

## **World Military Spending Tops \$1 trillion US: half is American**

Written by

Tuesday, 07 June 2005 06:06 - Last Updated Tuesday, 07 June 2005 06:06

---

### **World Military Spending Tops \$1 Trillion US: Half is American**

In a press release issued by the Stockholm Institute for International Peace Research, scholars claimed that last year for the first time global military expenditures exceeded \$1 trillion per annum. The major determinant of the world trend in military expenditure is the change in the USA, which makes up 47 per cent of the world total. Military expenditure

by Elisabeth Sk?ns, Wuyi Omitoogun, Catalina Perdomo and Petter St?lenheim

World military expenditure in 2004 is estimated to have been \$975 billion at constant (2003) prices and exchange rates or \$1035 billion in current dollars. This is just 6 per cent lower in real terms than at the 1987?88 peak of cold war world military spending. As a global average, 2004 world military expenditure corresponds to \$162 per capita and 2.6 per cent of world GDP. However, there is a wide variation between regions and countries in the scale and economic burden of military spending. The average annual rate of increase in world military expenditure over the 10-year period 1995?2004 was 2.4 per cent in real terms. This average encompasses two distinct trends: first, the post-cold war reduction in military spending which culminated around 1998; second, an increasing trend since 1998, accelerating to an annual average increase of around 6 per cent in real terms over the three-year period 2002?2004.

The major determinant of the world trend in military expenditure is the change in the USA, which makes up 47 per cent of the world total. US military expenditure has increased rapidly during the period 2002?2004 as a result of massive budgetary allocations for the ?global war on terrorism?, primarily for military operations in Afghanistan and Iraq. These have been funded through supplementary appropriations on top of the regular budget. The supplementary appropriations for this purpose allocated to the Department of Defense for financial years 2003?2005 amounted to approximately \$238 billion and exceeded the combined military spending of Africa, Latin America, Asia (except Japan but including China) and the Middle East in 2004 (\$193 billion in current dollars), that is, of the entire developing world. Thus, while regular military spending has also increased in the USA as well as in several other countries and regions, the main explanation for the current level of and trend in world military spending is the spending on military operations abroad by the USA, and to a lesser extent by its coalition partners.

In 2004 there was a growing debate related to the sustainability of the current military efforts of the USA. Questions were raised about the contribution of military expenditure to the growing fiscal deficit and its future impact on economic growth. A related concern is whether military expenditure will crowd out non-military government expenditure. The debate has been

## World Military Spending Tops \$1 trillion US: half is American

Written by

Tuesday, 07 June 2005 06:06 - Last Updated Tuesday, 07 June 2005 06:06

---

exacerbated by uncertainties over future trends in expenditure for military operations in Iraq.

There is a recognition that security is a prerequisite for sustainable development, which has led to a debate concerning the different ways in which donors should support security sector reform. Some countries fear that extending the definition of official development assistance to cover security-related issues may diminish overall support for social and economic aid, and could even result in cold war-style assistance with the strategic interests of donors dictating the direction of their aid policy. Two ongoing support programmes for security activities in crisis-prone developing countries?US assistance to Colombia and British support for the security sector in Sierra Leone?are examples of emerging patterns of security assistance provided in the context of development assistance but which indirectly enhance security at home.

Additional details from the SIPRI Yearbook may be found at:

<http://yearbook2005.sipri.org/pressrl/SIPRIYB2005PRfinal.pdf>