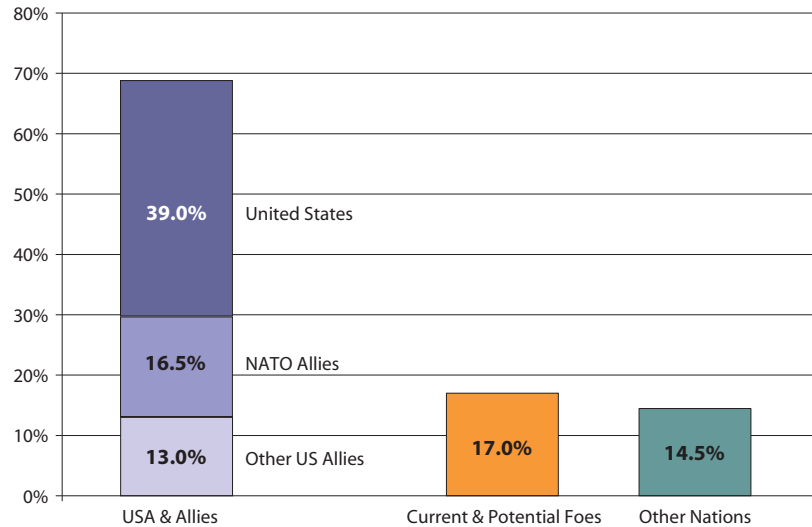
The chart at right compiles data published by the London-based International Institute for Strategic Studies and the Stockholm International Peace Research Institute. It reflects their estimates for the true defense expenditures of both Russia and China. And it incorporates “purchasing parity power” estimates for the world’s top 15 military spenders. This measure allows a truer comparison of the buying power of nations’ defense expenditure.

The chart on the next page compares how much Gross Domestic Product various nations of key concern to the United States spend on defense. It shows that:

- **The percent of GDP that the United States devotes to military ends far exceeds the average percentage set aside by the rest of the world for military purposes: 4.8% in 2010 for the USA versus 2% for all other nations.**
- **China puts much less emphasis on military spending than does the United States, devoting just 2% of its**

**Global Military Spending Shares, 2010**

(\$1,790 billion total world military expenditure)



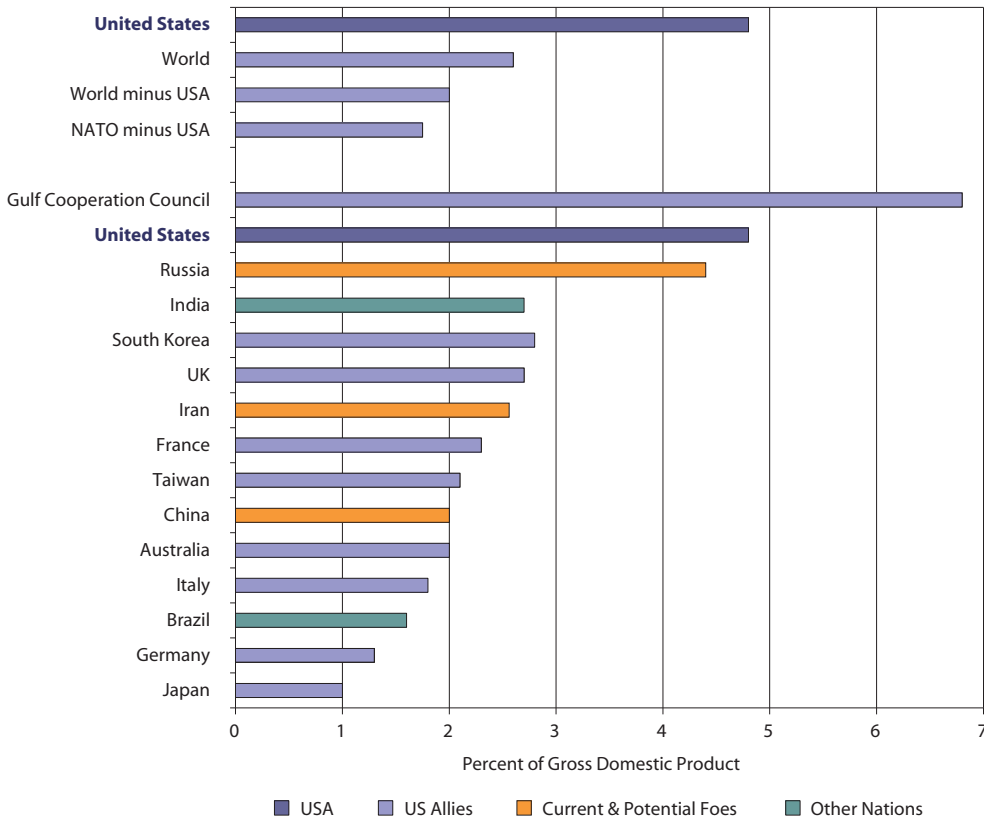
- **Other US Allies** includes Australia, Israel, Japan, S. Korea, Taiwan, and the Gulf Cooperation Council states: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates.
- **Current and Potential Foes** includes China, Cuba, Iran, N. Korea, Russia, Serbia, Syria, and Venezuela.
- Within **Other Nations**, India and Brazil together account for 57% of total expenditure.
- “Purchasing power parity” estimates are used for the 15 top military spenders, who together account for more than 80% of all military spending.

Sources: Budget estimates are for 2010 and are drawn from *The Military Balance 2012* (London: International Institute for Strategic Studies, 2012) and *SIPRI Yearbook 2011* (Oxford: Stockholm International Peace Research Institute, 2011).

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**Country Comparison:  
Percent of GDP Devoted to Military Expenditure, 2010**



*Gulf Cooperation Council:* Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates

*Notes:* Military spending share of GDP based on 2010 budgets. Percentage of world product devoted to armed forces reflects “purchasing power parity” estimates.

*Sources:* International Institute for Strategic Studies, *The Military Balance 2012* (London, 2012); Stockholm International Peace Research Institute, *SIPRI Yearbook 2011* (Oxford, 2011)

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domestic product to military ends. Russia comes closer to the US standard – 4.4% versus 4.8% – but its economy is so much smaller than America’s that the resulting defense expenditure is only 1/6 as great as America’s in terms of purchasing power.

- **The United States also devotes far more of its wealth to military ends than do its NATO allies: 4.8% of domestic product versus 1.75% for NATO countries on average.**
- **America’s Asian allies likewise set aside a much smaller portion of their domestic product for the military than does the United States.** Japan devotes only 1% of its wealth to defense; South Korea, 2.8%.
- America’s allies in the Middle East and Persian Gulf are an exception: Israel spends 6.4% of its GDP on its military, while the Gulf Cooperation States devote 6.8% of GDP to defense, on average.

**CONTACT:**

**Project on Defense Alternatives**

**Carl Conetta** –  
cconetta@comw.org

**Charles Knight** –  
cknight@comw.org;  
617-547-4474

**Ethan Rosenkranz** –  
erosenkranz@comw.org;  
202-316-7018

- The United States together with all its close allies worldwide spent \$1.225 trillion on their armed forces in 2010. Had all these countries contributed an equal percentage of their wealth to this total, **the United States could have reduced its defense spending by one-third (33%), including its spending for wars.**
- The excess military burden carried by the United States for its (by and large) “rich” allies substantially exceeds the Pentagon budget cuts mandated under the sequestration provisions of the Budget Control Act.
- Clearly, most of America’s military allies place much less emphasis on defense spending than does the United States. This raises the question, In what are they investing that America is not? Notably, these nations are not only America’s allies, but also its economic competitors.