

PeaceEconomyNews

Fall 2009



PEP researches, educates and advocates for conversion of our society from a military to a peace-based economy

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NOT SPENDING MONEY ALONE:

Sweat of Laborers, Genius of Scientists, Hopes of Children Are Squandered by Half-Trillion Dollar War Budgets

FACT SHEET ON THE U.S. MILITARY BUDGET

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“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 not clothed. The world in arms is not spending money alone. It is spending the sweat of its laborers, the genius of its scientists, the hopes of its children.”
President Dwight David Eisenhower, Republican, 1961.

These words—that military spending is a material, intellectual and spiritual theft—are more true today than when uttered 48 years ago: there is more spending, and thus more theft. Today, the nations of the world devote an estimated \$1.464 trillion dollars to their military budgets.¹

The United States of America alone accounts for almost half of global military spending. This year’s military budget is \$534 billion dollars, a 4% increase over President George W. Bush’s last military budget. On top of the mega-military budget, we must add the ongoing costs of military operations in Iraq, Afghanistan and elsewhere—

costs that *so far* total more than \$900 billion and will cross the trillion dollars threshold with next year’s appropriation.²

Rank in Military Spending	Country	Spending (Billions)	World Share
1	USA	607	41.5%
2	China	[84.9]	[5.8%]
3	France	65.7	4.5%
4	UK	65.3	4.5%
5	Russia	[58.6]	[4%]
World Total		1,464	60.3%

Figures comes from Stockholm International Peace Research Institute’s Yearbook 2009 <http://www.sipri.org/yearbook/2009/05/05A>
Bracketed figures are estimates

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The United States is the largest spender on the military, but all over the world we can see a wide gulf between the resources controlled by the military and those allocated to the people.

Even as once powerful economies teeter on the brink of collapse, and the impacts

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Did You Know?

\$534 Billion is the baseline military spending request for FY2010

\$370 Billion, DoD base budget in 2000

That's a 45% increase in just baseline military spending! Not included are the costs of waging wars in Iraq, Afghanistan, and elsewhere nor the cost of maintaining our nuclear arsenal!!!



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of financial meltdown ripple into every community, precious resources continue to be diverted from human need to fund war and preparations for war. Presidents, prime ministers and kings all say that these millions and billions are needed to safeguard “national security;” but how can the nations of the world be secure when their people are hungry, thirsty, illiterate, unemployed and living in fear?

A huge military budget, a large standing army, an aggressive foreign policy, a well stocked nuclear and conventional arsenal, secures borders; this is one way to understand national security: a very expensive— an ultimately incomplete— way to understand national security. But, there is another way to understand national security... and that is through prioritizing human development and human security. The United Nation’s Millennium Development Goals are a good tool for building human security. The goals of halving extreme poverty, halting the spread of HIV/AIDS, reducing infant mortality, ensuring access to clean water and providing universal primary education throughout the world are urgent, necessary and achievable.

Millennium Development Goals	
✓	Eradicate extreme poverty and hunger
✓	Achieve universal primary education
✓	Promote gender equality and empower women
✓	Reduce child mortality
✓	Improve maternal health
✓	Combat HIV/AIDS, malaria, and other diseases
✓	Ensure environmental sustainability
✓	Develop a global partnership for development

It is striking to look at the costs of meeting the UN Millennium Development Goals within the context of a discussion of the resources devoted to military budgets throughout the world. They are *all* achievable if *one-tenth* of what is currently spent on the

military is invested in human development. The total cost of achieving the MDGs over the next decade is roughly equal to what the militaries of the world spend *in any one year* of that decade.

For example, the UN Millennium Project calculated that the costs of reaching the Millennium Development Goals in all countries would be \$121 billion for the year 2006. That same year, the United States alone spent **\$605 billion on its military (between the military budget, nuclear weapons spending and the costs of the Global War on Terror).**³

Our choice is clear: national security or human security. Choosing a narrow and militarized version of national security comes at the expense of human security, as President Eisenhower so vividly described. The choice of human security, however, encompasses a true and lasting national security.

Notes:

1. *What Is A Trillion?* A trillion is one thousand billion, one million million. Put another way: one million seconds comes out to be about 11½ days. A billion seconds is 32 years. And a trillion seconds is 32,000 years. Stockholm International Peace Research Institute, <http://www.sipri.org/yearbook/2009/05>
2. The Center for Arms Control and Nonproliferation has great resources on the U.S. military budget: <http://www.armscontrolcenter.org/policy/securityspending>
3. For more on the costs of meeting the MDGs, see “Costs and Benefits,” chapter in *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals*, Jeffrey Sachs, et al, 2005. http://www.unmillenniumproject.org/reports/costs_benefits2.htm

Frida Berrigan, a friend of The Peace Economy Project, is Senior Program Associate of the Arms and Security Initiative at the New America Foundation. Previously, she served for eight years as Deputy Director and Senior Research Associate at the Arms Trade Resource Center at the World Policy Institute at the New School in New York City. She has also worked as a researcher at The Nation magazine.

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Ms. Berrigan is a columnist for Foreign Policy in Focus and a contributing editor of In These Times magazine. She also blogs regularly at Huffington Post.Com. She is the author of reports on arms trade and human rights, U.S. nuclear weapons policy, and the domestic politics of U.S. missile defense and space weapons policies. She has been a featured expert on national and regional radio outlets, and regularly speaks on national security issues to citizen's organizations and at major conferences throughout the United States.

Miss Berrigan spent three days in October 2009 in St Louis, MO, speaking on college campuses, with area peace groups, on the radio, and at a large event at the St Louis Ethical Society.

Frida's picks for further reading and mobilization:



- *A Unified Security Budget for the United States (2009)* could be a model for other nations. The annual report analyzes the U.S. federal budget, outlines ways to bring security spending into better balance with other priorities, and proposes a set of spending shifts that would enhance U.S. security. <http://www.fpiif.org/fpiftxt/5548>
- *United for Peace and Justice* developed an appeal to President Obama and the U.S. Congress to “cut military spending by 25% in 2010 and redirecting our tax dollars to housing, health care, education, green jobs, and clean energy.” <http://www.unitedforpeace.org/downloads/Beyond%20War%20Petition.pdf>
- *Time for New Priorities: A Global Call for Action on Military and Social Spending*, is an effort by the [International Peace Bureau](http://www.ipb.org/) to explore proposals like a conversion of “10% of military spending into public investment for social development in order to combat poverty.” <http://ipb.org/i/pdf-files/Call-for-Action.pdf>
- *The National Priorities Project* maintains incredibly useful databases of U.S. military spending and human needs spending from which advocates can create locally relevant factsheets and resources. <http://nationalpriorities.org/>

It Is That Time Again – The Quadrennial Defense Review: This Time Let's Get It Right.

By Charles Kindleberger

Every 4 years the Defense Department prepares the Quadrennial Defense Review. As required by Congress, the QDR must review the threats around the world, consider strategies for addressing those threats, and recommend the allocation of resources necessary to implement the strategies.

Work began some time ago on the latest report, which is due in early 2010. Hopefully those working on this analysis have or will read carefully an article in the July/August 2009 issue of “Foreign Affairs,” by Andrew Krepinevich Jr., president of the Center for Strategic and Budgetary Assessments. Entitled “The Pentagon’s Wasting Assets”, this provocative article is a highly effective critique of current U.S. defense policy and weapon systems.

Wasting Assets. A “wasting asset” is a thing that loses value over time; think of a car, which depreciates each year, in contrast with a house which (at least traditionally) tends to gain in value. Many of our weapon systems, Krepinevich claims, are “wasting assets”.

The reason has to do with the improvement and dissemination of technology that can be summarized with the acronym G-RAMMS. Guided rocket, artillery, mortar and missile capabilities used to be primarily in America’s arsenal (remember the “shock and awe” attack on Baghdad in 2003). Now they are being developed by and/or sold to many of our potential adversaries.

Krepinevich notes that major stationary bases like Camp Victory in Iraq or Bagram Air Force base in Afghanistan are increasingly at risk, but the implications are much more serious. He points out the vulnerability of our ships in the Persian Gulf where Pentagon war games have demonstrated that a combination of swarming suicide vessels, antiship cruise missiles (ASCMS), sea mines and submarines could allow Iran to badly damage the U.S. Navy.

He then turns to China which is developing an “assassin’s mace” strategy – armed ballistic

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missiles that could not only target off shore ships but strike U.S. bases in Okinawa and Guam. Krepinevich notes that China is building submarines, aircraft with ASCMS, over the horizon radar, unmanned aerial vehicles and reconnaissance satellites. The effect is that "East Asian waters are slowly but surely becoming another no-go zone for U.S. ships."

But there is more. The Chinese have demonstrated the ability to knock out satellites in low orbit like the Global Positioning System satellites which Krepinevich claims is integral to the delivery of our "smart" weapons. Both the Chinese and the Russians appear also to be developing cyber warfare capability that could interfere with our military communications and wreak havoc on the U.S. Economy.

The implications seem clear. Those preparing the new Quadrennial Defense Review must recognize that America cannot solve every world problem, especially through military means. Even were the nation not faced with huge fiscal deficits, it would seem harder and harder to make a case for many of the new weapons in the pipeline.

EFV. Consider, for example, the Expeditionary Fighting Vehicle (EFV). The marines have long wanted a new amphibious assault vehicle (think armored landing craft). After 14 years and almost \$2 billion in Research and Development funds, they have a prototype. Unfortunately each vehicle is projected to cost as much as \$22 million or \$12.4 billion for 573 of them, half the number previously desired by the pentagon.

It gets worse. The EFV prototypes are reported to have major reliability problems, insufficient protection against roadside bombs, and unpredictable steering in high seas. Made out of aluminum, they are designed to "swim" up to 25 miles from their Navy ships that understandably fear getting close to shore in the face of anti-ship cruise missiles, mines and all the other G-RAMM weapons.

Is it not evident that the days of D-day type beach assaults no longer make sense in our current age? Secretary Gates has hinted that he agrees, but the Chairman of the Joint Chiefs

of Staff is an admiral and the Vice Chairman a marine general. They, and many like them, no doubt think that the legacy of "leathernecks hitting the beach" is central to their being.

Aircraft Carriers. The EFV is one small example of the new reality. As other potential antagonists increase their G-RAMM capability, much bigger weapons systems become more problematic. One new Ford class (CVN-78) aircraft carrier costs about as much as all 500 plus proposed EFVs. Now under construction, the Gerald R. Ford is reported to cost \$9 billion plus another \$5 billion in R and D expenditures. It is currently expected to be completed in 2015, and to be followed by more carriers of the same class. The Navy wants to replace each of its 11 earlier Nimitz and Enterprise class carriers.

The Quadrennial Review professionals need to ask if these carriers and other large ships are not just large floating targets, appropriate in another era, and helpful now in delivering humanitarian services, but no longer smart, let alone affordable as part of our weapons inventory.

Hard Decisions. Secretary of Defense Gates has shown his ability to make hard decisions. Last April, he recommended termination of the F-22 and a number of other expensive programs. Moreover, the Air Force has begun to get the picture. They appear to have gotten serious about deploying relatively cheap unmanned aerial vehicles despite the fact that they don't require "top gun" fighter pilots. Can the same message be brought to, and understood by, the Navy and the Marines?

Internet rumors suggest that Gates and President Obama are not prepared to make more tough decisions that run counter to the military-industrial congressional complex. Given the challenges of Afghanistan, Iraq, North Korea, Iran, Somalia pirates and, of course, China and Russia, the politics may not allow it. Yet the budget dilemma is real, and Peter Orzag, Director of the Office of Management and Budget reportedly asked every government department to identify five "significant" programs that could be trimmed or terminated in their FY 2011 budgets.

The Quadrennial Review is being coordinated by Michèle Flournoy, Under Secretary of Policy

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in the Defense Department. She was reported in the New York Times (7/4/09) to be “meticulous, academic, and reserved” in contrast with neo-con Douglas Feith who had the job during the Bush Administration.

Now would be a good time for PEP readers to educate Ms. Flournoy and her boss Secretary Gates about the vital

importance of turning this nation towards a peace economy. We don't need more “wasting assets.”

For more information, and rumors, about the EFV and other expensive toys, visit DODBuss.com, the Online Defense and Acquisition Journal and the Center for Strategic and Budgetary Assessments.

The Defense Lobby Under the Obama Administration:

Following an extraordinary year, the status quo marches on.

By Andrew Heaslet

The US is coming out of a tumultuous year; we spent 2008 engaged in the most expensive election in history while our economy was simultaneously falling apart. Following an extraordinary year throws a bit of a kink into typical, linear analyses, but noting that the American defense industry is still financing on par with the years leading up to last year's record-breaking performances, one can conclude that these companies a) know that lobbying dollars are high-return investments and b) have weathered the economic and electoral storms very well.

High Returns

The Bush administration ushered in a period of plenty for defense manufacturing contractors. Between 1999 and 2009, the defense budget roughly doubled, many of those funds going towards “rebuilding” efforts, tossing gobs of money into cold-war-era weapons to prepare to do battle with cold-war-era foes at a time when we were fighting groups of insurgents whose most effective weapons were (and are) simply known as “Improvised Explosion Devices.”

The prospect of the election in 2008 briefly offered the possibility for a divergent course. Unfortunately, though, this hope was quickly extinguished, due, in part, to aggressive campaign donations and lobbying from the defense industry.

Hillary Clinton, despite not even earning the primary victory in the Democrat party, still won nearly \$400,000 in defense industry contributions during last year's election. Through the primaries, she was the leading recipient of defense dollars, Democrat or Republican, and her final defense fundraising total amounted to well over half of what Republican nominee, John McCain, raised from this sector over the entire election cycle (~\$700,000).

Obama's contributions from the defense industry ultimately topped \$1 million, which amounts to a relatively small portion of the \$700 million in funds he amassed over the life of the election. McCain, who opted into the public financing option for the election, still raised nearly \$400 million total. These numbers mean that direct defense industry donations made up a mere .175% of McCain's donated funds and .143% for Obama. These percentages are underwhelming, but the aforementioned donations only made up about 10% of total defense industry donations in 2008. The industry spread another \$20 million through smaller-budget congressional races across the nation, making friends with other political decision makers who ultimately hold the purse strings to any budget the president might submit.

The defense industry enjoys high returns for its investments because it casts a wide net with campaign donations and follows up with separate lobbying efforts. While defense companies donated \$23.7 million to federal campaigns last year, the total lobbying amount for the same year was just short of \$150 million! The \$23 million in campaign contributions would rank 14th* among OpenSecrets.org's “Top Industries Giving to Members of Congress, 2008 Cycle,” if the three defense industries (aerospace, electronics, and miscellaneous) listed by that source were combined into one entity, similar to “insurance,” “real estate,” or “health professionals.” Defense ranked 9th, overall, among lobbying sectors, following health, finance, energy, communication, transportation, and other special interests.

9th and 14th places aren't exactly overwhelming positions, but that isn't limiting impressive returns on the industry's political investments. In the 2010 Department of Defense budget request, an early indicator of what the results of the 2008 election will yield for campaign contributors, there are some \$200 billion potentially

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Opensecrets.org

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available to the defense industry: \$13.5 billion for military construction, \$78.6 billion for research, development, testing, and evaluation and \$107.4 billion for procurement projects. These funds do not include the billions available to the industry for work on sustaining the American nuclear weapons arsenal – nor does it take into account the billions for contractors on the battlefield in Iraq and Afghanistan.

To put the amount of funds available to defense profiteers into perspective, that nearly \$200 billion, only a fraction of American military spending, is roughly equal to four times what the White House has requested for the Department of State, the agency in charge of diplomatic relations with the rest of the world!

For political investments of under \$200 million, the defense industry is granted access to \$200 billion in contracts! The amount of money needed to gain influence with those who hold government purse strings is embarrassingly small compared to the amount of money at stake. And, as this year's budget continues to show, for defense industries, it's an investment well worth making.

Weathering the Storm

One of the benefits of being a government contractor of any variety is that, in hard economic times, government spending is one of the first tools used to attempt to get the economy back on firm footing. Companies with strong ties to government contracts have the benefit of doing business with a customer that can set its own rules; borrowing at will and even producing currency, if needed.

Indeed, strong ties to government contracts likely kept many of defense companies in the black through this difficult recession. In addition to the perks of having a customer that cannot go bankrupt, the recession has played nicely into the defense industry's hands, as jobs (read: political

currency) arguments carry extra weight during this time. The defense industry has long spread its work across as many congressional districts as possible. For instance, the F-22 is made in 44 out of 50 US states, the C-17 in 42! Interestingly, though, while these ties have proven to be an asset for the industry, they have proven to be a liability as well.

Less than 100 days into Obama's presidency, his secretary of defense, Robert Gates announced that his "department must consistently demonstrate the commitment and leadership to stop programs that significantly exceed their budget or which spend limited tax dollars to buy more capability than the nation needs."

With that, he announced plans to reduce or cut several high budget items from the defense budget including canceling the F-22 raptor and the VH-71 presidential helicopter, allowing the C-17 Cargolifter program to end, and reducing missile defense and future-combat-systems spending, among other high profile moves.

In the same speech, he outlined how the defense budget request would still be four percent higher than the previous year's, but, judging the response from contractors and conservative pundits that is still ringing, five months later, one would get the impression that the secretary had requested that we stop spending money on the military all-together. This, of course couldn't be further from the truth.

Boeing, whose defense-systems headquarters are in my hometown of St Louis, appears to be especially vulnerable to several of Gates proposed changes; this company has connections to four of the five programs I mention above. But it is also a major manufacturer of weapons the defense secretary continues to be a big supporter of, particularly Unmanned Aerial Vehicles, or Drones.

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Gates, if he was sincere about his call to rein in waste, did a bad job of initiating the haggling that has ensued following his initial funding request. That, or he significantly underestimated the political might that could be wielded by the defense industry at will.

Immediately following his announcement, the wheels of the mighty military-industrial-congressional complex began rolling. Opinion pieces came (and continue to come) out declaring that this budget will leave our nation vulnerable to attack. In St Louis, the media, labor, and politicians, some of whom cannot even agree on which way to get to our famous Arch, all piled together onto small stages in support of programs that Secretary Gates wanted to change or end.

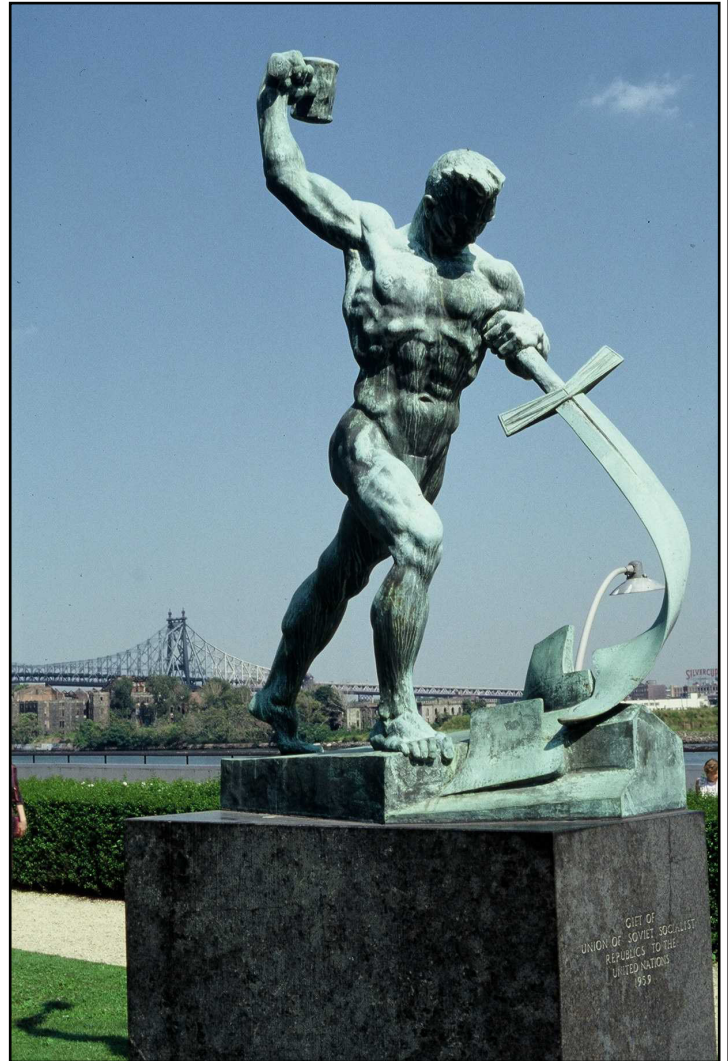
Perhaps Gates simply didn't want to bite off more than he could chew, though; he and Obama have had to struggle to keep even their modest pruning job in-tact. More C-17s and F-18s than they requested have been snuck into legislation from both the House and Senate, as have funds for additional spending on some of the more questionable aspects of the missile defense program.

As reported by Bloomberg.com, "President Barack Obama said he will veto defense spending legislation if Congress includes funding for purchases... that he said are not needed." This is an encouraging sign, but one must wonder how much political capital the president is willing to wager on a handful of items within a popular defense bill as he tries to push more controversial issues such as healthcare and environmental reform through a stubborn Congress.

Regardless of the president's veto threats, it appears that the best-case scenario leaves us with a still-growing military budget. Things don't look too gloomy for the defense industry. While they have suffered a few bruises over the past few months, with the right combination of lobbying, donations, and political maneuvering, their fundamental structure appears to have weathered the storms of an election and simultaneous recession quite nicely. Their work and profits roll on – as do the efforts of the anti-war-profitteer activist.



Let Us Beat Swords into Plowshares



This bronze statue is part of the U.N. collection of art. It was a gift from the USSR in 1959. It was made by Evgeniy Vuchetich to symbolize "man's desire to put an end to war and convert the means of destruction into creative tools for the benefit of all mankind." (<http://www.un.org/pubs/cyberschoolbus/untour/subswo.htm>)

As with the PEP logo, the image is inspired by a portion of Isaiah 2:4:

...and they shall beat their swords into plowshares, and their spears into pruninghooks: nation shall not lift up sword against nation, neither shall they learn war any more.

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