

# War and the Economic Crisis: America's Military Obsession Leads To Economic Decline

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*The US is mired in an unemployment crisis, Europe faces double-dip recession, and Japan's economy has experienced two decades of stagnation. Under such circumstances a logical policy by governments in developed countries would concentrate all efforts on improving their domestic situation. However in reality, economic resources have been diverted into costly military issues.*

In the US, military expenditure has risen 10 times as fast as household consumption, while government non-military expenditure has fallen. This continues a longer trend. Since the beginning of the 21st century, US GDP, in inflation-adjusted terms, has increased by 21 percent, US government non-military spending by 11 percent, and US personal consumption by 28 percent, while military expenditure increased by 52 percent.

Such a military buildup appears illogical. The US is the world's strongest military power. It states its economy is the world's most competitive, although it clearly faces current difficulties. Increased productive expenditure on R&D, innovation and infrastructure would therefore seem called for rather than higher military expenditure financed by large and destabilizing US budget deficits.

But instead of US government investment rising, it has fallen as a percentage of GDP since the beginning of the financial crisis in parallel with rising military spending. Similarly the UK government spent \$450 million on military action in Libya at the same time as it made massive cuts at home.

Such economic steps are in line with "neo-con" thinking. This school of thought, despite its protestations to the contrary, actually lacks confidence in US ability to compete in peaceful economic development. It notes that on World Bank data the US economy has fallen from 39 percent of global GDP in 1960 to 23 percent in 2010 and a parallel decline of large US companies - in the last seven years the share of revenue of US corporations in the Forbes Global 2000, the world's largest companies, has fallen from 39 percent to 31 percent.

Rather than concluding resources should be diverted into boosting the US economy, the neo-cons argue that as the US is losing its once-dominant position in economic competition, questions should be transferred from the economy to the military field where the US is strongest. China is the main enemy in such thinking, as it is the country which has been most successful economically.

But these ideologues now consider they face internal as well as external enemies. Opinion

polls show a majority of the US population believe the Iraq war was a mistake and want a withdrawal from Afghanistan. The logic of the Occupy Wall Street movement, by calling for increased spending on US job creation, supports reductions in military expenditure. For that reason Occupy Wall Street has come in for abuse by the same figures and institutions, such as Fox News and the Tea Party, that are most hostile to China.

A parallel logic operates in Europe. Sections of the media attempt to blame the continent's debt crisis on "lazy Europeans." But in fact the crisis is worst in southern Europe which has longer working weeks and lower social protection than in north European countries such as Germany.

A lot of confusion exists in the US and Europe about China. Their populations know China is growing economically and is becoming an increasingly important factor in the world. But as this is a recent development they do not yet know what China wants. Overcoming this, making clear the "win-win" outcomes that are possible, will take time.

Despite such confusion, and while these economic and political developments in the US and Europe center on domestic issues, they will affect China. "Neo-con" policies would face China with a military buildup. But if movements seeking to redirect resources from military spending to job creation and social welfare are successful, this will benefit everyone.

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