

# **\$1.6 Trillion “Military Mafia”. NATO Countries Account For 70% Of World Military Budget**

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Global Research, November 29, 2010

Daily Times Pakistan 29 November 2010

Theme: [Militarization and WMD, US NATO War Agenda](#)

The world is now spending more than \$4 billion on its militaries every day, and that doesn't include the world's largest army, China, six declared rogue states and a host of other non-state and undocumented actors.

Total global defence spending in 2009 was \$1,563 billion compared to \$1,050 billion in 2000. That's roughly a 50 percent growth. For the first time, this figure has crossed \$1,550 billion, which the whole world spent at the height of the Cold War in 1988 when regular armies of dozens of countries were either falling in the camps of USSR or the USA.

The US, Europe and the UK spend around 70 percent of the said money, with nearly half of the total global military spending being done by America. All rogue states, the so-called perceived enemies of the West ie North Korea, Iran, Sudan, Syria, Cuba and Libya, and finally al Qaeda, reportedly spent less than one percent of the total global military spending in 2009.

Even if we factor in the Chinese defence spending (\$70 billion in 2009) and Russian spending (\$47 billion in 2009), the total defence spending of all these states (potentially hostile to the US and NATO) came to \$133 billion, which is just about nine percent of the global defence industry. The math is quiet straight and often known to learned circles. Let's examine how it all is happening.

If we look closely at how this money is being spent, it becomes clearer as to the intent of this huge military spending.

Geographically, all major regions of the world have seen more than 100 percent growth in real terms in their military spending during the last twenty years, except surprisingly Western Europe, while Eastern and Central Europe reduced their total defence spending by up to 80 percent from 1988 until 2009.

Separately, Africa, North and South America, East and South Asia and the Middle East all registered growths in their defence spending of 98 percent, 27 percent, 129 percent, 43 percent and 275 percent respectively.

The most interesting fact is that total global military spending had gone down by over 30 percent from \$1,515 billion in 1988 to \$1,073 billion in 2001 before it rose back to \$1,563 billion in 2009.

Put simply, the USSR and its allies of the cold war era have been more than covered by Iran, N Korea and al Qaeda. A potent, equally equipped and ideologically singular enemy in the

shape of the USSR has been replaced by some fractured, ideologically divergent and less equipped enemies ie Iran, N Korea and al Qaeda.

Now let's examine closely as to who actually benefited from these developments on the global scale and what were the motives behind it. Global spending on the military machine is essentially separated in three heads. The upkeep of human soldiers, their peacetime logistics and finally procuring the tools of wars, i.e. arms and ammunition.

Generally, the US and NATO typically spend around 40 percent on arms and ammunition and their research, while the remaining 60 percent is spent for provisions/salaries of soldiers, their logistics and upkeep.

During the final years of the Cold War, the total strength of global armies stood at 28 million soldiers, out of which 16 million were in Europe (9.4 million), America (2.25 million) and the USSR (4 million) in 1985. That means roughly two out of every three soldiers were from the US, USSR and Europe, while the rest of the world was guarding its frontiers with the remaining third soldier.

Then came the disintegration of the USSR and the former eastern bloc, resulting in the reduction of the all-white armies to exactly half of their previous levels while the collective strengths of the armies of the rest of the world remained constant at roughly 10 million in 2009.

With militaries in Europe and America shrinking after the end of the Cold War, global military spending also came down proportionately with up to 40 percent reduction in new arms deals in the 90s. This meant a serious blow to the American and European arms industries, which started privatising and consolidating amongst themselves through mergers and acquisitions in a huge way in the 90s. This global defence industry stabilised its fall around 1996 and onward to about six percent annualised growth. 9/11 added fuel to the fire and Iraq was the real bounty. America has spent twice as much in Iraq as it has in Afghanistan so far.

This finally brought the sensitive defence production industry closer to other privatised and regular industries of the world and the business of arms contracts started to go into the hands of strong defence lobbies, mainly in the US and UK and parliamentary oversight and approvals just turned out to be a rubber stamp. No wonder Secretary Hillary Clinton admitted before a panel of Pakistani journalists on TV in 2009 that the easiest bills to pass through the US Congress were the defence and arms export bills, while foreign civilian aid bills were the most difficult.

Resultantly, the US and European arms industries consolidated into few dozen players in the 90s. The volume of business further condensed into less than two dozen international defence manufacturers mostly stationed in the US with 73 percent of the market share of global arms sales of \$385 billion in 2008. That makes more than \$1 billion of arms sales every day. Nineteen out of 26 of the largest arms and ammunition manufacturers were US companies, while the remaining seven were British and European.

The world produced \$385 billion worth of arms and armaments in 2008, out of which more than a quarter ie around \$100 billion have been sold to different countries of the world. The export trends for the last 20 years are similar. This figure is at least going to double to over \$200 billion in 2010 when the recent sales of \$100 billion to the Gulf States of Saudi Arabia, UAE, Kuwait, Qatar and Oman are booked on file. These recent sales in two years ie

2010-2011 will be almost equal to the total arms and ammunitions sold to Gulf and Muslim countries by the global arms and ammunition industry since the last 58 years (from 1950-2008). It appears to be a hugely growth oriented business and adds a new feather to the West's control on global finances, commodities, media, entertainment, tobacco and other industries.

Muslim countries historically accounted for almost 36 percent of these global arms exports from the US with Saudi Arabia leading the charts with \$66 billion (from 1950-2008) while another \$100 billion worth of orders booked for just 2009-2011. The UAE, which just imported \$2.5 billion worth of American arms during the last 58 years has booked orders worth \$35 billion during 2009-2011.

Interestingly, Eastern and Central Europe, Canada and most of South America is out of this crazy arms race for the time being, while India has emerged as a new client for the global arms players with around \$3.5 billion worth of initial orders planned for this year.

Pakistan, on the other hand, has doubled its armoury of US weapons from around \$3 billion (from 1950-1998) to around \$8 billion by 2010. That's a bounty for the Afghan war and also a ploy for prompting India to match the act. South Asia, particularly India, is going to be the next big client.

Between 1950-2008, the US government waived \$101 billion to different countries of the world from payments due for these arms sales and the countries who had fully paid in cash were Saudi Arabia Japan, Korea, Thailand.

Pakistan falls in the middle and is perhaps the only country in the world, which paid by cash for almost half of its defence procurements from the US. How did it all happen? Fifty two private defence contractors hired 2,435 retired American generals and admirals and gave them important contracting and acquisitions positions. Moreover, the Pentagon directly contracted 158 retired generals as advisers. Eighty percent of these generals had direct financial ties to private defence contractors in 2006, as per the US Government Accountability Office.

These generals were obviously hired for their links to former colleagues and subordinates and to facilitate business. Moreover, 7.5 percent of the total workforce of Washington and 39 percent of the total workforce of the Pentagon were working in the Pentagon as civilians in 2008, as per Defence Secretary Robert Gates. They were working mainly in defence contracting (around 20,000 people).

The Pentagon's own regular defence contracting staff was reduced to around 9,000 from 26,000 since 9/11. This was a huge personnel substitution from the Pentagon regulars to private contractors. Consequently, the defence and security issues including procurement of weapons, defence contract awards, defence analytic studies and even war-doctrine being entrusted to these American civilians, mostly from defence industry. Companies like Halliburton, DynCorp, CACI and Blackwater emerged as the biggest winners. At the moment, personnel strength of these private defence contractors outnumber regular American troops in Afghanistan and Iraq.

Finally, the consolidated global armament industry started charging exorbitant prices for their products.

War is a clearly a business now and will remain so for sometime, while Middle East seems to be the stage. Don't weigh in concerns for ensuring the smooth supplies of world petroleum exports, as the US, with three Middle East wars (Iran-Iraq war, Desert Storm, Kuwait and Iraq War), had already rolled up its sleeves and is quite capable of a fourth one, after a pause, of course.

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