

The defense burden is lighter
for Europeans and Canadians.

How US Defense Spending Compares



DoD photo by S/SGT. Rodney E. Jones

THE open-ended US mission in Bosnia and the planned expansion of NATO have rekindled debate about burden sharing in the Alliance. Specifically, analysts and officials charge that Europe and Canada are not pulling their weight on defense.

Since 1995, the Bosnia deployment has cost the US \$7 billion, with no end in sight. The cost of incorporating the Czech Republic, Poland, and Hungary into NATO is in dispute but surely will cost Washington billions more. These expenditures come on top of scores of billions the US spends each year to keep a 100,000-strong force in Europe and its territorial waters and to protect Western oil supplies in the Persian Gulf.

These and other factors have provoked claims that European nations and Canada, with a combined popula-

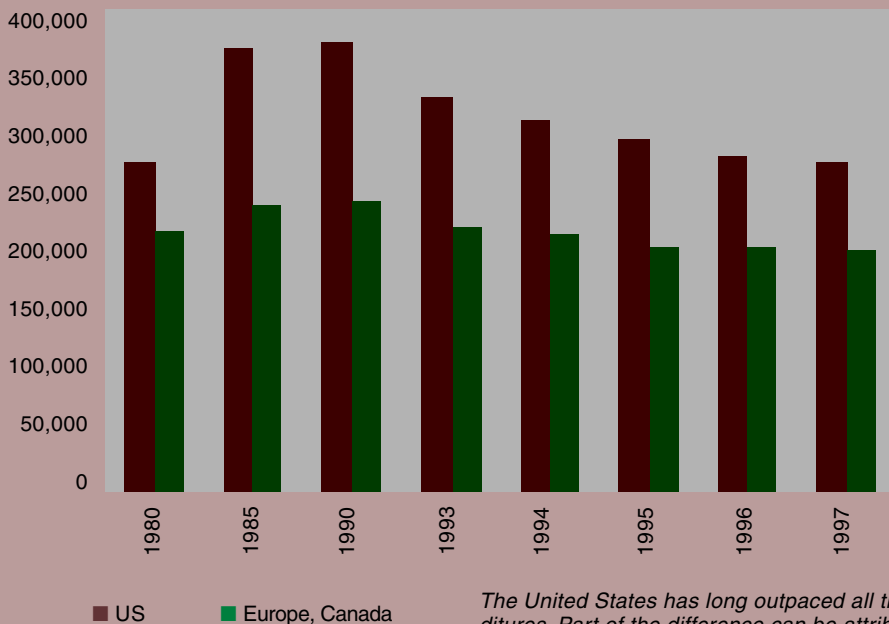
tion and economic output comparable to those of the US, should pay more of the common defense bill, reducing the US burden.

The tension is readily seen in policy on Bosnia. Two key Democratic Senators, Carl Levin of Michigan and Jack Reed of Rhode Island, said in December they support keeping the US force in Bosnia but not indefinitely. Europeans, they warned, must be prepared to take up the burden soon. Republicans are even stronger in their calls for more vigorous European action on a range of defense matters.

Judging from the statistical evidence, critics of the Allies have a case. Information presented on the following pages has been drawn directly from official NATO sources or has been derived from official NATO data.

Fig. 1 Defense Expenditures of NATO Members 1980–97

Constant 1998 US Dollars



The United States has long outpaced all the other Allies combined in total military expenditures. Part of the difference can be attributed to the global nature of US defense strategy. The gap grew significantly during the Reagan defense buildup of the 1980s. As can be seen in Fig. 1, the difference narrowed a bit during recent years as the United States' armed forces went through its extended post-Cold War drawdown. However, Washington still leads the rest of the Alliance by a wide margin, as is evident in Fig. 2.

Fig. 2 Shares of Defense Burden

Percent of Total Spending by NATO Nations, 1997

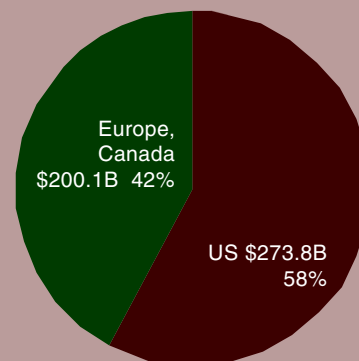
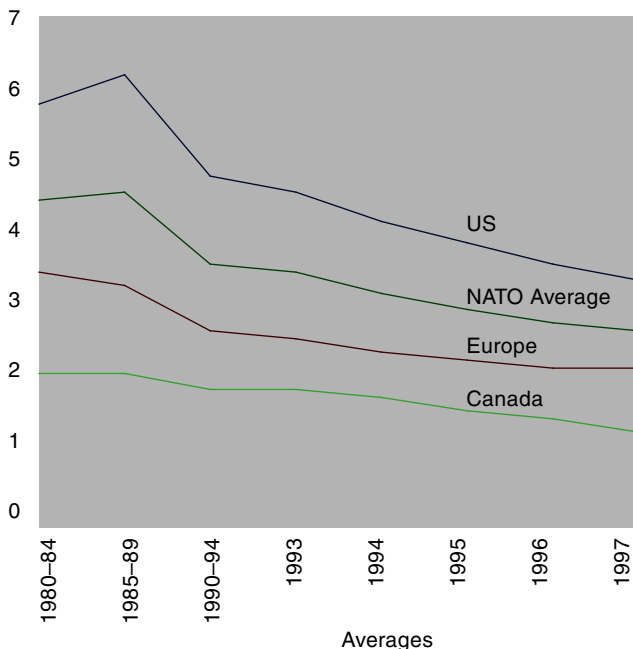


Fig. 3 The Economic Burden 1980–97

Defense Spending as Percent of GDP



Defense analysts and officials frequently cite the share of national economic output devoted to defense as a measure of a nation's defense burden and commitment to provide for its security. As the data in Fig. 3 show, Europe and Canada traditionally have lagged far behind the United States in this key indicator of military spending. The percentages have been drifting downward on both sides of the Atlantic for some time. Even so, as seen in Fig. 4, the US still dominates in this category.

Fig. 4 Current Commitment

Percent of GDP, 1997

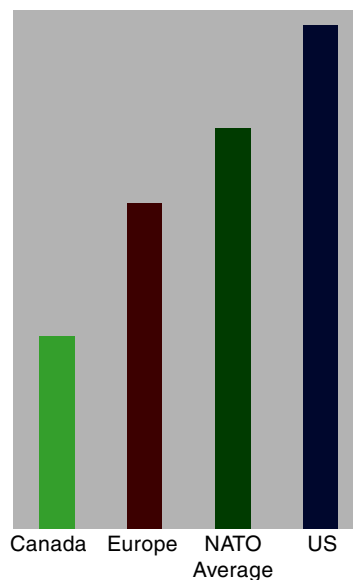


Fig. 7 Payments for Troops
Personnel Costs as Percent of Defense, 1997

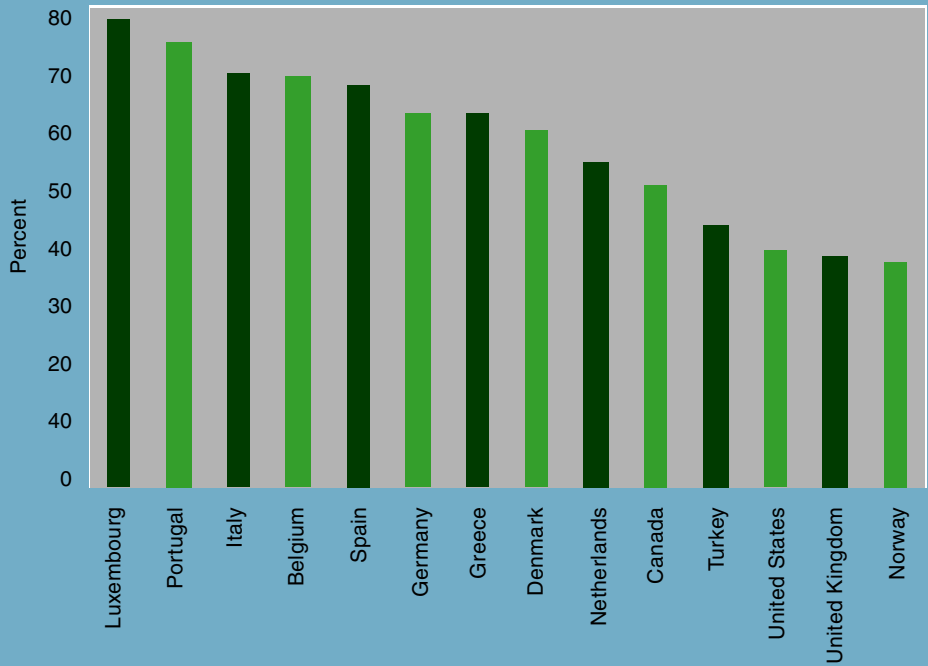


Fig. 5 The Burden on Individuals
Defense Spending Per Capita, 1998 Dollars

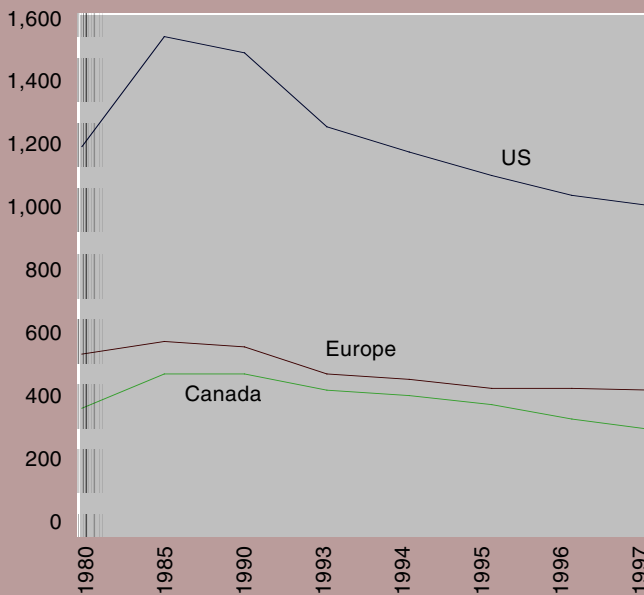
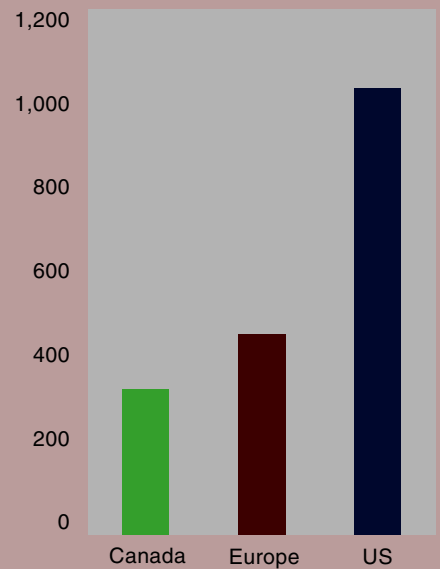


Fig. 6 What Americans, Others Paid in 1997
Defense Spending Per Capita



When it comes to the burden borne by the individual taxpayer, the transatlantic gap is even more pronounced. For Americans, per capita spending on defense peaked at about \$1,600 per year in 1985 (measured in constant 1998 dollars) and has been slowly declining ever since. [See Fig. 5.] The annual cost to the European and Canadian citizen also has been declining but from a far lower starting level. The upshot is that, in 1997, Americans paid \$1,000 apiece for national defense, compared to \$475 for the average European and \$348 for the average Canadian, as seen in Fig. 6.

Fig. 8 Payments for Hardware
Equipment Costs as Percent of Defense, 1997

These two charts demonstrate the relative importance (in budgetary terms) that the United States and its Allies ascribe to two key components of military power—personnel and hardware. Higher spending on new weapons and equipment generally is viewed as supportive of a more technically advanced military force. However, Europeans spend more of each defense dollar on personnel costs, compared to the United States. Whereas US personnel costs consume a bit less than 40 percent of the defense budget, major European Allies such as Germany, Italy, Spain, and Belgium allot 60 percent or more to pay the troops. [See Fig. 7.] As can be seen in Fig. 8, the US commits about a quarter of its budget to weapons and other equipment. Surprisingly, Turkey and the UK surpass the US in this measurement, whereas some key Allies lag far behind.

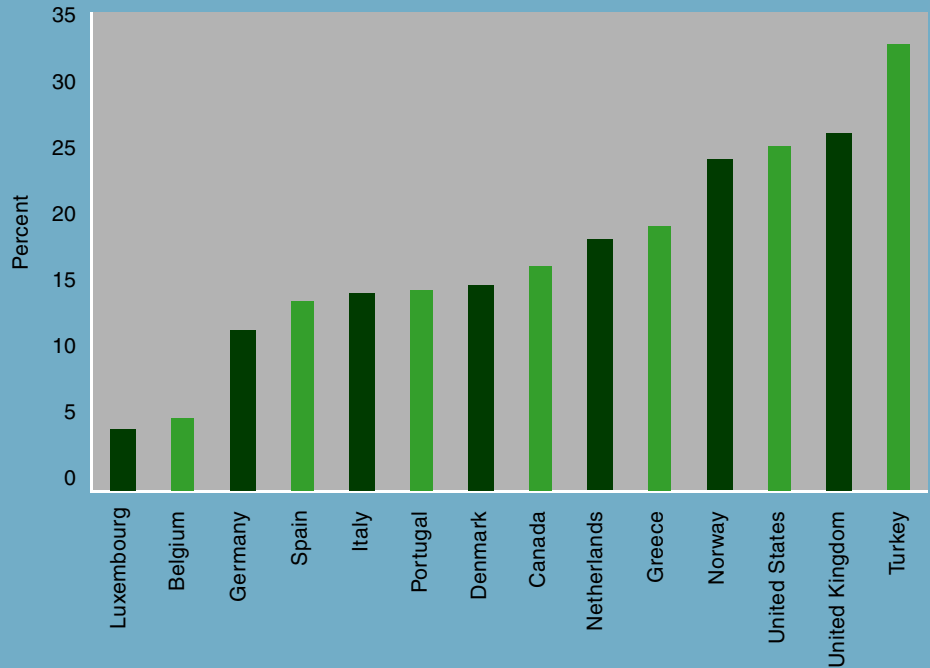
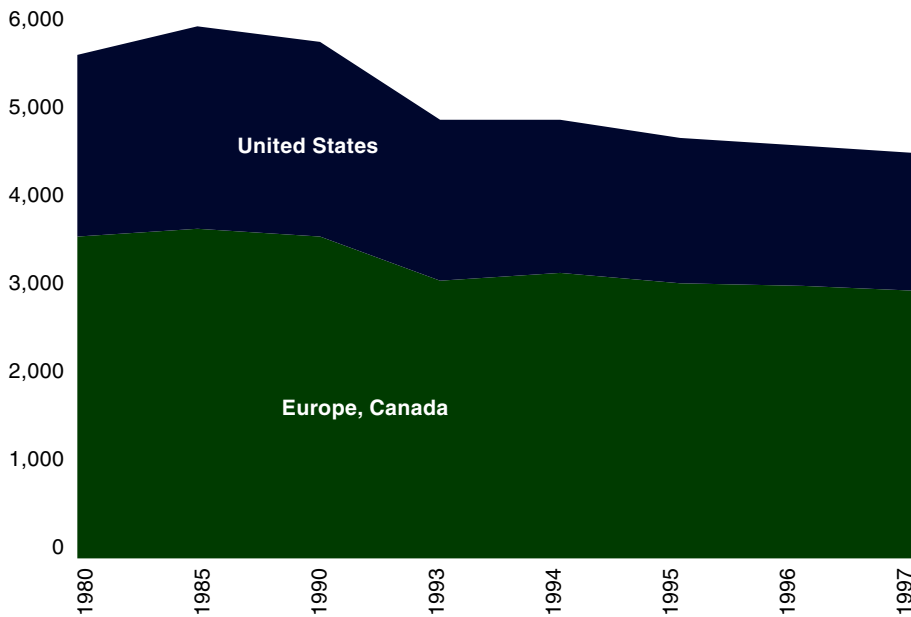


Fig. 9 Active Duty Forces of NATO Nations
Average Annual Strength, in Thousands



As seen in Fig. 9, the combined military force of the Western Alliance stood at nearly six million active troops in 1985, the first year of a profound thawing in East–West relations that produced the end of the Cold War. Since that time, NATO nations have shed more than 1.4 million troops and now deploy a force totaling about 4.5 million. Surprisingly, as can be seen in Fig. 10, the troops of Europe and Canada outnumber those of the United States 2-to-1. However, analysts say that many of these troops are not equipped or trained for major military conflict.

Fig. 10 NATO Armed Forces
Average Annual Strength, Active Duty, in Thousands

Nation	1980	1985	1990	1993	1994	1995	1996	1997
US	2,050	2,244	2,181	1,815	1,715	1,620	1,575	1,554
Europe	3,504	3,603	3,510	3,014	3,103	3,010	2,976	2,907
Canada	82	83	87	76	75	70	66	66
Total	5,636	5,930	5,778	4,905	4,893	4,700	4,617	4,527

Note: Includes France.