

TIPPING POINT NORTH SOUTH

THE FIVE PERCENT CAMPAIGN DIVERT. TRANSFORM. SUSTAIN

A FEASIBLE FORMULA FOR DELIVERING DEEP, SUSTAINABLE CUTS TO GLOBAL MILITARY SPENDING



Report

From Weapons to Want: redirecting excessive military spending to global social need. A proposal to develop a structural campaign through the lens of the winners & losers in the global military spending relationship – governments and defence industries; citizens and our environment.

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Executive Summary	3
Prelude	10
1 PART ONE – Introduction to the Five Percent Campaign	14
1.1 Tipping Point & the Film ‘We Are Many’	14
1.2 Why Does Excessive Military Spending Matter?	14
1.3 Why Now?	15
1.4 Global Military Spending - a ‘Structural’ Issue for Global Civil Society.....	16
1.4.1 Some Basic Facts.....	16
1.4.2 Military Spending as a ‘Structural’ Issue.....	17
1.4.3 Military Spending and Current ‘Structural’ Campaigns	18
1.4.4 Summary: Military Expenditure is a Structural Issue.....	23
1.5 The Five Percent Campaign – Delivering deep, sustainable cuts to global military spending.....	24
1.5.1 Global Military Spending Cuts: Overdue, Proportionate and Just.....	24
1.5.2 Aims	24
1.5.3 The Core Demands – The 5% Formula.....	25
1.5.4 How to Track This	28
1.5.5 After the First 10-Year Period	Error! Bookmark not defined.
1.5.6 Clinton Era Levels of the 1990s.....	28
1.5.7 Conclusion.....	30
2 PART TWO: The Campaign – Why, What, How.....	32
2.1 Why.....	32
2.1.1 We Need Sensible Defence and Sustainable Security	32
2.1.2 What Is Just?	33
2.1.3 Ending Global Inequality ~ Diverting Excessive Military Spending	38
2.1.4 \$2 Trillion and Counting: How They Spend Your Military Tax Dollars, Pounds And Euros	43
2.1.5 The Influence of the Arms Trade	51
2.1.6 The Current Scale of Military Spending	59
2.1.7 Military Spending/War Spending Is Not Good for the Overall Economy.....	60
2.1.8 Some Reasons Why Military Spending Is Not Yet a Structural Issue	67

2.1.9	Summary.....	68
2.2	What	69
2.2.1	Redress Imbalance and Secure Redistribution: Geo-political power, military spending, economic priorities	69
2.2.2	What If Top Spenders Diverted Military Spending Increases To Fund The MDGs In The 2000s ..	71
2.2.3	Divert. Transform. Sustain ~ the Winners.....	71
2.2.4	Campaign Goals & Messages	80
2.2.5	The Same Vision - Expressed in a Variety of Ways	81
2.3	How.....	87
2.3.1	Identifying Cuts - Some Underway but Much, Much More Needed	87
2.3.2	Implementation – Public Support Leading to Pressure on Law-Makers.....	94
2.3.3	Re-directing 50%: New Priorities and Where Funds Could Go	97
2.3.4	Funding the Global Green Economy	98
2.3.5	Influencing Public Opinion	101
2.3.6	The United Nations – 10% Option Resolution 3093	103
3	Conclusion	105
4	Appendix.....	106

THE FIVE PERCENT CAMPAIGN: DIVERT. TRANSFORM. SUSTAIN

A FEASIBLE FORMULA FOR DELIVERING DEEP, SUSTAINABLE CUTS TO GLOBAL
MILITARY SPENDING

**TARGETING GLOBAL MILITARY SPENDING - AND THE PUBLIC PERCEPTION OF IT - IN ORDER TO REDIRECT
OUR TAXES AND FUND 'WHAT THE WORLD WANTS AND NEEDS'.**

The context for this campaign is the '99%'s growing recognition of the self-interested collusion between political elites, finance/banks, big business and mass media, resulting in the absence of accountability, the undermining of democracy and the disproportionate accruing of profits to the so-called 1%. All this, as the planet faces climate crisis and the majority of people on this planet live in poverty.

Our proposal argues that there is a great deal to be gained from an increased effort to place excessive global military spending alongside other **'structural'** campaigns in order to divert taxpayers money to better use, whether that be international 'development' focussed or in support of the global green economy, and, as a result of a more intense spotlight on it, become more widely integrated into civil society dialogue and activism.

By joining the ranks of debt cancellation, financial transaction and other tax related measures, military spending savings could be regarded as yet **one more significant 'new' revenue stream**, redirecting the funds captured to serving the needs of the global community. Inevitably, increased debate around what we mean by 'defence' and, central to this, the question of whose interests are *really* served by the ever increasing global military expenditure would be at the heart of this effort. And that, ultimately, brings us back to the fundamental need to see *military spending* as every bit as central to understanding power, poverty, economic collapse, unjust distribution of resources as other structural campaigns like *debt, trade, tax, climate change and most recently the 'war on drugs'*. It is not an adjunct to any of these issues – *it is implicated in each and every one of them.*

AIMS

The Five Percent Campaign idea aims to:

- To offer up a new, feasible formula for delivering deep, sustainable cuts to global military spending that targets every government on the planet with a fair, proportionate and achievable calculation to reduce their military spend and to redirect savings to address the economic and environmental catastrophe the 99% are facing.
- To engage and mobilise the wider NGO community in the UK (and by extension, their supporter base) around the issue of runaway global military spending. In particular, to recognise the importance of the development sector and to galvanise it to join with a growing number of organisations here and around the world, who seek to place excessive military spending centre stage.
- To build on the extensive and longstanding policy and campaigning work undertaken by organisations in the peace movement sector, across many inter-connected issues; and for this work to be the foundation stone for building a wide-base, paradigm-shifting international coalition of common interest that folds development, climate and other relevant policy areas into its activity.
- To endeavour to grow a global coalition around **The 5% Formula** with strong, regionally relevant campaigns (ie Europe, USA, Middle East, sub-Saharan Africa, Far East) - yet with the common understanding of how military spending – and the arms industry by extension – is a globalised industry, enforcing the globalised nature of power and economic interests.
- To persist and insist that excessive military spending be regarded as a ‘structural’ issue – as central to understanding power, poverty, economic collapse, unjust distribution of resources as debt, trade, tax and climate change. It is not an adjunct to any of these issues – it is implicated in each and every one of them.
- To change the way the public thinks – and by default – influence the media debate regarding military spending and ‘value for money’: jobs, security, and geopolitical status. Consider that ‘Mumsnet’ could be as useful in this effort as The Guardian.

THE FIVE PERCENT FORMULA: WHAT IS IT?

The 5% Formula is a mechanism to achieve major, year-on-year cuts to global military spending over 10 years *and beyond*. It is a long-term, sustainable campaign, with a top-line demand that works for civil society groups in every country where there is a perceived value in challenging policies concerning military spending. *It would see annual global military spending cut by 40% after the first decade*, back to mid 1990s spending levels ie \$1 trillion dollars, the lowest in recent history (and even then, ‘low’ is not low enough for many peace campaigners – indeed far from it). This would deliver an estimated \$700 billion to be redirected to core urgent human and environmental needs. After the first 10 years, we call upon all nations to adopt *the 5% threshold rule* to sustainably restrain the global military spending – no country allows any increase in military spending to outstrip economic growth. The 5% Formula would therefore drastically cut annual military spending to \$1 trillion dollars in a short but practical period of time and then maintain an effective check on military spending in perpetuity by considerably lagging its annual change behind economic growth.

Cutting down to \$1 trillion dollars

The 5% Formula would be applied for the first decade as follows: we call for all nations to cut their annual military spending by 5% every year. Our primary targets are the ‘Top 20’ military spending nations who account for 87% of total spending (\$1.7 trillion dollars) in 2012.

5% annual and absolute cuts to national military budgets: This is equivalent to a compound 40% cut for each nation's respective annual military spending after 10 years (see the previous Table for illustration). These cuts are expected to deliver an estimated \$700 billion in total to be redirected.

SUM CAPTURED: \$700 billion

Year	Annual military budget	Yearly cut	Percentage change versus Year 0
0	\$100 billion		
1	\$95 billion	5%	5%
2	\$90 billion	5%	10%
3	\$86 billion	5%	14%
9	\$63 billion	5%	37%
10	\$60 billion	5%	40%

Divert, Transform, Sustain = \$700 billion in first ten years

\$700 billion over the first ten years to be diverted to and divided equally between, domestic and international needs:

- International \$350bn
 - Immediate and urgent poverty reduction
 - Sustainable development - reflecting civil society activism on climate & economic justice
 - Peace/conflict prevention & human rights
- Domestic \$350bn
 - The global green economy

The **debt cancellation** campaign and **the financial transaction tax** are two examples of how it is possible to win both public and political support for the redirection of monies from one end-use to another, more progressive one. **The 5% Formula** would have a great deal to learn from both of these international, high-profile and successful campaigns.

Beyond the first decade - the 5% threshold rule

The 5% threshold rule is designed to be mainstreamed into **budgeting beyond the first 10 years**, acting as both a military expenditure 'dampener' and a economic growth 'accelerator' for all nations, while facilitating and enabling the public to more deeply interrogate the many inter-linked issues of the military spending debate.

All nations adhere to a '**5% threshold rule**', where military spending growth (% change) in a given year is limited by previous year's economic growth (measured as % increase in gross domestic product or GDP), less 5 percentage points (5%).

The 5% threshold rule in practise means that no country allows any increase in military spending to outstrip economic growth. Most economies grow less than 3% annually; this effectively translates as 2% annual reduction to their military spending. These savings are then divided equally to fund both domestic and international needs.

For example:

0% economic growth = 5% cut to annual military spend

2% growth = 3% cut to annual military spend

5% growth = no increase

7% growth = only 2% increase on annual military spend.

The fast-growing economies (eg BRICS), according to this rule, might be able to increase their spending in some years if their economic growth merits it (albeit at a much lower rate than they might otherwise do

without the threshold). In that case, there will be no 'cuts' per se to their military spending to be diverted, we propose that they are therefore required to 'gift' a contribution of an amount equal to 2.5% of their previous year's military spending to fund international development programmes.

EXPECTED SUM CAPTURED: tens of billions of dollars per year

RUNAWAY MILITARY SPENDING ~ WHO BENEFITS?

On average the industrialized countries spend 3 times as much on defence as on education; in particular, the ratio is 6:1 rather than 3:1 in USA. Many of the world's poorest countries and fastest growing economies (both measured in terms of GDP per capita) spend much more on defence than either on education or on health.

Two trillion dollars and rising – the recession notwithstanding. But to fight who or what?

Selling the myth of insecurity to their publics while maintaining highly competitive and globalised arms industries ensures that the USA, UK, France and Germany remain in the top 10 of the world's biggest spenders – a fact closely tied to their role as manufacturers and sellers. With the BRICS nations, plus Japan and Saudi Arabia, completing the top 10, we see how the entire planet is now caught up in increasing militarisation. But who is the enemy? The so-called perceived enemies of the West – i.e. North Korea, Iran, Sudan, Syria, Cuba and Libya – reportedly accounted for less than 1% of the global military spend in 2011. Even if we factor in China's defence spending and Russia's spending, the total defence spending of all these states ('potentially hostile' to the US and NATO) came to just about 13% of the global total. Furthermore, 60% of global arms sales are from rich countries, eg G8 nations, to developing countries, with USA and Russia alone responsible for two-thirds.

World military spending in 2011 = \$1,741 billion

Top 10: The United States \$711 billion; China (\$146 bn), Russia (\$78 bn), UK (\$60 bn), France (\$63 bn), Japan (\$60 bn), India (\$50 bn), Saudi Arabia (\$49bn), Germany (\$48 bn) and Brazil (\$37 bn). (SIPRI, 2013)

These ten top spenders are responsible for 75% of global military spending, with the US alone accounting for 41%. It also must be noted that the Permanent Five nations on the Security Council (USA, Russia, China, UK and France) and Germany account for approximately 80% arms sales - all this while their role on the Security Council is to keep the peace.

“The amount of money spent on the defence sector equals \$4.7 billion a day or \$249 per person. According to the World Bank and the Office of Disarmament Affairs (ODA), only about 5% of this amount would be needed each year to achieve the Millennium Development Goals by 2015.”

International Peace Bureau (Nov 2012)

Were the world to reduce its expenditure on violence by approximately 50% it would repay the debt of the developing world (\$4076 billion), provide enough money for the European stability mechanism (\$900 billion) and fund the additional amount required to achieve the annual cost of the Millennium Development Goals (\$60 billion).

Global Peace Index 2013, Institute for Economics & Peace

REDEFINING DEFENCE

We need a much more ‘sensible’ approach to defence and (sustainable) security. Cuts to excessive global military spending do not undermine defence and security, nor do they amount to ‘no defence’ – rather they promote debate about definitions of ‘sensible’ defence; the drivers of insecurity; and how best to address the whole notion of what defence means in the 21st century.

With global military spending higher than at the peak of the Cold War there is an urgency to:

- challenge traditional notions of what we mean by defence so they are fit for a 21st century reality.
- address the real underlying causes of conflict (foreign policy failures; poverty and inequality; commercial exploitation and resource wars).
- question the perennial issue used to defend defence spending – i.e. protecting jobs in the defence industry. Instead, we need to open up the debate about transference of high-tech weapons-related skillsets to the high-tech (comparable) needs of the green economy.

The language of defence, and of security, is inevitably loaded, depending on who may be defining it or defending it. Spending billions on ‘defence’ will not deliver security as 9/11 proved. On the other hand, security means one thing (often socially controversial) to national intelligence services, and quite another to pastoral farmers in climate-challenged communities. Beyond the world of extremes exemplified by PRISM or the billions spent on the F35 Strike Fighter there is a genuine and fundamental question that underpins the debate on military spending – how much is ‘enough’ for any given nation’s true security needs? This is a much marginalised debate in the mainstream media, which in turn closes down opportunities for wider society to comprehend ‘alternative’ ways of understanding what ‘defence’ and ‘security’ can mean.

DELIVERING DEEP, SUSTAINABLE CUTS TO GLOBAL MILITARY SPENDING

The Arab Spring, the Indignadoes, Occupy movements and UK and USA Uncut are all part of the global call to assert a new progressive set of values. Hugely inflated military spending budgets are a major part of the problems we face today – they too must be more prominently factored in to its contribution to global inequality and climate change. Global military spending must be challenged, reduced and redirected because:

- **the ‘business’ of the defence industry** does not advance or respect notions of ‘sensible defence’ spending when so much profit is to be gained from contracts and/or war. Its close relationship with governments around the world is central to this and we need the wider public to share the concerns of civil society groups working on how our taxes are spent with regard to military. We also need to challenge the notion that defence spending de-facto good for jobs and the economy.
- **increased inequality around the world** where the rich (individuals, businesses, nations) seek to consolidate their wealth while global poverty is widespread undermines local, national and international security and well-being. Over 900 million people in the world are hungry; 1.5 billion people subsist on less than US\$1.25 per day. Furthermore, over 40% of people in the world live on less than US\$2 per day. And this is not just confined to the global south – 40 million Americans are on food stamps in 2012.
- **the connection between oil as a driver for both conflict and increased military spending** is clear. The fossil fuel economy increases instability and likelihood of conflict and therefore increased military spending

These three factors (defence industries’ interests; global inequality; and oil) conspire to escalate military spending and therefore are central to the campaign’s outcomes:

- **reducing the power** and influence of the defence industry over governments and society.
- **diverting military spending into a transformative** funding stream delivering social justice and meaningful investment in conflict prevention and peacekeeping
- **diverting military spending to deliver a sustainable,** non-fossil fuel, green economy that addresses the many dimensions of climate (in)justice.

We believe that this international **Five Percent Campaign**, and its **5% Formula** allows every nation – relative and proportionate to its economic growth and GDP - to share in ‘sensible’ defence budgeting with the long term effect also acting as a dampener on arms races. In the last ten years, the world economy grew by roughly 2.5% per year on average but global military expenditure increased on average by around 4% annually. Military spending is one of the least efficient ways of investing our limited resources to advance economic growth and prosperity; thus, the significant outpacing of its increase to the economic growth is harmful to the real economy and consequently the society.

To paraphrase James Tobin, there is therefore the need to ‘throw some sand in the wheels’ of our excessively efficient international military-industrial complex. For this purpose, our proposed *5% threshold rule* will serve as a break mechanism embedded in the budgeting process, deliberately intended to slow down the runaway military-expenditure increases around the world. In the meantime, the money thereby saved will be redirected to productive areas to further economic and societal advancement. The *5% threshold rule* is our first step towards a prosperous economy based on sustainable *sensible defense* and the efficient use of our precious but finite resources.

If – as we hope – we can extend the initial proposed first 10-year framework, then the global public could call upon their governments to continue a sustainable downward trend in military expenditure, saving further monies for constructive reallocation to areas of greater human need. This campaign concept is fair, proportionate, just – and long, long overdue. It speaks to a multi-polar world where reduced military spend equates to a safer world, and where the notion of non-offensive defence and sustainable security are a powerful combination.

Redirecting funds saved from excessive military spending towards more vital areas – domestically and internationally – we can deliver a much more real and tangible security than we have at present, and in doing so, see a rebalancing and redistribution of resources.

Excessive global military spending is a structural issue and the defence industry sector is at the heart of it.

Like odious debt, corporate tax evasion, the fossil fuel industry and unfair trade rules, it too works against the interests of the populations of the global south; is all too often (ab)used as a tool of trade and/or foreign policy; it also places an excessive financial burdens on citizens at a time when public services are being eroded all over the world. For this reason, greater scrutiny placed upon the defence industries sector within this structural framework can only serve the global common good.

Dwight D Eisenhower was born to pacifist Mennonites who considered war a sin. He was to become a five-star general who, during the Second World War, served as the Supreme Allied Commander. His pacifist upbringing may have come to bear, finally, in the farewell address he delivered on leaving office, in 1961, after years of failing to end the U.S.-Soviet arms race. Fifty years on, his words now speak to a truly globalised military industrial complex against which - as a global community - we have failed to guard ourselves. **The Five Percent Campaign** has been developed within this global context,

"In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex... Only an alert and knowledgeable citizenry can compel the proper meshing of the huge industrial and military machinery of defense with our peaceful methods and goals, so that security and liberty may prosper together."

Former president of the United States, Dwight D Eisenhower

PRELUDE



"The world changes according to the way people see it, and if you can alter the way people look at reality, then you can change the world."

James Baldwin



The Han character 武 that is used in many East Asian languages means:

1. military,
2. martial, warlike.

It is an ideogrammic compound of two characters 止 and 戈. The character 止 means "to stop." The character 戈 means "spear" and refers to weapons in general; thus, "武" is often thought to denote "to stop arms" or "to stop war" (止戈为武). This literal interpretation of the meaning of the character 武 originates in the Spring and Autumn Period (771-476 BC) and first mentioned in the Chinese history book *Zuo Zhuan* (also known as *Zuo's Spring and Autumn Annals*, written no later than 389 BCE).

During the Spring and Autumn period, the four most powerful states—Qin, Jin, Qi and Chu—struggled for supremacy. These multi-city states often used the pretext of aid and protection to intervene and gain suzerainty over the smaller states. Interstate relations alternated between low-level warfare and complex diplomacy. Out of the total recorded 148 states, 128 of which were absorbed by these four largest states by the end of this period.

This definition of "武" as "military power means cease-fire" reflects people's attitude towards war in one of the most conflict-ridden period in Chinese history. The sense that a powerful state (person) should know when to stop force rather than waging wars at will has significantly influenced Chinese political thoughts since. On an individual level, the influence is also manifest. Chinese martial arts (武术) is often thought by the practitioners and portrayed in the popular cultures as created for the sole purpose of ending violence, not starting a fight. This perspective on "武" also implies a secondary meaning that the practice of martial arts at its essence is the pursuit of one's inner self rather than the superficial outer strength and the reliance on arms. As illustrated in one of the most popular classic Chinese novels, *"The Return of the Condor Heroes"*, of which the central character encounters the tomb of a swordsman who has attained the level of "swordsmanship without a sword", the tomb reads:



Dugu Qibai (literally translated as "The Loner Who Seeks Defeat") has become the invincible and unchallenged swordsman under Heaven, hence he buried his swords here. The heroes of the realm bow before me. Now, my Long Sword is of no use anymore. The agony!

My first sword was so sharp, strong and fierce that none could withstand it. With it in hand, I strive for mastery by challenging all the heroes of the Northern Plains in my teenage years.

My second sword was violet in hue and flexible in motion. I used it in my 20s. With it, I have mistakenly wounded men of righteousness. It turned out to be a weapon of doom that caused me to feel remorseful endlessly. I cast it into a deep canyon.

My third sword was heavy and blunt. The uttermost cunning is based on simplicity. With it, I roamed all lands under Heaven unopposed in my 30s.

After the age of 40, I was no longer hampered by any weapon. Grass, trees, bamboos and rocks can all be my swords. Since then, I have developed my skills further, such that gradually I can win battles without reaching for weapons.

The embodiment of this sense of "武" is the essence of t'ai chi ch'uan. T'ai chi ch'uan (also known as Tai Chi) was developed based on Lao Tzu's philosophy, who wrote in his *Tao Te Ching*, "The soft and the pliable will defeat the hard and strong." *"The philosophy of t'ai chi ch'uan is that, if one uses hardness to resist violent force, then both sides are certain to be injured at least to some degree... Instead, students are taught not to directly fight or resist an incoming force, but to meet it in softness and follow its motion while remaining in physical contact until the incoming force of attack exhausts itself or can be safely redirected."* (Wikipedia) The complete focus on re-directing the incoming force, rather than starting one's own to fight, is the key. It implies that this very effective form of martial arts defense is reactive instead of being proactive in aggression. The fact that t'ai chi ch'uan is suitable for people of any age for its health benefits is also telling - its use and benefits are not limited to only the strong and powerful, but are also available to the weak.



“Militarism is probably the world’s largest barrier to ending poverty. Whether it be armies and weapons of war, or small arms flowing into our neighbourhoods and local communities, militarism destroys communities, wastes resources and prevents sustainable development. Military and weapons spending consumes resources that could be applied instead to human needs. The flow of arms into a conflict region destroys democratic and traditional control structures for land-use, production and the economy and replaces this with warlords, gang leaders and militias.

Armed conflicts push people out of their houses, off their lands and into slavery, refugee camps or having to accept other subhuman conditions. The use of weapons kills or maims people, taking them out of the workforce and adding an additional economic burden of medical care for the wounded. Weapons testing and use also destroys the environment, whether it be the devastation from nuclear weapons testing, the farmlands no longer usable because of landmines or cluster munitions, the toxins released from explosions in war or other weaponry like depleted uranium weapons.

And the use of military vehicles – aircraft, ships, rockets, tanks, armoured vehicles – in exercises and military operations constitutes possibly the largest single global contributor to carbon emissions and climate change.

Addressing militarism is thus the best hope we have of achieving the UN Millennium Development Goals of ending poverty, achieving universal education, providing primary health care, adequately combating major diseases, addressing key environmental concerns such as climate change and providing sufficient renewable energy for basic needs.”

Alyn Ware, a New Zealand peace educator and campaigner, founder and international coordinator of the network Parliamentarians for Nuclear Non-proliferation and Disarmament (PNND)





"Defense spending wastes societal and global resources, and also weakens the U.S. in the medium and long term. Cutting it seems like something people of most ideological persuasions should be able to get behind, but "spending a lot of money on things that can blow shit up" has been conflated with "patriotism" for too long now.....I was taught in the sixth grade that we had a standing army of just over a hundred thousand men and that the generals had nothing to say about what was done in Washington. I was taught to be proud of that and to pity Europe for having more than a million men under arms and spending all their money on airplanes and tanks. I simply never unlearned junior civics. I still believe in it. I got a very good grade."

Kurt Vonnegut (Economist 2012)

"Ladies, do you know the numbers? Our taxes are higher than three billion and the ministers of the army and navy devour a third themselves....The household with six francs a day for expenses, for example, starts each day by throwing two francs away."

Sylvia Flammarion, 1905 speech to working class French women.

"If war boosts the economy of the industrial nations that own the war supplies, it smashes the economy of the nations that consume them."

Fereshten Gol-Mohammadi, Iran, 1983.

"Our only hope today lies in our ability to recapture the revolutionary spirit and go into a sometimes hostile world declaring eternal hostility to poverty, racism, and militarism."

Martin Luther King, Jr.



1 PART ONE – INTRODUCTION TO THE FIVE PERCENT CAMPAIGN

1.1 TIPPING POINT & THE FILM ‘WE ARE MANY’

Tipping Point North South Ltd (TPNS) was formed in 2009 and is constituted as a co-operative ‘for the benefit of society’. Its two key areas of work are the support of feature length documentary film and social action campaigning. TPNS trades as Tipping Point Film Fund (TPFF), supporting a small number of films in an executive producing role and works closely on their respective call to action outreach campaigns. **Since 2009, two films have been completed and preparing for release, one is fully developed seeking production funding and another is in development.**

‘*We Are Many*’ addresses the illegality of the invasion of Iraq set alongside the power of the ‘99%’ – more than 15 million people in 800 cities in 70 countries marched to protest the imminent invasion of Iraq.

And the film also addresses the immense human and financial cost of the Iraq invasion – a toll that continues to rise to the present day, on both fronts, as lives continue to be lost and the financial burden continues to be felt.

THESE TWO – WAR SPENDING AND THE POWER OF THE ‘99%’ – ARE ALSO AT THE HEART OF THIS CAMPAIGN PROPOSAL IE HOW TO REDIRECT FROM THE FORMER IN ORDER TO BETTER SERVE THE LATTER.

Civil society around the world is challenging the varying degrees of austerity measures being demanded of it by governments and international institutions such as the IMF. Inextricably linked to this, is civil society’s call for increased transparency and accountability on the part of government, business and the financial sector. Military spending – now at a global all time high- should not be exempt from either calls for cuts at this time, nor transparency.

There are many and varied existing organisations and campaigns that target a wide range of war/military spend issues – arms trade, arms controls, nuclear weapons and tax resistance through to various campaign calls in the USA to cut their own military budget.

It is also unavoidable that this campaign, global in nature, gives great attention to the USA military budget - and by extension – US military reach and influence over the rest of the world’s decision-making on both arms imports and foreign policy. The USA accounts for almost half of all world spending; arms sales and spends more than the next 13 biggest spenders combined.

Therefore, **this campaign sees enormous power in the combined efforts of progressive policy advocates, campaigners and activists from the USA and the rest of the world combining their strengths** to push for cuts to military spending and igniting a serious debate about how much we do (or don’t) know about our taxes and military spending; why we want to divert funds to better use and why the time has come for fresh ideas on what exactly constitutes ‘defence’ to be put into the mainstream.

It is the intention that **The Five Percent Campaign**, focused on its military spending cuts formula, will complement and add value to all existing campaigns. It is also possible that it can help attract some civil society groups in countries and regions that may not, to date, be quite as engaged in the military spending issue as others.

1.2 WHY DOES EXCESSIVE MILITARY SPENDING MATTER?

Global military spending is at an all-time high of nearly \$1.8 trillion a year (2011) – roughly \$4.8 billion a day or \$249 per person per year.¹ Yet for all this, are we ‘safer’? To take the example of the USA – by far the biggest military spender in the modern history – it has to be asked if the vast amount of tax dollars spent on defence has equated to ‘value for money’ eg peace and stability, either to itself or the rest of the world.

Former USA President Jimmy Carter recently said, " Since World War II, the United States has been at war in Korea, Vietnam, Cambodia, El Salvador, Nicaragua, Grenada, Libya, Panama, Somalia, Haiti, Bosnia, Herzegovina, Iraq, Afghanistan, and many others. Almost constantly since World War II, our nation has been at war."²

The 20th century was a notoriously violent and paranoid one with vast amounts spent on war, defence and security; yet we are currently spending more now than at the peak of the cold war. For this reason, many rightly regard such present day high spending as wasting valuable resources, provoking hostility, fuelling an ever-expanding arms race between neighbouring countries and resulting in yet more weapons proliferation. It has not delivered a safer world – quite the opposite.

"Europe, with only 7 per cent of the world’s population and 20 per cent of global military expenditure, has no reason to fear that military spending is too low," said Frank Slijper of Transnational Institute. Instead of sensibly spending money on education, health or other social expenditure, "the shocking fact at a time of austerity is that EU military expenditure totalled €194 billion in 2010, equivalent to the annual deficits of Greece, Italy and Spain combined." The high levels of military spending are clearly not paying off. "Five years into the economic crisis in Europe and the elephant in the room is the role of military spending in causing and perpetuating the economic crisis."³

"We should not have acquired systems that we are not going to use, for conflict situations that do not exist and, what is worse, with funds that we did not have then and we do not have now."

Former Spanish Secretary of Defence, Constantino Méndez

Redirecting funds captured from ever-rising and excessive military spending would present a significant ‘new’ revenue stream to deal with such mass social need – the amount spent on weapons and war dwarfs the amount needed to deal with hunger, poverty and education globally. **According to the World Bank and the Office of Disarmament Affairs, only about 5% of the amount spent annually on defence would be needed each year to achieve the Millennium Development Goals by 2015.**

1.3 WHY NOW?

There is growing awareness among the global public – the ‘99%’ – of the collusion between political elites, finance/banks, big business and mass media. They see the resulting absence of accountability, undermining of democracy and the wildly disproportionate accrual of profits to the remaining 1%. Critically, this is also happening against a backdrop of climate crisis and a world majority living in poverty.

¹ World military expenditure, 2011: \$ 1.74 trillion (SIPRI, 2013). World population, 2011: 7 billion (United Nations).

² *Robert and Margaret Pastor Lecture in International Affairs*, Jimmy Carter, Lafayette College, 22 April 2013

³ *Guns, Debt and Corruption*, Frank Slijper, Transnational Institute, April 2013

Within this context, there is an opportunity to remind the global public of the fundamental need to start to see military spending as central to understanding power, poverty, economic collapse, unjust distribution of resources – and to appreciate how much this analysis matters to the ‘development’ agenda. In this sense it mirrors the aims of established campaigns on structural issues such as debt, trade, tax, climate change, and most recently, the ‘war on drugs’. Military spending is not an add-on to these issues – *it is implicated in every one of them*. Central to this campaign is the need to debate what we mean by ‘defence’. This issue is tackled in this summary paper, and in our full report, *The Five Percent Campaign*.

Current and forthcoming key moments:

- The Millennium Development Goals expire in 2015 and the new Sustainable Development Goals are being drawn up. The international development sector is currently looking towards its new agenda, assessing its priorities for the future, and mistakes of the past. It is likely that this dialogue will result in a new approach to development and new international targets that will dominate the development agenda for many years to come. It is therefore essential to ensure that debate about excessive global military expenditure is part of this process.
- A large part of the development sector has dedicated policy and campaigning resources to the Arms Trade Treaty campaign – which is concerned with Small Arms and Light Weapons. The international trade in small arms amounts to a small portion of the overall arms trade and is minuscule compared to total global military spending. The Arms Trade Treaty was nonetheless adopted by the UN General Assembly in April 2013. Now is a good time to influence organisations about how this work could be extended.
- The UK government will decide whether or not to renew Trident in 2016 and potentially offers a key moment around which to work towards to build our coalition for **The Five Percent Campaign**.
- As we witness the respective impacts of climate change and austerity, there has never been a greater need to find the resources to fund a global green economy and drive forward a long-term, green, sustainable pro-community effort, paid for in part by savings made on excessive military spending.

1.4 GLOBAL MILITARY SPENDING - A ‘STRUCTURAL’ ISSUE FOR GLOBAL CIVIL SOCIETY

1.4.1 SOME BASIC FACTS

On 24th July, 2012, as two hundred and four nations were walking into the Olympic stadium at the culmination of the London 2012 Opening Ceremony, at the very same time in New York, The United Nations was failing to reach agreement on an international arms trade treaty.

While the world took a rare moment to celebrate nations coming together under the Olympic banner, the UN’s struggle to sign off on a treaty to regulate the arms trade reflected another truth – a truth suspended momentarily as we watched those 220 flags being carried around the Olympic track - which was that many of those same nations represented at that opening Olympic ceremony would be in conflict, post conflict, arms trading or any combination of the three.

According to the Stockholm International Peace Research Institute (SIPRI, 2013), world military spending in 2011 came close to reaching \$2 trillion, hitting all-time record of \$1,741 billion. The United States spent \$711 billion, followed by China (\$146 billion), Russia (\$78 billion), the United Kingdom (\$60 billion), France (\$63 billion), Japan (\$60 billion), India (\$50 billion), Saudi Arabia (\$49 billion), Germany (\$48 billion) and Brazil (\$37 billion). (Section 2.1.6)

These top 10 spenders are responsible for 75% of global military spending, with the US alone accounting for 41%. It also must be noted that the Permanent Five nations on the Security Council (USA, Russia, China, UK and France) and Germany account for approximately 80% of arms sales – all this while their role on the Security Council is to keep the peace. (Appendix 4.12)

Another prism through which to read these figures comes from the Canadian based Centre for Research on Globalization which describes the top spenders as a '\$1.6 Trillion "Military Mafia"'.⁴ In 2009 NATO countries (the US, Europe and the UK) accounted for 70 per cent of the global military expenditure. Nearly half of the global total was by the US alone. All rogue states, the so-called perceived enemies of the West ie North Korea, Iran, Sudan, Syria, Cuba and Libya, 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 total.

This annual global \$2trillion military spend (excluding the costs of wars) is also being found from government budgets at a time where cuts to public services are being made the world over. Whether 'austerity' is indeed the way out of recession is arguable – however, whatever your position on how we drive our way of recession, military spending should not remain immune from playing its part. While some cuts have been made in some countries (UK included) there remains enormous room for reduction – and re-allocation to better uses, both domestically and globally.

1.4.2 MILITARY SPENDING AS A 'STRUCTURAL' ISSUE

Annual military budgets, additional war spending and the arms industry combined, holds a mirror up to the reality of economic and political power as it is protected and reinforced around the world by a very small number of countries. This economic and political power has held 'good' for a long time - the northern hemisphere (Europe, North America and Russia) has set the terms of reference for the majority of people on the planet for centuries. Today, this may be felt through interventions, invasions and/or arms sales and still, largely, reflects traditional 'spheres of influence' – be it regional, post-colonial or post-cold war.

Military budgets, arms procurement and, ultimately, conflict, self-evidently conspire to undermine human and social development. While it is true to say that many conflicts may have their roots in local disputes, it is also true to say that, for the bigger picture, a small number of governments and an even smaller number of defence industry 'corporates' set the global agenda in terms of military spending, arms sales and, ultimately, policy decisions (up to and including the decision to go to war). This has the consequence of holding back development- in a myriad of ways - for many countries in the global south and of redirecting taxes from social needs in developed nations.

This campaign wants to see military spending added to other sectors of national and international activity that are currently under scrutiny - for example, the finance sector, multinational corporations, sections of the media as well as standards in political representation. **There is no reason why military spending should be immune from the same kind of 'structural' focus and campaigning that have been applied to, for example, debt, trade, tax, environment/climate** and –most recently the 'war on drugs' is being included in this list - as a result of a more intense spotlight on it, become more widely integrated into civil society dialogue and activism. Military spending (and by extension the links to the arms industry) does not take place in a vacuum – it is a

⁴ <http://www.globalresearch.ca/1-6-trillion-military-mafia-nato-countries-account-for-70-of-world-military-budget/22155>

highly politicised activity that works against **the interests of, at the very least, the poorest and, one could argue, the majority of people on the planet (not to mention the planet itself).**

1.4.3 MILITARY SPENDING AND CURRENT 'STRUCTURAL' CAMPAIGNS

Military spending already intersects with a number of established and hugely important structural campaigning issues.

1.4.3.1 DEBT

The *Jubilee Debt Campaign* produced a briefing in November 2012, auditing the debts owed to the UK's

Government department, UK Export Finance. The report revealed that:

- 75% of Indonesia's £400 million debt comes from loans for military equipment. This includes exports of aircraft and tanks later used against the Indonesian people. The Indonesian people currently pay £50 million a year on this debt.
- 38% of Argentina's debt comes from loans for military equipment. In the late-1970s, the UK government lent the brutal Argentinian dictatorship money to buy two warships, helicopters and missiles, which were later used to invade the Falkland Islands.
- 56% of Ecuador's debt comes from loans for military equipment.
- 23% of Egypt's debt comes from loans for military equipment - including military equipment to dictators Sadat and Mubarak in the 1970s and 1980s.
- 11% of Zimbabwe's debt comes from Land Rover vehicles, which were later used in internal repression
- Only 1% of Iraq's debt is said to come from military equipment. However, the Scott Report and investigations by journalists have previously revealed that some exports were classified as exports such as construction, which were actually used for activities such as building a chemical weapons factory.
- The military spend related components of these historic odious debts still impact on the present day and they also give insight into the current relationship between the arms sellers of the north and the buyers of the global south.

Later on, we suggest an element of this new campaign that could be taken up by partners in the global south, working with colleagues in the north, could be along the lines of *'Don't Buy, Don't Sell.'*

1.4.3.2 ENVIRONMENTAL DEGRADATION AND CLIMATE CHANGE

“[W]e must recognize peace and security as a critical ‘fourth dimension’ of sustainable development. We must also acknowledge that durable peace and post-conflict development depend on environmental protection and good governance of natural resources.”

*Secretary-General Ban Ki-moon, the United Nations
Message on the International Day for Preventing the Exploitation*

1.4.3.2.1 ENVIRONMENTAL DEGRADATION

Wars and conflicts – whether conducted by nations with high tech capability or fought over prolonged periods primarily with small arms – each in their own way contribute to environmental degradation. Water sources get polluted, forests cut down, soils poisoned, and the cost to some wildlife also severe. And then there is the terrible human cost of long-term threats that remain in the wider environment - landmines or depleted uranium; agent-orange or nuclear testing. All of which in turn, only serves further impact on communities that rely on those same resources for their livelihoods and day to day existence. To draw attention to this, in 2001 the UN General Assembly declared 6 November of each year as the International Day for Preventing the Exploitation of the Environment in War and Armed Conflict.

Nevertheless, the wars continue to take its lasting toll on the environment and the population; for example, just in a three-week period of conflict alone in Iraq during 2003 it was estimated that nearly 2000 tons of depleted uranium (DU) munitions were used.⁵ Particularly in Fallujah, radiological and toxic contamination from DU (and other toxic metals) has caused birth defects at a rate more than 14 times the rate experienced by Hiroshima and Nagasaki. DNA mutations caused by DU can be passed from parent to child. Furthermore, the remaining traces of DU in Iraq will remain radioactive for more than 4.5 billion years.⁶

The UN Environmental Programme has found that over the last 60 years, at least 40 per cent of all internal conflicts have been linked to the exploitation of natural resources, whether high-value resources such as timber, diamonds, gold and oil, or scarce resources such as fertile land and water. Conflicts involving natural resources have also been found to be twice as likely to relapse.

1.4.3.2.2 CLIMATE CHANGE: THE US MILITARY, WARS AND CLIMATE CONVENTIONS

However, in some cases, simply the business of having an army, contributes to climate change and worse, when taken into war, can massively contribute to climate. The largest by far is that of the US military.

During the Kyoto Accords negotiations in December 1997, the US demanded as a provision of signing that any and all of its military operations worldwide, including operations in participation with the UN and NATO, be exempted from measurement or reductions. After attaining this concession, the Bush administration then refused to sign the accords and the US Congress passed an explicit provision guaranteeing the US military exemption from any energy reduction or measurement.

This has meant, for example, that the emissions associated with the wars in Afghanistan and Iraq are unreported as they are ‘incurred’ outside the USA and are therefore not captured in the national greenhouse

⁵ *Gulf troops face tests for cancer*, Paul Brown, The Guardian, 25/04/2013

⁶ *Iraq: War's legacy of cancer*, Dahr Jamail, Al Jazeera, 15/03/2013.

gas inventories that all industrialized nations, including the United States, report to under the United Nations Framework Convention on Climate Change.

The extensive global operations of the US military (wars, interventions, and secret operations on over one thousand bases around the world and six thousand facilities in the United States) are not counted against US greenhouse gas limits. Sara Flounders of the International Action Center writes,⁷

“By every measure, the Pentagon is the largest institutional user of petroleum products and energy in general... Yet the Pentagon has a blanket exemption in all international climate agreements.”

While official accounts put **US military usage at 320,000 barrels of oil a day**, that does not include fuel consumed by contractors, in leased or private facilities, or in the production of weapons. The US military is a major contributor of carbon dioxide.

Steve Kretzmann, director of Oil Change International, reports:

“The Iraq war was responsible for at least 141 million metric tons of carbon dioxide equivalent (MMTCO_{2e}) from March 2003 through December 2007. . . . That war emits more than 60 percent that of all countries. . . . This information is not readily available . . . because military emissions abroad are exempt from national reporting requirements under US law and the UN Framework Convention on Climate Change.”

1.4.3.2.2.1 THE US AIR FORCE

The United States Department of Defense is one of the largest single consumers of energy in the world, responsible for 93% of all US government fuel consumption in 2007. In 2006, it used almost 30,000 gigawatt hours (GWH) of electricity, at a cost of almost \$2.2 billion. The DoD's electricity use would supply enough electricity to power more than 2.6 million average American homes. In electricity consumption, if it were a country, the DoD would rank 58th in the world, using slightly less than Denmark and slightly more than Syria (CIA World Factbook, 2006). The Department of Defense uses 4,600,000,000 US gallons (1.7×10¹⁰ L) of fuel annually, an average of 12,600,000 US gallons (48,000,000 L) of fuel per day. A large Army division may use about 6,000 US gallons (23,000 L) per day. According to the 2005 CIA World Factbook, if it were a country, the DoD would rank 34th in the world in average daily oil use, coming in just behind Iraq and just ahead of Sweden.

The Air Force is the largest user of fuel energy in the federal government. The Air Force uses 10% of the nation's aviation fuel.

Wikipedia

The USAF is the single largest consumer of jet fuel in the world:

- The F-4 Phantom Fighter burns more than 1,600 gallons of jet fuel per hour (just three hours of flight uses as much fuel as the average driver does in one year of driving) and peaks at 14,400 gallons per hour at supersonic speeds.
- The B-52 Stratocruiser, with eight jet engines, guzzles 500 gallons per minute; (ten minutes of flight uses as much fuel as the average driver does in one year of driving).
- In 2006 the USAF used one quarter of all jet fuel, equivalent to all that consumed by US planes did during the Second World War - an astounding 2.6 billion gallons.

PwC's annual Low Carbon Economy Index report concludes in 2012 that global carbon emissions have to be cut by a rate

⁷ *Pentagon's role in global catastrophe*, http://www.iacenter.org/o/world/climatesummit_pentagon121809/

of over 5% per year from now to 2050 in order to limit the rise the average global temperature to be less than 2 degrees.

As the people of the world face the catastrophic consequences of climate change, why is the military exempt from being central to the debate – and strategy – on how we achieve an urgent and drastic cut in the rate of carbon emissions if we are to stop global temperatures from rising more than 2 degrees this century?

1.4.3.3 TAX: MILITARY CONTRACTORS, TAXATION AND PROFITS FROM WAR

1.4.3.3.1 LOW TO 'NEGATIVE' TAX

“Most Americans can rightfully complain, ‘I pay more federal income taxes than General Electric, Boeing, DuPont, Wells Fargo, Verizon, etc., etc., all put together.’ That’s an unacceptable situation.”

Report: Corporate Taxpayers & Corporate Tax Dodgers 2008-10

Citizens for Tax Justice released two reports on the corporate taxes in USA; on both occasions, they found that Boeing paid “paid less than nothing in aggregate federal income taxes” over both the entire 2001-2003 and the 2008-10 periods. Because of huge tax rebates Boeing received, their effective tax rates were -18.8% and -1.8% respectively during these two periods. ‘Negative tax rates’ mean that Boeing made more after taxes than before taxes in those no-tax years.” In the aerospace and defense industry, the average effective tax rate were 1.6% and 17% respectively during the same two periods – much less than the federal corporate income tax rate, which is set at 35%.

Boeing and Lockheed, the two largest defense contractors in the world, prove that war is most certainly profitable – in every way.

While the US federal corporate income tax rate is 35%, *Citizens for Tax Justice* in the USA have found that between 2001 and 2003, combined aerospace and defence industries’ profit was \$17.7bn, yet effectively they only paid a tax rate of 1.6%. In the same period, Boeing made a profit of \$5.7bn, and yet received a tax rebate of \$1.1bn.

Between 2008 and 2010, the same sector made profits of \$71.6 billion in total and paid an effective tax rate of only 17%. Again, Boeing made a large profit of \$9.7 billion in this period, yet it received a tax rebate of \$178m. (Appendix 4.2)

And according to USA based Institute for Policy Studies, Boeing has 38 subsidiaries in foreign tax haven jurisdiction, as of February 2011.

Since 2006, **General Electric** has received \$11 billion in U.S. Defense Department contracts, and also amassed \$94 billion in untaxed profits offshore. Similarly,

- **Caterpillar**
Defense Department Contracts (2006-2011): \$1.7 billion
Profits in overseas subsidiaries: \$11 billion
- **General Motor**
Defense Department Contracts (2006-2011): \$3.6 billion
Profits in overseas subsidiaries: \$4.1 billion
- **Verizon**
Defense Department Contracts (2006-2011): \$2.5 billion
Profits in overseas subsidiaries: \$1.2 billion

We're Not Broke movie, 2012

1.4.3.3.2 GOVERNMENT/DEFENSE INDUSTRY CONTRACTS 2003-2007

Between 2003 and 2007, Boeing alone secured \$101billions and Lockheed secured \$146bn in Federal (largely Pentagon) contracts.⁸ During this same period (eg Iraq invasion years 2003 – 2008) share prices of both Boeing and Lockheed Martin, increased by more than 200% and 100% respectively. (See Figure 8)

1.4.3.3.2.1 IT PAYS TO LOBBY

Between 2001-2011 the defense industry as a whole spent \$1.2billion on lobbying and on average employed nearly 1,000 lobbyists annually - nearly two for every member of Congress. It contributed \$24.4 million to political candidates in the 2011/2012 election cycle alone. (Appendix 4.3)

Company	Lobbying	Federal Contracts
Boeing Co	\$15.9 million	\$22.1 billion
Lockheed Martin	\$15.1 million	\$41.5 billion
United Technologies	\$14.2 million	\$8 billion
Northrop Grumman	\$12.8 million	\$14.4 billion
General Dynamics	\$11.4 million	\$19.7 billion

Table 1 Top 5 Clients of the Lobbyists – funds spent on lobbying and federal contracts received (2011)⁹

1.4.3.4 WAR ON DRUGS

The so-called 'war on drugs' incurs massive military spending costs for the USA (and by extension also for its 'allies' in this 'war'). Billions of dollars are wasted globally on ineffective law enforcement, undermining international development and security, resulting from an enforcement-led approach that puts organised crime in control of the trade¹⁰. The Global Commission on Drug Policy, including the former presidents of Switzerland, Colombia, Mexico and Brazil, along with a former U.N. Secretary General, a former U.S. Secretary

⁸ Source: fedspending.org

⁹ Sources: fedspending.org; opensecrets.org

¹⁰ Count the Costs. <http://www.countthecosts.org/>

of State, the prime minister of Greece and the former U.N. High Commissioner for Human Rights, called for the drug war to shift its focus from enforcement and interdiction to medical treatment and harm-reduction policies.¹¹

The 'war on drugs' is deeply intertwined with the 'war on terror'; while the US/NATO occupation of Afghanistan has cost the coalition hundreds of billions of dollars, Afghanistan has quickly become the world's first true 'narco-state.' After just 5 years since 2001, Afghanistan's production of opium jumped from a modest 185 tons to 8,200 tons, a remarkable 53 percent of the country's GDP and 93 percent of global heroin supply.¹² The UK took a lead role in counter-narcotics, and sent troops to Helmand which has been the biggest poppy cultivating province by far. Deployment in Helmand since 2006 has cost £15 million per day.¹³ Despite this, the cultivation of opium in Helmand has tripled from 25,500 hectares of land in 2005 to 75,000 hectares in 2012.¹⁴ The drug problem is not going away, and the coalition's presence continues to cost billions of dollars per year.

According to a U.S. Senate report (2011), the Latin American war on drugs has 'largely failed'.¹⁵ From 2005 to 2009, the majority of counternarcotics contracts in Latin America went to only five major defense contractors: **DynCorp, Lockheed Martin, Raytheon, ITT, and ARINC**, who collectively received contracts worth over \$1.8 billion; many of the contracts were awarded on a no-bid basis. The Department of Defense has spent \$6.1 billion since 2005 to help detect planes and boats heading to the U.S. with drug payloads, as well as on surveillance and other intelligence operations.

The militarisation and privatisation of the 'war on drugs' shows no sign of stopping or even slowing down anytime soon. A long overdue and fundamental re-evaluation of the war on drugs – a 'war' started under the Nixon administration – will inevitably have a knock-on effect on the global military spend and will especially impact on both the defence industry and the private military industry.

1.4.4 SUMMARY: MILITARY EXPENDITURE IS A STRUCTURAL ISSUE

There is every reason to put **excessive** military spending on the table, in its own right but interlinked with others - along with odious debt, tax evasion, unfair trade, fossil fuels because, like those, it too works against the interests of the populations of the global south; is all too often (ab)used as a tool of trade and/or foreign policy; it also places an excessive financial burdens on citizens at a time when public services are being eroded all over the world.

Likewise, by joining the ranks of debt cancellation, financial transaction and other tax related measures, military spending savings should be regarded as yet **one more significant 'new' revenue stream**, redirecting the funds captured to serving the needs of the global community.

Military spending cuts, along with tax, trade, debt and climate campaigning, also serves to **rein in the excessive power of those whose financial, commercial or political self-interests only serve to harm to the wider society**, be that local, national or international. The defence industry sector has much in common with

¹¹ *War on Drugs - Report of the Global Commission on Drug Policy*, 2011.

¹² *Can Anyone Pacify the World's Number One Narco-State?*, Alfred W. McCoy, TomDispatch, 30/03/2010

¹³ *Investment in Blood: The True Cost of Britain's Afghan War*, Frank Ledwidge, 2013

¹⁴ *Afghanistan Opium Risk Assessment 2013*, United Nations Office on Drugs and Crime (UNODC)

¹⁵ *Government Unable to Adequately Track Billions Spent on Counternarcotics Contracts*, U.S. Senator Claire McCaskill, <http://www.mccaskill.senate.gov>, 08/06/2011

other parts of the corporate sector, or banking or media sectors, where, contrary to their rhetoric, they are not serving the wider society's benefit. For this reason, greater scrutiny placed upon it within this structural framework and as such, the defence industry would be a major target for this campaign.

1.5 THE FIVE PERCENT CAMPAIGN – DELIVERING DEEP, SUSTAINABLE CUTS TO GLOBAL MILITARY SPENDING

1.5.1 GLOBAL MILITARY SPENDING CUTS: OVERDUE, PROPORTIONATE AND JUST

The graph below shows the intention of the campaign to achieve major reductions (40% over the first 10 years) in global military spending via **The 5% Formula**. It also shows how spending will rise if we do nothing.

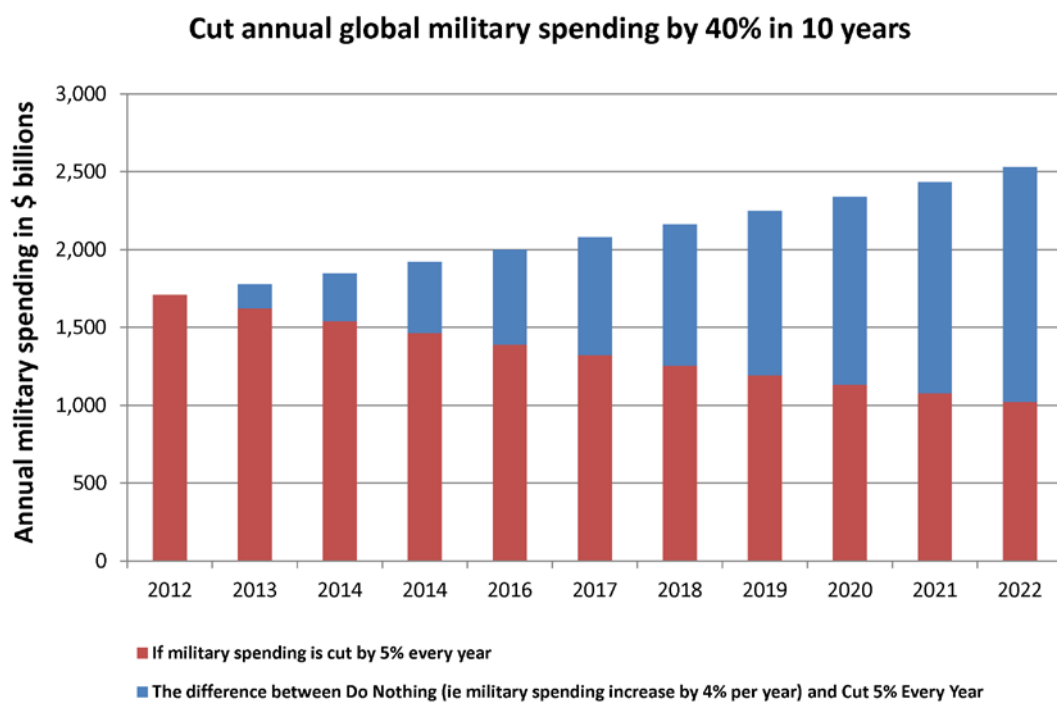


Figure 1 Cut global military spending by 40% within 10 years¹⁶

1.5.2 AIMS

The Five Percent Campaign idea aims to:

- To offer up a new, feasible formula for delivering deep, sustainable cuts to global military spending that targets every government on the planet with a fair, proportionate and achievable calculation to

¹⁶ Sources: World Bank; SIPRI.

Military expenditure figures are based on SIPRI's annual global defence spend calculations and GDP rates based on World Bank figures. The global military spending grew by around 4% every year on average between 2001 and 2010.

reduce their military spend and to redirect savings to address the economic and environmental catastrophe the 99% are facing.

- To engage and mobilise the wider NGO community in the UK (and by extension, their supporter base) around the issue of runaway global military spending. In particular, to recognise the importance of the development sector and to galvanise it to join with a growing number of organisations here and around the world, who seek to place excessive military spending centre stage.
- To build on the extensive and longstanding policy and campaigning work of the peace movement, across many inter-connected issues; and for this work to be integral to a wide-based, paradigm-shifting international coalition that connects it to development, climate and other relevant policy areas into its activity.
- To endeavour to grow a global coalition around **The 5% Formula** with strong, regionally relevant campaigns (ie Europe, USA, Middle East, sub-Saharan Africa, Far East) - yet with the common understanding of how military spending – and the arms industry by extension – is a globalised industry, enforcing the globalised nature of power and economic interests.
- To persist and insist that excessive military spending be regarded as a ‘structural’ issue – as central to understanding power, poverty, economic collapse, unjust distribution of resources as debt, trade, tax and climate change. It is not an adjunct to any of these issues – it is implicated in each and every one of them.
- To change the way the public thinks – and by default – influence the media debate regarding military spending and ‘value for money’: jobs, security, and geopolitical status. Consider that ‘Mumsnet’ could be as useful in this effort as The Guardian.

1.5.3 THE CORE DEMANDS – THE 5% FORMULA

1.5.3.1 CUTTING DOWN TO \$1 TRILLION DOLLARS

The 5% Formula is a mechanism to achieve major, year-on-year cuts to global military spending over 10 years *and beyond*.

- To cut annual global military expenditure by 40% after ten years, back to mid 1990s spending levels ie \$1 trillion dollars, the lowest in recent history (and even then, ‘low’ is not low enough for many peace campaigners – indeed far from it).
- To deliver savings of estimated \$700 billion over 10 years redirected to core urgent human and environmental needs.
- Application of *the 5% annual and absolute cuts* – to achieve this global 40% cut (\$700bn) over the first 10 years.
- After the first 10 years, we call upon all nations to adopt *the 5% threshold rule* to sustainably restrain the global military spending – no country allows any increase in military spending to outstrip economic growth.

The 5% Formula would be applied for the first decade as follows: We call for all nations to cut their annual military spending by 5% every year. Our primary targets are the ‘Top 20’ military spending nations who account for 87% of total spending (\$1.7 trillion dollars) in 2012.

5% annual and absolute cuts to national military budgets. This is equivalent to a compound 40% cut for each nation's respective annual military spending after 10 years (see the Table on the right for illustration).¹⁷ These cuts are expected to deliver an estimated \$700 billion in total to be redirected.

Year	Annual military budget	Yearly cut	Percentage change versus Year 0
0	\$100 billion		
1	\$95 billion	5%	5%
2	\$90 billion	5%	10%
3	\$86 billion	5%	14%
4	\$81 billion	5%	19%
9	\$63 billion	5%	37%
10	\$60 billion	5%	40%

SUM CAPTURED: \$700 billion

1.5.3.2 BEYOND THE FIRST DECADE - THE 5% THRESHOLD RULE

The *5% threshold rule* is designed to be mainstreamed into **budgeting beyond the first 10 years**, acting as both a military expenditure 'dampener' and a economic growth 'accelerator'¹⁸ for all nations, while facilitating and enabling the public to more deeply interrogate the many inter-linked issues of the military spending debate. **All nations** adhere to a '**5% threshold rule**'.

The **5% threshold rule** is applied as follows: military spending growth (% change) in a given year is limited by previous year's economic growth (measured as % increase in gross domestic product, or GDP), less 5 percentage points (5%).¹⁹ In mathematical form,

$$\text{Annual percentage change in military spending} \leq (\text{Percentage change in yearly GDP} - 5\%)$$

The *5% threshold rule* in practice means no country allows any increase in military spending to outstrip economic growth. Most economies grow less than 3% annually; this effectively translates as 2% annual reduction to their military spending. These savings are then divided equally to fund both domestic and international needs. The world military expenditure will gradually decrease, until an equilibrium is reached that emphasises economic/social rather than military advancement.

The fast-growing economies (eg BRICS), according to *this 5% threshold rule*, might be able to increase their spending in some years if their GDP growth merits it (albeit at a much lower rate than they might otherwise do without the threshold). In that case, there will be no 'cuts' per se to their military spending to be diverted, we propose that they are therefore required to 'gift' a contribution of an amount equal to 2.5%²⁰ of their previous year's military spending to fund international development programmes.

EXPECTED SUM CAPTURED: tens of billions of dollars per year

¹⁷ $1 - (1 - 0.05)^{10} = 100\% - 60\% = 40\%$

¹⁸ In many ways, military expenditure hinders rather than advances economic prosperity, compared to investments by the government in other productive areas of the economy. The 5% threshold rule ensures a government allocates more of its revenue to grow the economy while still preserving its ability for *sensible defence*.

¹⁹ Annual GDP Growth is the % difference between any two consecutive years' GDP: we assume most economies will not grow more than 5% on average for the foreseeable future.

²⁰ This 2.5% 'contribution' is a fixed percentage, no matter how negligible the annual military spending is increased. This is consistent with the requirement for Top 20 spenders who are required to cut 5% of their annual military spending every year in the first decade and to divert these savings to fund both domestic and international needs equally – in effect, Top 20 spenders are diverting 2.5% of their annual military spending to fund international development programmes every year.

1. *Absolute 5% annual cuts to national military budgets over the first decade*
2. *After the first decade, the 5% threshold rule:*
Next year's military spending growth (annual %) \leq this year's GDP growth (annual %) – 5%

Divert, Transform, Sustain = \$700 billion in first ten years

\$700 billion over the first ten years to be diverted to and divided equally between, domestic and international needs. We propose the funds are redirected thus:

- International \$350bn
 - Immediate and urgent poverty reduction
 - Sustainable Development - reflecting civil society activism on climate & economic justice
 - Peace/ Conflict Prevention & Human Rights
- Domestic \$350bn
 - The Green Economy

If the top military spenders in the world had adopted *the 5% threshold rule* since 2002, their total military expenditure would have been reduced to \$730 billion by 2010, rather than actually increased to £1.3 trillions. (See Section 2.2.1.4)

The 5% Formula would therefore drastically cut annual global military spending to \$1 trillion in a short but practical period of time and then maintain an effective check on military spending in perpetuity by considerably lagging its annual change behind economic growth.

1.5.3.3 WHAT IS THE 5% THRESHOLD FIGURE?

1.5.3.3.1 COUNTRIES WITH 5% GROWTH OR LESS (THE MAJORITY)

In the 2000s, the world economy's annual growth was less than 3% on average. The 5% figure is 2% higher than the average economic growth rate of 3% and is therefore a challenge for big military spenders and emerging economies to either cut or pay up.

Examples:

0 % economic growth = 5% cut to annual military spend

2% growth = 3% cut to annual military spend

5% growth = No increase

An average yearly cut of 2% is a reasonable long-term, sustainable demand for ALL economies: not a great burden upon existing defence budgets, fair and proportionate for all nations, and yet nevertheless able to deliver a significant sum to divert to more relevant, urgent and sustainable human need.

After the first ten years, all nations would collectively maintain this formula into the next decade.

1.5.3.3.2 COUNTRIES WITH MORE THAN 5% ECONOMIC GROWTH (EG BRICS)

This category reflects fast growing economies (eg BRICS), and who, according to *the 5% threshold rule* – might be able to increase their spending in some years if their GDP growth merits it (albeit at a much lower rate than they might otherwise do without the threshold). In that case, there will be no 'cuts' per se to their military spending to be diverted, we propose that they are therefore required to 'gift' a contribution of an amount equal to 2.5%²⁰ of their previous year's military spending to fund international development programmes.

Example:

7% growth = only 2% increase on annual military spend

1.5.4 HOW TO TRACK THIS

Governments' *proposed* military budgets and *actual* military spend can be assessed in light of the previous year's national economic growth and defence budget figures. Statistics for both GDP and the defence budgets are regularly released and readily available in most countries. These figures can then be directly used to judge whether the governments concerned are proposing to spend or have already spent an amount of money on military-related purposes that are not consistent with **The 5% Formula**.

1.5.5 CLINTON ERA LEVELS OF THE 1990s

It is worth bearing in mind that the levels proposed here are still not as low as military spending budgets during the Clinton presidency, when the world's biggest spender - the USA – had its smallest military budget since the end of the Vietnam War.

However, if *the 5% Formula* was to be applied over 10 years, we would start to get there. By extension, USA military budget trends (increase or decrease, depending on domestic and foreign policy-making), influences budget trends in the rest of the world.

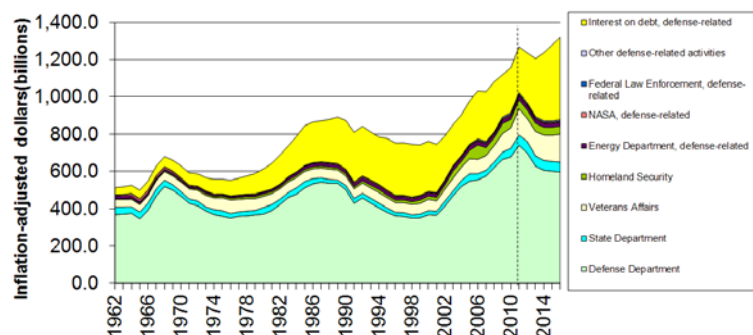


Figure 2. Military spending of the United States 1962–2015 (inflation-adjusted 2011 dollars)²¹

²¹ Source: Wikipedia, <http://en.wikipedia.org/wiki/File:InflationAdjustedDefenseSpending.PNG>

1.5.5.1 CAN WE GET BACK TO MID 1990S LEVELS?

Global military expenditure reached its lowest point since the peak of the Cold War in the mid-period of Clinton presidency (around \$ 1 trillion in 2010 prices). Global military expenditure in 2010 was \$1.6 trillion and to get to \$1 trillion from this point, expenditure needs to be reduced by 40%. Our campaign goal is to reach \$1 trillion in just 10 years.

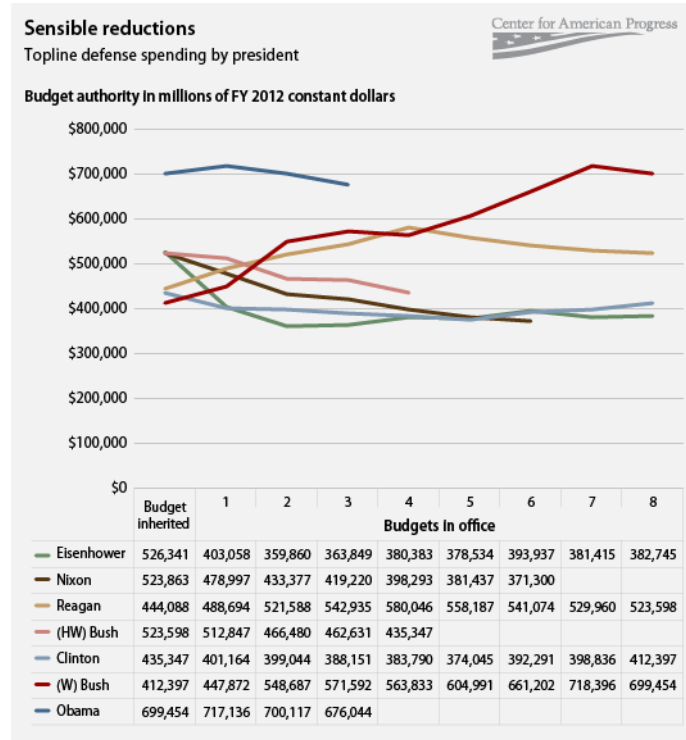


Figure 3. Historical reductions of the defence budgets of the United States²²

The USA’s military expenditure is now at its historical peak, due to the astronomical increase during the Bush years. Historically, there has always been a significant and steady decrease of military expenditure after a period of over-spending, this has not yet happened during the Obama years. Despite claims to the contrary, previous spending reductions have not compromised U.S. national security or created a hollow military.²³

To reach \$1 trillion from the peak of the Bush level, 40% cut in USA’s military expenditure is needed. This

Why does it matter that the USA gets back to mid 1990s levels?

Because the rest of the world is hugely influenced – directly and indirectly – by USA military spending.

40% cut can be achieved by adopting our demand – cut 5% in military expenditure every year for the next 10 years. Afterwards, USA adopts the 5% threshold rule. This will ensure the mid 1990s level is sustainable in the long term.

Many inside (and outside) the USA now argue that the USA itself has to take a lead in tackling their own out-of-control spending. If this is possible, and if it can buy into the value of returning to the mid 1990s levels, the overall global aim of this campaign is achievable.

²² A Historical Perspective on Defense Budgets, Center for American Progress, 06/06/2011

²³ ibid

1.5.6 CONCLUSION

At the time when Greece was on its knees, Germany and France included military sales as part of the bailout package conditions. The business of military spending, (and in this regard, the line between government and defence industry activity is a very blurred line indeed), whether domestic or as part of arms deals, is more about contracts and profits than 'defence of the realm'.

The Arab Spring, the Indignados, Occupy movements and UK and USA Uncut are all part of the global call to assert a new progressive set of values. Hugely inflated military spending budgets are a major part of the problems we face today – they too must be more prominently factored in to its contribution to global inequality and climate change.

We believe that this international campaign, and its **5% Formula** allows every nation – relative and proportionate to its economic growth and GDP - to share in 'sensible' defence budgeting with the long term effect also acting as a dampener on arms races. In the last ten years, the world economy grew by roughly 2.5% per year on average but global military expenditure increased on average by around 4% annually. Military spending is one of the least efficient ways of investing our limited resources to advance economic growth and prosperity; thus, the significant outpacing of its increase to the economic growth is harmful to the real economy and consequently the society.

To paraphrase James Tobin, there is therefore the need to 'throw some sand in the wheels' of our excessively efficient international military-industrial complex. For this purpose, our proposed *5% threshold rule* will serve as a break mechanism embedded in the budgeting process, deliberately intended to slow down the runaway military-expenditure increases around the world. In the meantime, the money thereby saved will be redirected to productive areas to further economic and societal advancement. *The 5% threshold rule* is our first step towards a prosperous economy based on sustainable *sensible defense* and the efficient use of our precious but finite resources.

While in good years, some countries may have fast growing economies and may divert some of this growth to fund further military expenditure, *the 5% threshold rule* will prevent them increasing military spending as fast and as much as they would have done, based on historical precedents. On the other hand, when the economy is in distress - and many countries are experiencing this -, the rule will ensure that countries spend their taxpayers' money wisely and focus on economic growth and social welfare by cutting costly, unaffordable and often unnecessary military expenditure. The need of this automatic diversion of public spending from the economically unproductive defence spending to other productive areas is especially apparent in the current time of the global recession.

If – as we hope – we can extend the initial proposed first 10 year framework, then the global public could call upon their governments to continue a sustainable downward trend in military expenditure, saving further monies for constructive reallocation to areas of greater human need.

This campaign concept is fair, proportionate, just – and long, long overdue. It speaks to a multi-polar world where reduced military spend equates to a safer world and where the notion of non-offensive defence and sustainable security are a powerful combination in this 21st century.

Redirecting funds saved from excessive military spending towards more vital areas – domestically and internationally – we can deliver a much more real and tangible security than we have at present, and in doing so, see a rebalancing and redistribution of resources.

Excessive global military spending is a structural issue and the defence industry sector is at the heart of it. Like odious debt, corporate tax evasion, the fossil fuel industry and unfair trade rules, it too works against the interests of the populations of the global south; is all too often (ab)used as a tool of trade and/or foreign

policy; it also places an excessive financial burdens on citizens at a time when public services are being eroded all over the world. For this reason, greater scrutiny placed upon the defence industries sector within this structural framework can only serve the global common good.

Dwight D Eisenhower was born to pacifist Mennonites who considered war a sin. He was to become a five-star general who, during the Second World War, served as the Supreme Allied Commander. His pacifist upbringing may have come to bear, finally, in the farewell address he delivered on leaving office, in 1961, after years of failing to end the U.S.-Soviet arms race. Fifty years on, his words now speak to a truly globalised military industrial complex against which - as a global community - we have failed to guard ourselves.²⁴ **The Five Percent Campaign** has been developed within this global context,

"In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex... Only an alert and knowledgeable citizenry can compel the proper meshing of the huge industrial and military machinery of defense with our peaceful methods and goals, so that security and liberty may prosper together."

Former president of the United States, Dwight D Eisenhower

²⁴ *The Force*, Jill Lepore, The New Yorker, 28/01/2013

2 PART TWO: The Campaign – Why, What, How

WHY WE NEED IT; WHAT IT WILL ACHIEVE; HOW IT MIGHT BE IMPLEMENTED

2.1 WHY

2.1.1 WE NEED SENSIBLE DEFENCE AND SUSTAINABLE SECURITY

Cuts to excessive global military spending do not undermine defence nor do they amount to 'no defence'. On the contrary, they promote debate about definitions of 'sensible' defence; the drivers of insecurity; and how best to address the whole notion of what defence means in the 21st century.

The military industrial Congressional complex is a pillar of the national security state. Without it, you couldn't have the state. When Lockheed Martin, the number one military contractor in America, indeed in the world – when its share price goes from somewhere around \$27 or \$28 in March of 2003 to \$100 plus dollars a share after 18 months in Iraq, you have to believe that contractors like Lockheed Martin have an influence on the decision to go to war... You think these people have patriotic feelings or national feelings? They only feel for profit. They only feel for money.

We just outstripped our previous record of arms sales in the world by a factor that just boggles the mind. Our recent high was about \$26 billion. This last year, the total arms sales in the world were about \$86 billion. We had \$66 billion of that. And about two thirds of that was to the Gulf Cooperation Council Countries because we have so scared them about the threat of Iran that they are buying hand over foot our armaments. And most of those armaments are coming from the big five defense contractors – Boeing, Grumman, Lockheed Martin, Raytheon, and General Dynamics.

Retired US Army Col. Lawrence Wilkerson
former chief of staff 2002-2005 to United States Secretary of State Colin Powell
Interview with *Corporate Crime Reporter*, 01/10/2012

With global military spending at an all-time high – higher than at the peak of the Cold War – and this, at a time of global economic instability and austerity, there will never be a better opportunity to:-

- challenge traditional notions of what we mean by defence
- address the real underlying causes of conflict (foreign policy failures; poverty and inequality; commercial exploitation and resources wars)
- look beyond defence spending as a way to protect a certain class of job and towards a policy of conversion from weapons related employment to jobs driven by a much needed growing green economy.

While the USA considers making cuts to defence spending and EU nations also, these cuts are nevertheless 'relative' - less than they might otherwise be due to the hugely increased budgets compared with those of recent times, such as the Clinton Presidency era. As Colonel Lawrence Wilkerson suggests in his comments above, there are other forces at play which have served to inflate this expenditure in the USA - factors which

have more to do with defence industry profit margins than genuine defence needs and this, in turn, has knock on effects on other G8 nations spending.

Meanwhile, there are other ways of looking at defence – so called ‘sensible’ defence, minimal deterrence as implemented by China regarding nuclear missiles; there is also a myriad of conflicts where the solutions lie in more economic and environmental justice; and a move away from the fossil fuel economy would also play a major role in making the world a less volatile and less militarily armed, place.

There is also a genuine and fundamental question that underpins the debate on military spending - how much is ‘enough’ for any given nation’s true security needs? And linked to that, when is conflict or war, if ever, justified? While it is not the remit of this campaign proposal to spend much time exploring the ethics or otherwise of war, some very basic ‘talking points’ help illustrate the nature of the present-day spending priorities of nations around the world – and by extension, the validity or otherwise of those spending priorities and defence decisions. The box below is drawn from BBC Education materials and it prompts some thoughts in terms of a ‘back to basics’ framework for defence spending ie only spend on what is truly required and even then, interrogate the ethics of the reasons for such spending.

2.1.2 WHAT IS JUST?

The principles of a Just War originated with classical Greek and Roman philosophers like Plato and Cicero and were added to by Christian theologians like Augustine and Thomas Aquinas.

The aim of Just War Theory is to provide a guide to the right way for states to act in potential conflict situations. It only applies to states, and not to individuals (although an individual can use the theory to help them decide whether it is morally right to take part in a particular war).

Just Causes

In modern times wars to defend the innocent are increasingly regarded as just (which fits with the idea in some religious literature that it is better to defend an innocent than to defend oneself).

Self-defence:

- invasion: The clearest example of a just cause is self-defence against an aggressor. For example when an enemy has crossed your borders and invaded your territory but an actual invasion is not required. The self-defence cases below are less obviously just causes for war - whether they are or not depends on how severe a particular case is:
 - assassination of a prominent person: - a monarch or president
 - attack on national honour: (eg burning the flag, attacking an embassy)
 - attack on state religion
 - economic attack:(trade embargo or sanctions)
 - attack on a neighbour or ally
 - pre-emptive strike: attacking the enemy to prevent an anticipated attack by them. Pre-emptive strikes may no longer be acceptable by UN members, since the Charter says that short of actual attack, "all Members shall settle their international disputes by peaceful means" (Article 2:3)
- Assisting an invaded friendly nation.
- Human rights violations: Another common example is putting right a violation of human rights so severe that force is the only sensible response.
- To punish an act of aggression: This is not accepted by everyone. Some people would say that a war of punishment can never be a just war.

Definitions

St. Augustine's view (354-430)

St. Augustine said there were three just causes:

- defending against attack
- recapturing things taken
- punishing people who have done wrong

Each of these can be seen as an act of justice: they harm someone who deserves to be harmed because they have done wrong.

A modern definition

In 1993 the US Catholic Conference defined just cause as 'force may be used only to correct a grave, public evil, i.e., aggression or massive violation of the basic rights of whole populations.'

Punishment

There are three groups of people that might be in line for punishment:

- The whole people of another country.
- The leaders of another country.
- Private individuals in another country.

A war of punishment would only be just if it was in proportion to the crime and was the only way to achieve the desired end.

BBC Ethics guide: What is a 'just cause'?

http://www.bbc.co.uk/ethics/war/just/cause_1.shtml

2.1.2.1 THE (IN)SECURITY PARADOX

USA military spending hugely influences overall global spending and so unpacking or debunking some key elements of USA military thinking is vital to the goals of the campaign. Moreover, to do this in partnership with US civil society is an exciting challenge as, together, we interrogate how US military thinking and spending connects or disconnects with the US public at large. One of the myths to bust, is that the USA is an unsafe place.

In April 2012, the Chairman of the USA Joint Chiefs of Staff, General Martin E. Dempsey spoke at the John F. Kennedy Jr. Forum, Harvard University. In his presentation he talked about what he called a 'security paradox'. Whereas some would say that our leaders often deliberately 'talk up' or exaggerate security threats (however that is defined) in order to more effectively engender fear and therefore the justification of war, or measures affecting civil liberties, General Dempsey argues that we are actually being complacent:

"...I believe I'm chairman at a time that seems less dangerous but it's actually more dangerous. That's the essence of what I describe as a security paradox. Although geopolitical trends are ushering in greater levels of peace and stability worldwide, destructive technologies are available to a wider and more disparate pool of adversaries. Highly accurate ballistic missiles are prevalent in every theater. Bombs made out of fertilizer can defeat and destroy our toughest mine-resistant vehicles. A cyber-attack could stop this society in its tracks. And

these are real threats that we face today. What truly concerns me as chairman is that these lethal and destructive technologies are proliferating in two directions. They're proliferating horizontally across advanced militaries in the world, and they're proliferating vertically, down to non-state actors, especially insurgents, terrorist groups and even transnational organized crime. As a result, more people have the ability to harm us or deny us the ability to act than at any point in my life. And that's the security paradox."

On the other hand, Stephen M Walt, an American academic at Harvard, where he is the Robert and Renee Belfer Professor of International Relations, re-positions this as the (In)Security paradox:

"Most American global activism -- particularly of the military sort -- is justified by the claim that the security of the American homeland and the safety of U.S. citizens ultimately depends on controlling, shaping, influencing, deterring, compelling, dominating, destroying or in some way interfering with people in lots of far-away places. Yet the simple fact that we can do all those things in almost any corner of the world tells you two things that belie this justification.

Specifically: 1) the United States still has military capabilities that dwarf everyone else's, and 2) we are so secure here at home that we don't have to spend much time or effort worrying about defending our own soil. Even if another terrorist group got as lucky as al Qaeda did back on 9/11, it wouldn't threaten our independence, long-term prosperity, or way of life unless we responded to such an attack in especially foolish ways (see under: Operation Iraqi Freedom).

Call this the (In)Security Paradox: The main reason Americans are able to gallivant all over the world and expend lots of ink and bytes and pixels debating whether to get involved in Syria, Mali, Sudan, the Democratic Republic of the Congo, the South China Sea, etc., etc., is because the United States is actually very secure. What happens in most of these places isn't going to affect the safety or prosperity of the vast majority of Americans at all; U.S. citizens are much more likely to be harmed in an automobile accident, in a big storm, or in a household accident, than as a result of something happening in some distant land. We say we need to do these things to be secure; in reality, we are so secure that we have the luxury of intervening in wars of choice that ultimately don't matter very much. Which is one reason why we do." (Appendix 4.8)

2.1.2.2 NON-OFFENSIVE DEFENCE

This is perhaps a term that needs more 'oxygen of publicity'. As Dr Stephen Scholfield explains in his report 'Oceans of Work: Arms Conversion Revisited' (BASIC 2007):

A Non-Offensive Defence policy is one alternative that breaks with this subordinate relationship [with the USA] and allows the UK to make an effective contribution both to new international security challenges and to international disarmament. The focus is on territorial defence and a contribution to an EU peacekeeping and reconstruction force that can carry out UN endorsed humanitarian interventions. Under this policy, major offensive platforms, including the follow-on Trident ballistic missile system, aircraft carriers and conventional nuclear submarines would be cancelled and the UK would be a leading proponent of a new international security architecture based on global disarmament. There would be the potential for major annual savings of between £3-4 billion on military expenditure by 2012, available for the 'national needs' programme of civil investment.

2.1.2.3 SUSTAINABLE SECURITY

The most common sense – and essential - definition of 'security' needs to be one of 'sustainable' security. But while recognizing that many factors combine to create insecurity, ensuring that decision-makers shift their

'security' paradigm from the 'old school' military mindset to one which more sensibly reflects real world needs is the challenge we face.

The Oxford Research Group are developing and promoting their 'Sustainability Security Framework', bringing together the many inter-connected issues that combine to create insecurity – climate change, competition over resources, marginalization of the majority world and global militarization.

What is Sustainable Security?

Current approaches to national and international security are dominated by the 'control paradigm': an approach based on the premise that insecurity can be controlled through military force or balance of power politics and containment, thus maintaining the status quo. The most obvious recent example of this approach has been the so-called 'war on terror', which essentially aims to 'keep the lid' on terrorism and insecurity, without addressing the root causes. Oxford Research Group (ORG) argues that such approaches to security are deeply flawed and are distracting the world's politicians from developing realistic and sustainable solutions to the new threats facing the world in the 21st century.

An alternative approach is needed: that of 'sustainable security'. The central premise of sustainable security is that we cannot successfully control all the consequences of insecurity, but must work to resolve the causes. In other words, 'fighting the symptoms' will not work, we must instead 'cure the disease'. Such a framework must be based on an integrated analysis of security threats and a preventative approach to responses.

Sustainable security focuses on the interconnected, long-term drivers of insecurity, including:

Climate change: Loss of infrastructure, resource scarcity and the mass displacement of peoples, leading to civil unrest, inter-communal violence and international instability.

Competition over resources: Competition for increasingly scarce resources – including food, water and energy – especially from unstable parts of the world.

Marginalisation of the majority world: Increasing socio-economic divisions and the political, economic and cultural marginalisation of the vast majority of the world's population.

Global militarisation: The increased use of military force as a security measure and the further spread of military technologies (including CBRN weapons).

Sustainable security makes a distinction between these trends and other security threats, which might instead be considered symptoms of the underlying causes and tend to be more localised and immediate (for example terrorism or organised crime). It promotes a comprehensive, systemic approach, taking into account the interaction of different trends which are generally analysed in isolation by others. It also places particular attention on how the current behaviour of international actors and western governments is contributing to, rather than reducing, insecurity.

Sustainable security goes beyond analysis of threats to the development of a framework for new security policies. It takes global justice and equity as the key requirements of any sustainable response, together with progress towards reform of the global systems of trade, aid and debt relief; a rapid move away from carbon-based economies; bold, visible and substantial steps towards nuclear disarmament (and the control of biological and chemical weapons); and a shift in defence spending to focus on the non-military elements of security. This takes into account the underlying structural problems in national and international systems, and the institutional changes that are needed to develop and implement effective solutions.

SustainableSecurity.org

Professor Paul Rogers, writing in 2009 on the issue of climate change²⁵:

"To move from conflict-control to conflict-prevention on an issue such as climate change is a huge step to contemplate. But there are at least two trends which give some small measure of assurance that it can happen.

The first is that most of the well-resourced climate sceptics in the United States have migrated from the seats of power in Washington back to the right-wing think-tanks; and there is now in Washington an administration that would positively welcome some forward thinking from the military that is predicated on prevention. The second is that military analysts really do have the capacity to think long-term and imaginatively ("outside the box", in management jargon). Some of their analysis of world trends could appear almost word-for-word in a Greenpeace or Friends of the Earth tract; the problem is that they are rarely able to escape from a narrow perspective on national security which sees it almost entirely in terms of the defence of their realm, rather than the common security of the wider world. If even a few of these analysts could rise above that and take a larger - and more truly realistic - view, the service they could do to the wider community could be hugely significant."

2.1.2.4 ESSENTIAL FOR HUMAN SECURITY

In September 2009, Pax Christi International published 'The Elephant in the Room' – an advocacy report which defined human security as including the following:²⁶

- Economic security (basic income for individuals)
- Food security (physical and economic access to a basic food)
- Health security (protection from diseases)
- Environmental security (protection from threats in nature)
- Personal security (protection from physical violence)
- Community security (protection from sectarian and ethnic violence)
- Political security (protection of human rights)

2.1.2.5 OIL: A DRIVER FOR MILITARY SPENDING, CONFLICT AND INSECURITY

The OPEC country list below would indicate that oil is indeed a driver for the interlinking of increased military spending, conflict and insecurity as most have experienced conflict in recent times with oil/gas resources

²⁵ A new security paradigm: the military-climate link, openDemocracy, 05/08/2009

²⁶ The Elephant in the Room - Military Spending and Development Aid, Pax Christi, 2009, <http://storage.paxchristi.net/2009-0586-en-gl-SD.pdf>

playing a major contributing role in triggering conflict; it includes some of the highest per capita spending on military (Appendix 4.9); it also includes some of the biggest arms buying nations in the worlds (Appendix 4.12.4).

It is true to say that before the Iraq Invasion, the total military expenditure of OPEC countries declined but rose sharply afterwards, fueled by the instability in security introduced by the war, which in turn caused massive rise in oil price to fund the spending.

Included in the graph below is the 'what if' scenario - the hypothetical levels of military spending if *the 5% threshold rule* is applied to OPEC nations, (apart from the reference Year 2001). Actual spending growth (red bar in the graph) is the difference between the actual military spending in a given year and the hypothetical level of spending if *the 5% threshold rule* is followed.

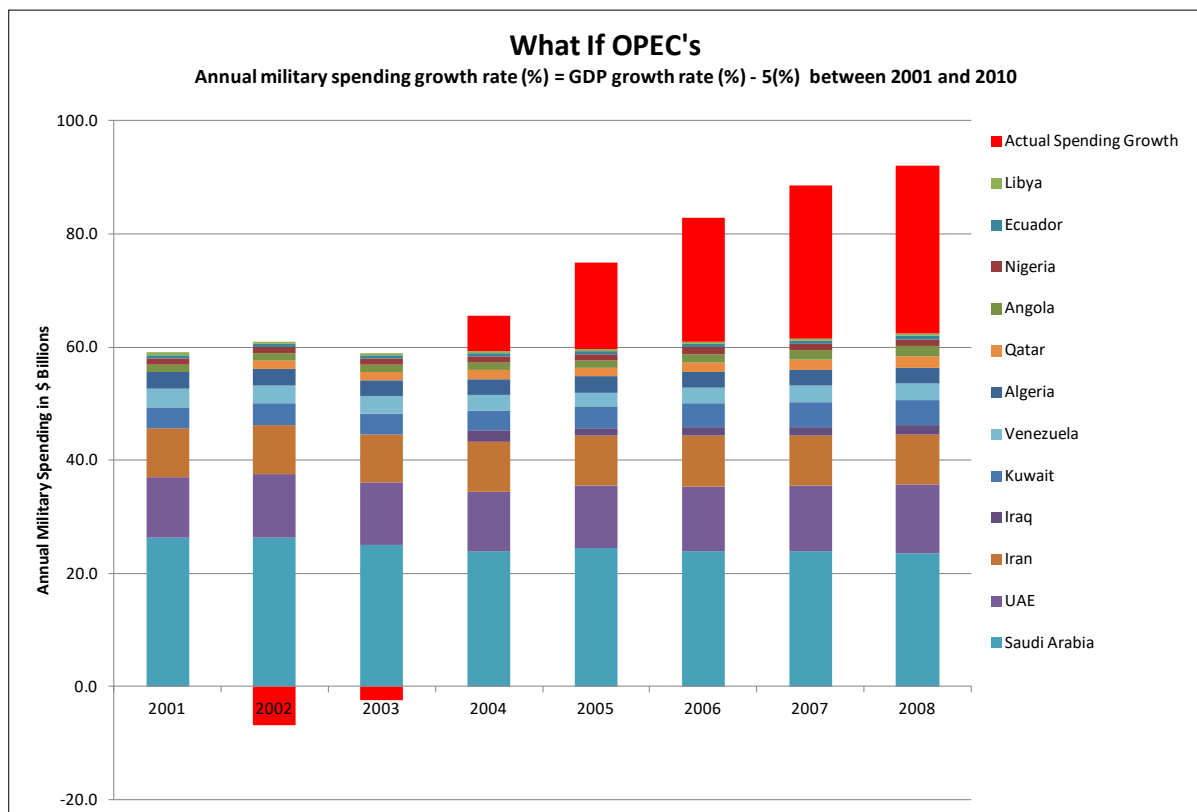


Figure 4. What if OPEC's member countries followed the 5% threshold rule between 2001 and 2010

2.1.3 ENDING GLOBAL INEQUALITY ~ DIVERTING EXCESSIVE MILITARY SPENDING

2.1.3.1 WE ALL KNOW IT'S MAD, SO WHAT CAN WE DO TO REVERSE THE SITUATION?

Structural campaigns such as debt cancellation, trade justice, tax justice, climate justice seek to expose and rectify the underlying exploitation and inequalities between the rich world and the global south. Increasingly, post the financial crash, there are more and more connections being made to carry this thinking over to include the majority populations of the rich world.

Whilst the world gave \$104 billion in development aid in 2006, world military expenditure in the same year was \$1,158 billion... War is one of the chief causes of poverty. War can completely undermine a country's development prospects, destroying schools and hospitals and putting agricultural land out of use for years to come.... Fully 80% of the world's 20 poorest countries have suffered a major war in the past 15 years, and the human legacy continues long after. Nine of the 10 countries with the world's highest child mortality rates have suffered from conflict in recent years. The arms trade undermines development around the world, contributing to the poverty and suffering of millions....

The United Nations Development Programme (UNDP) has named military expenditure by developing countries as a major barrier to achieving the Millennium Development Goals.

Banking on Bloodshed, War on War, 2009

Excessive military spending – and those who promote it and benefit from it – should be much more fully folded into this debate as a way to both rein in excess spending while raising much needed resources to deliver social justice goals in terms of what the world needs and wants.

A recent report (2012) by Share The World's Resources entitled 'Financing the Global Sharing Economy' detailed the human impact of our collective failure to redistribute income and wealth, both in the developed as well as developing world. Some key points below from the report illustrate the scale of this, as symptoms of structural inequalities that must be dealt with.

- Around 15 million people die every year largely due to a lack of access to nutritious food, basic healthcare services, or clean water for drinking and sanitation – equivalent to more than 40,000 preventable deaths every single day.
- 300 million people are currently affected by global warming
- 300,000 people lose their lives every year as a result of climate change.
- Research by the New Economics Foundation suggested that economic growth benefits the richest 1% of the world's population 120 times more than it benefits the poorest 10%, while levels of inequality in wealth, income and opportunities have rocketed across the world.
- In terms of assets, the top 1% of the world's population owns 40% of the world's wealth. In comparison, 40% of the world's population – almost three billion people – share a mere 1% of the world's combined wealth. At the current rate of change, it would take more than 800 years for the 'bottom billion' of the world's population to achieve 10% of global income.
- In the US, for example, the richest 1% now control more than 40% of the country's financial wealth, whereas the bottom 80% of the population own only 15% of all privately held wealth.
- In late 2011 the Occupy Movement vividly captured the extreme inequality that persists across Europe and North America in their slogan 'We are the 99%', which has since refocused public debate on this perennial issue.

Now, more than ever, there is a growing awareness across global civil society of the scale of this inequality; how the '1%' operate and how the '99%' can respond – **there is a growing a solidarity between citizens in rich nations and their fellow citizens in the global south as this understanding becomes more and more discussed. Military spending can be folded into this 'common cause' and shared calls for action.**

Excessive military spending – from the geo-political interests it seeks to protect, through to arms sales, through to war spending – has relevance in this general state of affairs. Whether as a new source of funding to meet the needs called for in the MDGs, now SDGs at one end, or as a driver for a more structural debate at the other, cuts to the global military spend should be central to any and all discussions on global inequality. As ActionAid says in its report '*Righting the MDGs*' (Sept 2012) 'There is a widespread acceptance that the next global framework will have to be less reliant on traditional aid inputs....There is more space for new and more sustainable financing...'

Duncan Green in his book *'From Poverty to Power'* (second edition) writes that it would cost \$66 billion annually to get everyone on the planet out of extreme poverty – 4% of global military spending.

2.1.3.2 BOMBS AND BULLETS OR SCHOOLS AND HOSPITALS?

'According to James Wolfensohn, president of the World Bank, there is a fundamental imbalance with the world spending US\$900bn on defence; around US\$325bn on agricultural subsidies and only US\$50bn to US\$60bn on aid.'

Guns or Growth? Assessing the impact of arms sales on sustainable development,
Control Arms: Amnesty International, IANSA, Oxfam, 2004

The military spending statistics are now considerably higher. The need to increase support for small to medium scale farmers around the world is as great now, if not greater, yet while millions of small scale farmers struggle to survive, those who are in the business of defence and arms manufacture and sales secure much higher levels of support.

"The amount of money spent on the defence sector equals \$4.7 billion a day or \$249 per person. According to the World Bank and the Office of Disarmament Affairs (ODA), only about 5% of this amount would be needed each year to achieve the Millennium Development Goals by 2015."

International Peace Bureau (Nov 2012)

A high level of militarization of a state is also likely to hinder effective governance and encourage corruption. Time and again we see how powerful military interests influence political processes in order to favour their own positions or line individuals' pockets. Moreover, over-militarization tends to fuel regional tensions which may lead to an arms race, hampering the sustainable development of both the country itself and its neighbours. A relevant indicator of such militarization would be the ratio of military spending totals to the amounts spent by governments on health and education.

Opportunity Costs: Military Spending and the UN's Development Agenda
International Peace Bureau, November 2012

Despite the rhetoric of leaders of the industrialized countries, emphasising the importance of education in their government policies and the future of the nations, the reality is that on average the industrialized countries spend 3 times as much on defence as on education; in particular, the ratio is 6:1 rather than 3:1 in USA (Table 2). Many of the world's poorest countries and fastest growing economies (both measured in terms of GDP per capita) spend much more on defence than either on education or on health; this has detrimental effects on their abilities to bring their people out of poverty, even with considerable economic growth (Table 3). And the continued regional instability in many of these countries almost certainly does not justify their long-term distorted emphasis on defence. Developing countries as a whole spend more than 2 times more on defence than on health. This imbalance of public spending between militarization and developmental areas, such as education and health is happening around the world and is an issue that cannot be ignored.

(G8) Country	% of population below international poverty line of US\$1.25 per day 2000-2009*	GDP per capita average annual growth rate (%) 1990-2010	% of central government expenditure (2000–2009*) allocated to:		
			Health	Education	Defense
Canada		1.9	9	2	6
France		1.3	-	-	-
Germany		1.3	20	1	4
Italy		0.9	14	11	4
Japan		0.8	2 x	6 x	4 x
Russia		2.1	7	3	12
UK		2.1	15 x	4 x	7 x
USA		1.8	24	3	19
Industrialised countries		1.6	19	4	12

Table 2 Allocation of central government expenditure of G8 countries (2000-2009)²⁷

- Data not available

* Data refer to the most recent year available during the period specified in the column heading.

x Data refer to years or periods other than those specified in the column heading. Such data are not included in the calculation of regional and global averages.

Country	% of population below international poverty line of US\$1.25 per day 2000-2009	GDP per capita average annual growth rate (%) 1990-2010	% of central government expenditure (2000–2009*) allocated to:		
			Health	Education	Defense
Algeria	7 x	1.5	4 x	24 x	17 x
Burkina Faso	57	2.4	7 x	17 x	14 x
Burundi	81	-1.6	2 x	15 x	23 x
Cameroon	10	0.6	3 x	12 x	10 x
China	16	9.2	0	2	10
Colombia	16	1.5	9 x	20 x	13 x
Congo	54	0.7	4	4	10
Ethiopia	39	2.9	1	5	17
Georgia	15	2.7	5	7	17
India	42	4.9	2	3	13
Indonesia	19	2.6	1	4	7
Morocco	3	2.4	3 x	18 x	13 x
Pakistan	23	1.7	1	2	13

²⁷ Source: The State of the World's Children 2012; The World Bank; International Monetary Fund

Paraguay	5	0.1	7 x	22 x	11 x
Sri Lanka	7	4.1	6	10	18
Syria	2	1.6	2 x	9 x	24 x
Tajikistan	22	-0.1	2	4	9
Turkey	3	2.3	3	10	8
Developing countries	26	4.8	3	8	10
World	25	2.6	15	5	11

Table 3 Allocation of central government expenditure of selected countries (2000-2009)²⁸

* Data refer to the most recent year available during the period specified in the column heading.

x Data refer to years or periods other than those specified in the column heading. Such data are not included in the calculation of regional and global averages.

SIPRI estimates that although the recession has affected global military spend, including those nations on the African continent, African countries spent \$32.2 billion on their military during the year 2011. Most of the regional increase of 8.6% was accounted for by a 44% (\$2.5 billion) increase by Algeria – partly due to concerns over the conflict in Libya. While North Africa’s expenditure was \$13.1 billion, sub-Sahara Africa’s was \$19.1 billion.²⁹

2.1.1.3.3 THE POOREST ARE HARDEST HIT

Whether on the receiving end of Coalition bombing or drone attacks; caught up in complex conflicts over the extraction of natural and mineral resources ; fighting vested interests for land rights; or struggling to avoid the gang-culture of the all-too-often poor inner city community – war, conflict, violence hits the poorest hardest.

Fully 80% of the world's 20 poorest countries have suffered a major war in the past 15 years, and the human legacy continues long after. Nine of the 10 countries with the world’s highest child mortality rates have suffered from conflict in recent years.

War on Want

Armed violence kills around 750,000 people every year. 85% of all killings documented by Amnesty involve guns. 60% of all grave human rights abuses reported by Amnesty involve the use of arms.

Amnesty International

²⁸ Source: The State of the World’s Children 2012; The World Bank; International Monetary Fund

²⁹ <http://www.ghanabusinessnews.com/2012/04/18/ghana-cuts-military-expenditure-to-98m-in-2011-from-125m-in-2010-report/>

There are around 639 million small arms and light weapons in the world today. Eight million more are produced every year. By 2020, the number of deaths and injuries from war and violence will overtake the number of deaths caused by killer diseases such as malaria and measles. £4bn is spent on ammunition every year. The number of bullets produced by arms companies every year is estimated at 12bn, nearly enough to kill everyone on the planet twice over.

US citizens hold more than 40% of civilian owned guns in the world, that is around 270 million guns in USA alone: about 90 firearms for every 100 people, compared to one firearm or less per 100 citizens in countries like Ghana or South Korea.

Oxfam

2.1.3.4 AN ARMS TRADE TREATY

The Arms Trade Treaty (ATT) is based on a simple principle: no transfers of weapons that are likely to be used for violations of international law, including human rights law. The treaty will establish common binding standards to assess international weapons transfers. These standards would be based on existing international law including International Human Rights Law and International Humanitarian Law, and the UN Charter. This would mark a breakthrough in delivering more control over the activities of the arms industry and pushing the fundamental belief that the priorities of the wider society trump its profit drive.

2.1.4 \$2 TRILLION AND COUNTING: HOW THEY SPEND YOUR MILITARY TAX DOLLARS, POUNDS AND EUROS

“The after-effects of the global economic crisis, especially deficit-reduction measures in the USA and Europe, have finally brought the decade-long rise in military spending to a halt—at least for now.”

Dr Sam Perlo-Freeman, head of the SIPRI Military Expenditure Project

But that ‘halt’ is relative – spending levels are still way too high, and, as 9/11 showed, geopolitical events can also take a sharp turns and provide new rationale for vested interests to argue for increasing expenditure again.

2.1.4.1 SIPRI’S DEFINITION OF MILITARY EXPENDITURE

The vast majority of citizens have no idea – perhaps no inclination to know – how their nation’s military budget is spent. However, given that is often a disproportionately high budget item, the public ignorance of this only serves to sanction spending decisions that the wider society might otherwise challenge.

SIPRI define military expenditure to include all current and capital expenditure on:

- the armed forces, including peace keeping forces
- defence ministries and other government agencies engaged in defence projects
- paramilitary forces when judged to be trained, equipped and available for military operations
- military space activities

Such expenditures should include:

- personnel: all expenditures on current personnel, military and civil retirement pensions of military personnel social services for personnel and their families
- operations and maintenance
- procurement
- military research and development
- military construction
- military aid (in the military expenditures of the donor country)

NOTE:

In NATO and USA the calculation includes additional *war spending*. For NATO it also includes *nuclear expenditure*. In the USA this does NOT include *nuclear, homeland security and debt repayments* (both significant sums) on monies borrowed to underwrite war/invasions. Nuclear spending is held on the budget of Department of Energy. The omission of such data means that large sums are not taken into account.

In the USA, the costs of veterans' benefits and the military share of interest on the national debt amounts to 18% of government spending. We can conclude that the true overall costs of the military worldwide must be substantially higher than those quoted by SIPRI. However without detailed reporting on these additional costs in each country a complete global tally is impossible.³⁰

2.1.4.2 MAKE WAR NOT PEACE - PEACEKEEPING PROFOUNDLY UNDERFUNDED

Strengthening United Nations international peacekeeping efforts is another important way to reduce both conflict and military spending, especially in post-conflict situations. A cost-benefit analysis conducted for the Copenhagen Consensus Centre calculated that spending relatively small amounts each year on a peacekeeping intervention can significantly diminish the occurrence of further conflict, making it a highly cost effective way to reduce expenditure on further military activity. Given the massive costs associated with war, the study revealed that the greater the amount spent on peacekeeping initiatives the greater the reductions in global military spending. The authors suggest that if security forces are kept at optimal levels, the financial gains – in terms of preventing further conflict and promoting economic growth – could be up to 39 times more than the cost of peacekeeping.

Financing the Global Sharing Economy, Share The World's Resources, 15/10/2012

2.1.4.3 NUCLEAR SPENDING

Cuts to nuclear capacity have been undertaken by the leading nuclear weapons powers since the fall of the Soviet Union. However, tens of billions of dollars are still spent annually on nuclear weapons. (Appendix 4.11) Global Zero, in their *\$1 Trillion Per Decade* report in 2011, found that:³¹

"The nine nuclear weapons countries passed a new milestone in 2011 by collectively spending approximately \$100 billion dollars on their nuclear programs. This conservatively estimated expenditure represents about 9% of their total annual military spending.

³⁰ *Opportunity Costs: Military Spending and the UN's Development Agenda*, International Peace Bureau, 2012

³¹ <http://www.globalzero.org/get-the-facts/cost-of-nukes>

At this rate the nuclear-armed states will spend at least \$1 trillion on nuclear weapons and their direct support systems over the next decade. It will likely go significantly higher as numerous modernization programs underway are ramped up. It would go higher still if the true intentions of many non-nuclear weapons countries could be divined and their secret weapons programs added to the total."

	2010			2011 Est.	
	Total Military Spending*	Nuclear Weapons		Nuclear Weapons	
		Core Cost	Full Cost	Core Cost	Full Cost
US	687	30.9	55.6	34	61.3
Russia	53-86	6.8	9.7	9.8	14.8
China	129	5.7	6.8	6.4	7.6
France	61	4.6	5.9	4.7	6.0
United Kingdom	57	3.5	4.5	4.5	5.5
India	35	3.4	4.1	3.8	4.9
Israel	13	1.5	1.9	1.5	1.9
Pakistan	7.9	.8	1.8	1.8	2.2
North Korea	8.8	.5	.7	.5	.7
Total:	1052-1085	57.7	91.0	67	104.9

Figure 5. Total Military and Nuclear Weapons Spending 2010-2011³²

There are approximately 20,000 nuclear warheads on planet earth. To put just one country's nuclear capacity in perspective, here is how the UK's Trident programme breaks down – and how this is not just really a 'national' defence issue at all.

Each of the four UK Trident submarines can carry 16 Trident missiles, each of which can carry 12 warheads - a potential of 192 warheads. Since 1998, UK Trident submarines carry just 48 warheads, or an average of three warheads per missile. However, because of potential sub-strategic use, some missiles carry just one warhead. To put this in perspective, each warhead can deliver a destructive blast eight times that of the Hiroshima bomb.... Trident is not a 'UK' weapons system - this is another well-worn myth. Nearly all of the weapon parts are sourced or leased from the US, with few exceptions, such as the warhead, is manufactured in the UK based on the US W76 design. The software, targeting and weather data are all US-sourced. Even Aldermaston, the UK's development facility, is part-managed by Lockheed-Martin Corporation while Devonport, the UK naval base in Plymouth, is part-managed by controversial US corporation Halliburton..... There is also extensive cooperation between Aldermaston and US nuclear laboratories like Los Alamos in New Mexico and both Sandia and Lawrence Livermore in California. Even UK testing was done in the US as the UK has no test zone for such manoeuvres.

Trident - the UK's nuclear weapons system, Greenpeace UK

A new proposal seeks to offer up a way to advance nuclear (and conventional) disarmament.

The Strategic Concept for the Removal of Arms and Proliferation -"SCRAP" - proposal is a holistic approach to global disarmament proposing the adoption of an international legally binding agreement for complete and

³² Figures are in billions of US dollars. Core costs refer to researching, developing, procuring, testing, operating, maintaining, and upgrading the nuclear arsenal (weapons and their delivery vehicles) and its key nuclear command-control-communications and early warning infrastructure; full costs add unpaid/deferred environmental and health costs, missile defenses assigned to defend against nuclear weapons., nuclear threat reduction and incident management. Not included are air defenses, anti-submarine warfare and nuclear-weapons related intelligence and surveillance expenses. Source: *World Spending on Nuclear Weapons Surpasses \$1 Trillion per Decade*, Global Zero Technical Report, 2011

general disarmament. It began as a provocation to those who believed that multilateral and comprehensive disarmament, both conventional and nuclear, was impossible. It contains draft negotiating text and an explanatory memorandum concerning the basic elements of an internationally legally-binding arrangement for general and complete disarmament within a ten year implementation period. It was developed from chapter 5 of Dan Plesch's *Beauty Queen's Guide to World Peace* (2004).³³

2.1.4.4 STRATEGIC DEFENCE INITIATIVE – USA AND EU WASTING MONEY

Despite widespread concern, not to mention cynicism, surrounding Reagan's 1980s 'Star Wars' initiative, it seems it is a plan that refuses to die, finding ways to re-incarnate itself with each new administration. George W Bush gave it new impetus, adding 'Biowatch' (a missile detection system covering the USA to detect biological attack) to its function and in 2010 President Obama took the decision to deploy missile defenses in Europe by 2015 and improved interceptors by 2020.

Yet in April 2012, the US General Accountability Office (GAO) drew more worrying conclusions about the programme, flagging major concern about costs and lack of effectiveness.

- The current U.S. missile defense effort, under way for a decade at a cost of \$80 billion so far, has not conducted flight tests independently certified as representing real-world conditions.
- The deployment of interceptors was "rushed", first by the second Bush administration in 2004, and is being rushed again by the Obama administration to meet a deadline for working European missile defense by 2018.
- A key radar for the planned European missile defense will interfere with broadband communications wherever it is deployed, a circumstance likely to provoke trouble in Romania and Poland.
- Over the GAO's opposition, the Pentagon has decided to proceed with simultaneous development and continued production of new interceptors, costing around \$400 million, which failed in tests last year.

The Center for Public Integrity says of the GAO report

"(It) shows that the European missile defense program is now following the same 'buy long before you fly' approach that has resulted in our national missile defense system deploying interceptors that don't work," said George Lewis, a missile defense specialist and senior research associate at Cornell University's Judith Reppy Institute for Peace and Conflict Studies.

Specific troubles are also lying in wait for the European defense effort, which is supposed to become fully operational in 2018 and is aimed primarily at shooting down any threatening rockets launched by Iran.

³³ <http://www.cisd.soas.ac.uk/substrand/strategic-concept-for-removal-of-arms-and-proliferation-scrap,89974612>

A key component is an immense radar slated for installation in Romania by 2015, before it has been fully tested. The radar, erected inside what looks like a giant golf ball sitting atop a tee (called a deckhouse in missile defense vernacular), will use a portion of the radiofrequency spectrum that the Romanian government may want for some of its wireless broadband communications, the GAO notes. As a result, either the radio or the broadband devices will need modification.

It's not hard to imagine that, given a choice between giving their citizens wide access to the internet and helping to field an American missile defense system, Romania might easily become a less compliant ally. A solution is not in sight, prompting the GAO to warn that the frequency interference issue may be "a long-term challenge" not only in Romania but also later in Poland, where another golf ball-like radar dome is slated to be installed. Urban structures and wind farms in both countries are further obstructions, according to Pentagon documents cited by the GAO....

A related interceptor program, known as THAAD and meant to defend U.S. military bases and foreign cities from short-to-medium range missiles, has also seen costs rise by \$40 million, and experienced delays and test problems. One reason is that two initial operational systems were built before the design was stable and testing was complete. Even now, with testing still under way, the agency has ordered two more.

Missile defenses hobbled by uncertainties, R. J. Smith, The Center for Public Integrity, 26/04/2012

2.1.4.5 MILITARY EXPANSION INTO SPACE

"It's politically sensitive, but it's going to happen. Some people don't want to hear this, and it sure isn't in vogue, but—absolutely—we're going to fight in space. We're going to fight from space and we're going to fight into space. That's why the US has development programs in directed energy and hit-to-kill mechanisms. We will engage terrestrial targets someday—ships, airplanes, land targets—from space."

Commander-in-Chief of US Space Command, Joseph W. Ashy,
Aviation Week and Space Technology,
August 9, 1996,
quoted from Master of Space by Karl
Grossman, Progressive Magazine, January
2000

The UNITED NATIONS Committee on the Peaceful Uses of Outer Space was set up by the General Assembly in 1959 to review the scope of international cooperation in peaceful uses of outer space, to devise programmes in this field to be undertaken under United Nations auspices, to encourage continued research and the dissemination of information on outer space matters, and to study legal problems arising from the exploration of outer space.

Since then space exploration for military purposes has continued apace – led by companies like Lockheed. During his first (and second) terms, President Obama has been pushing for a treaty to ban the use of space based military weapons, with both Russia and China, the other two leading nations on this issue. While we here on planet earth struggle with the fall out of war, climate change and profound global inequality, it is inconceivable that some are working on ways to expand their military reach into outer space.

2.1.4.6 MILITARIZATION OF THE DRUG WAR

The so-called 'war on drugs' incurs massive military spending costs for the USA (and by extension also for its 'allies' in this 'war'). Billions of dollars are wasted globally on ineffective law enforcement, undermining international development and security, resulting from an enforcement-led approach that puts organised crime in control of the trade³⁴. The **Global Commission on Drug Policy**, including the former presidents of Switzerland, Colombia, Mexico and Brazil, along with a former U.N. Secretary General, a former U.S. Secretary of State, the prime minister of Greece and the former U.N. High Commissioner for Human Rights, called for the drug war to shift its focus from enforcement and interdiction to medical treatment and harm-reduction policies.³⁵

2.1.4.6.1 LATIN AMERICA

According to a U.S. Senate report (2011), the Latin American war on drugs has 'largely failed'.³⁶ From 2005 to 2009, the majority of counternarcotics contracts in Latin America went to only five major defense contractors: **DynCorp, Lockheed Martin, Raytheon, ITT, and ARINC**, who collectively received contracts worth over \$1.8 billion; many of the contracts were awarded on a no-bid basis. The Department of Defense has spent \$6.1 billion since 2005 to help detect planes and boats heading to the U.S. with drug payloads, as well as on surveillance and other intelligence operations.

CNTPO is "essentially planning on outsourcing a global counternarcotics and counterterrorism program over the next several years," says Nick Schwellenbach, director of investigations for the Project on Government Oversight, "and it's willing to spend billions to do so."

For the vast majority of people who've never heard of CNTPO, the organization answers to the Pentagon's Special Operations Low-Intensity Conflict Directorate, within the Counternarcotics and Global Threats portfolio. It's tucked away so deep, bureaucratically speaking, that it doesn't actually have an office at the Pentagon.

The organization, run by a civilian named Mike Strand, has been around since 1995. In 2007, it made a big push into contracting, hiring the Blackwater subsidiary U.S. Training Center as well as defense giants Lockheed Martin, Northrop Grumman, Raytheon and ARINC for "a wide range of Defense counternarcotics activities."

Pentagon's War on Drugs Goes Mercenary, Spencer Ackerman, Wired, 22/11/2011

Through a technically-unknown Counter Narco-Terrorism Program Office (it doesn't even have an office in the Pentagon), the U.S. Department of Defense has been pursuing its plan for the privatization of military assistance and intelligence services and the U.S. secretive move to transfer tactics from the so called 'war on

³⁴ Count the Costs <http://www.countthecosts.org/>

³⁵ *War on Drugs - Report of the Global Commission on Drug Policy*, 2011.

³⁶ *Government Unable to Adequately Track Billions Spent on Counternarcotics Contracts*, U.S. Senator Claire McCaskill, <http://www.mccaskill.senate.gov>, 08/06/2011

terror', to the 'war on drugs'.³⁷ The list of recipients of CNTPO's contracts reads like the who's-who of top military contractors – in 2007, **Academi (formerly known as Blackwater, and then Xe), Lockheed Martin, ARINC, Raytheon and Northrop Grumman** were awarded a multiple award, indefinite delivery/indefinite quantity five-year up to \$15 billion contract by CNTPO.³⁸

In 2009, a bureaucratic shift plucked the responsibility for training Afghanistan's police out of the State Department's hands. Suddenly, the contract — worth about \$1 billion — landed with CNTPO. CNTPO quietly chose Blackwater for the contract, even though Blackwater guards in Afghanistan on a different contract stole hundreds of guns intended for those very Afghan cops.

The incumbent holder of the contract, Blackwater competitor DynCorp, protested. It didn't help that a powerful Senate committee discovered Blackwater's gun-stealing antics. In December, DynCorp finally received the contract — administered by an Army office, not CNTPO.

The Pentagon's \$4 Billion Mercenary Unit for Fighting the Drug War, Adam Clark Estes, The Atlantic Wire, 22/11/2011

The militarisation and privatisation of the 'war on drugs' shows no sign of stopping or even slowing down anytime soon – in 2011, CNTPO announced its intention to issue a "follow-on procurement" to extend the aforementioned five-year \$15 billion global counternarcotics programme.³⁹ A long overdue and fundamental re-evaluation of the war on drugs – a 'war' started under the Nixon administration – will inevitably have a knock-on effect on the global military spend and will especially impact on both the defence industry and the private military industry.

2.1.4.6.2 AFGHANISTAN

Most of the worldwide production of illegal heroin, the drug refined from opium, comes from Afghanistan, and the then Prime Minister Tony Blair cited this as a reason for the war in 2001, calling the drugs trade a part of the Taliban regime that "we should seek to destroy".

The UK took a lead role in counter-narcotics from the beginning, and sent troops to Helmand in 2006 partly because this was the largest area of poppy cultivation.

The UN report predicts that this year more than 75,000 hectares of land in Helmand is under cultivation for opium poppies, three times as much as in 2006 - and this is expected to increase.

Afghan farmers return to opium as other markets fail, David Loyn, BBC News, 15/04/2013

³⁷ *Selling the Drug War for \$3 Billion? How the Pentagon Will Privatize an International War on Drugs*, Aurelia Fierros, AlterNet, 07/12/2011

³⁸ *DoD to extend five-year global counternarcotics program*, Abigail Poe, Just the Facts, 16/08/2011

³⁹ *ibid*

The 'war on drugs' is deeply intertwined with the 'war on terror'; while the US/NATO occupation of Afghanistan has cost the coalition hundreds of billions of dollars, Afghanistan has quickly become the world's first true 'narco-state.' After just 5 years since 2001, Afghanistan's production of opium jumped from a modest 185 tons to 8,200 tons, a remarkable 53 percent of the country's GDP and 93 percent of global heroin supply.⁴⁰ The UK took a lead role in counter-narcotics, and sent troops to Helmand which has been the biggest poppy cultivating province by far. Deployment in Helmand since 2006 has cost £15 million per day.⁴¹ Despite this, the cultivation of opium in Helmand has tripled from 25,500 hectares of land in 2005 to 75,000 hectares in 2012.⁴² The drug problem is not going away, and the coalition's presence continues to cost billions of dollars per year.

2.1.4.7 EXCLUDED EXPENDITURES -THE 'BI-PRODUCTS' OF WAR

Interestingly, some of the 'excluded' expenditures from national military budgets are – arguably – some of the more valuable uses to which we should allocate military expenditure eg the 'mopping up' after the calamity of war. That is veterans benefits, demobilisation (especially vital in developing countries emerging from war as means to support, often young, men in post conflict regions where the temptation to return to arms is real); destruction of weapons and, indeed, the conversion of arms production facilities. Some of these items are currently profoundly underfunded and could be winners if we were to succeed in diverting some of the excess global military expenditure for better use.

2.1.4.7.1 EXCLUDED MILITARY RELATED EXPENDITURES (SIPRI)

- civil defence
- current /expenditure for previous military activities
- veterans benefits
- demobilization
- conversion of arms production facilities
- destruction of weapons

2.1.4.7.2 THE ARMS INDUSTRY

The arms industry⁴³ supplies goods and services that have a crucial impact on relations between and within countries. It is therefore essential that the activities of the industry are subject to measures of regulation and control by governments and ultimately, to rules of public accountability. **However, available information on the arms industry is generally very limited and certainly inadequate to support public accountability.**⁴⁴

⁴⁰ *Can Anyone Pacify the World's Number One Narco-State?*, Alfred W. McCoy, TomDispatch, 30/03/2010

⁴¹ *Investment in Blood: The True Cost of Britain's Afghan War*, Frank Ledwidge, 2013

⁴² *Afghanistan Opium Risk Assessment 2013*, United Nations Office on Drugs and Crime (UNODC)

⁴³ ARMAMENTS industry, WEAPONS industry, MILITARY industry, or DEFENCE industry

⁴⁴ SIPRI

2.1.5 THE INFLUENCE OF THE ARMS TRADE

2.1.5.1 ARMS SALES

In its latest arms sales report (Feb 2013), SIPRI calculates that arms sales for 2011 totalled \$410bn – this figure is focussed on the high tech end (not small arms, ammunition etc). It found that global arms sales from the top 100 companies went down by 5% - a decline for the first time since the mid-1990s due to postponement of weapons procurement. This reversed the trend in which sales had risen by almost 25 percent in the previous four-year period. The major increase was in sales to

“Look at what we just did. We just outstripped our previous record of arms sales in the world by a factor that just boggles the mind. Our recent high was about \$26 billion. This last year, the total arms sales in the world were about \$86 billion. We had \$66 billion of that. And about two thirds of that was to the Gulf Cooperation Council Countries because we have so scared them about the threat of Iran that they are buying hand over foot our armaments. And most of those armaments are coming from the big five defense contractors – Boeing, Grumman, Lockheed Martin, Raytheon, and General Dynamics.”

Lawrence Wilkerson, former chief of staff to United States Secretary of State Colin Powell, interview with Corporate Crime Reporter 2012 (Also see Appendix 4.12.1)

developing rather than the highly industrialised nations. Arms producing and military services companies headquartered in North America and Western Europe continued to dominate. Forty four US-based arms producers accounted for 60 percent, 30 companies based in Western Europe made up another 29 percent of the total. US arms giant Lockheed Martin tops the list, selling \$35.7bn worth of arms in 2010; the second biggest is the British company BAE Systems - it sold \$32.9bn of arms, which is around 95 percent of the company's total revenue that year; Boeing is third with \$31.4bn, which is around half of its total sales for the company most famous for its commercial airliners. Northrop Grumman, the world's largest builder of naval vessels, is fourth with \$28.2bn; General Dynamics is fifth with \$23.9bn. (Appendix 4.14)

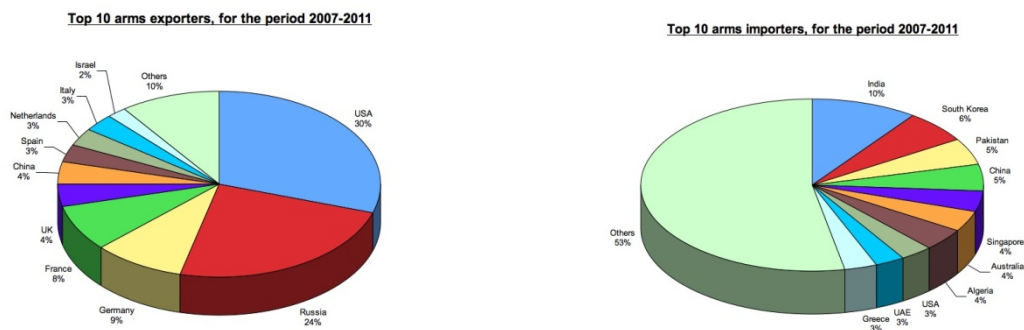


Figure 6. Top 10 Arms Exporters and Importers, 2007-2011⁴⁵

(See Appendix 4.12 for more information.)

⁴⁵ Source: SIPRI. These rankings are based on SIPRI Trend Indicator Values (TIVs). TIVs represent the volume of arms transfers and not the financial value of the goods transferred. TIVs can be used to measure trends in international arms transfers, such as changes in the total flow of weapons and the geographic pattern of arms exports or imports. However, they are not comparable to official economic data such as gross domestic product or export/import figures.

In 2011 alone, the United States concluded arms sale agreement with Saudi Arabia to provide 84 new F-15SA fighter aircraft, the upgrading of 70 of the existing Saudi F-15S fleet, and a variety of associated weapons, ammunition, missiles, and long-term logistics support for more than \$29 billion.⁴⁶ (Appendix 4.12.1) Aircraft made up 62 per cent of the volume of US deliveries in 2008–12. Among these deliveries were 49 combat aircraft, including the first 2 F-35s (to the UK).

*The Lockheed Martin F-35 is the most significant future US arms export programme.*⁴⁷ Orders placed include sale of 42 F-35 fighter aircraft to Japan at \$10 billion, 60 F-35s to South Korea at \$10.8 billion and 75 F-35s to Israel at \$15.2 billion.⁴⁸ The United States intend to buy nearly 2500 F-35s for an estimated \$323 billion.⁴⁹ Despite the financial crisis and austerity measures, United Kingdom, Italy, Turkey and Australia were planning to purchase around 100 F-35s each eventually.⁵⁰

The Most Expensive Weapon Ever Built

The F-35 Joint Strike Fighter (JSF) is a development and acquisition program intended to replace a wide range of existing fighter, strike, and ground attack aircraft for the United States, the United Kingdom, Canada, Australia, The Netherlands and their allies. After a competition between the Boeing X-32 and the Lockheed Martin X-35, a final design was chosen based on the X-35. This is the F-35 Lightning II. The projected average annual cost of this program is \$12.5 billion with an estimated program life-cycle cost of \$1.1 trillion.

The Joint Advanced Strike Technology (JAST) program was created in 1993. In November 1995, the United Kingdom signed a memorandum of understanding to become a formal partner, and agreed to pay \$200 million, or 10% of the concept demonstration phase. In 1997, Canada's Department of National Defence signed on to the Concept Demonstration phase with an investment of US\$10 million.

Wikipedia

⁴⁶ *Conventional Arms Transfers to Developing Nations 2004-2011*, Congressional Research Service

⁴⁷ *Trends in International Arms Transfers, 2012*. ISN, Center for Security Studies (CSS). <http://www.isn.ethz.ch/isn/Digital-Library/Articles/Detail/?lng=en&id=161972>

⁴⁸ Press releases, Defense Security Cooperation Agency, United States Department of Defense. http://www.dsca.mil/pressreleases/36-b/2012/Japan_12-15.pdf
http://www.dsca.mil/PressReleases/36-b/2013/Korea_13-10.pdf
http://www.dsca.mil/PressReleases/36-b/2008/Israel_08-83.pdf

⁴⁹ *Pentagon's F-35 Fighter Under Fire in Congress*, PBS NewsHour, 21/04/2010

⁵⁰ FACTBOX-Current plans for F-35 warplane orders from U.S., allies, GlobalPost, 24/02/2013

The F-35 Folly: How Our Own Fighter Jets Are Killing Us

This is a story about political dysfunction in Washington. Say hello to the F-35 Joint Strike Fighter program. The F-35 joint strike jet fighter is one of the costliest weapons programs in human history, with each plane costing \$90 million and the project taking more than a decade to complete. The price tag of the entire program has nearly doubled since 2001, coming in at a staggering \$396 billion dollars. And, thanks to a number of production delays and safety concerns, that price tag is still rising. When you combine the price tag of the program with Government Accountability Office estimated operating and maintenance costs of the planes— the total cost of the program reaches over \$1 trillion. And here's the really tragic and absurd part of this story. Thanks to the decade of delays, the technology in the F-35, once thought to be the best of the best, is now outdated.

The F-35 program is one of several in the current Pentagon budget that is stuck in the last century, and has failed to adapt to changes in modern day warfare. Yet, Pentagon officials, like current Secretary of Defense Leon Panetta, are still pressing for nearly 2,500 of these absurdly expensive and already-obsolete F-35 Joint Strike Fighters.

Instead of taking healthcare away from millions of Americans, lawmakers in Washington should kill the zombie of the F-35.

Thom Hartmann, Truthout, 19/02/2013

UK receives first F-35 stealth fighter jet from US

It has been a long and expensive wait, but Britain has now been handed its first Joint Strike Fighter jet, also known as the F-35. Defence Secretary Phillip Hammond flew out in person to the searing heat of Fort Worth, Texas, for the official handover ceremony from its US manufacturer Lockheed Martin. He says it is "the best warplane money can buy". But it is an eye-watering sum - the current cost of each jet is more than £100m. After watching Britain's first F-35 take to the skies, Mr Hammond said "this is money well spent". He said it would give the RAF and Royal Navy "a world class fighting capability" with the ability to "project power" off the two new aircraft carriers now under construction, anywhere in the world.

Winslow T Wheeler, at the US Center for Defense Information said it was a "gigantic performance disappointment". Not as stealthy as the F-22 for example. He added: "It's the counterintuitive problem of paying a huge amount of money thinking you're getting a Lamborghini or Ferrari: You're not, you're getting a Yugo". He was referring to the cheap, mass-produced cars made in the former Yugoslavia. That may sound extreme, but even a more measured report by the US Government Accountability Office (GAO) highlighted serious problems including the management and development of more than 24 million lines of software code in the aircraft and faults with the helmet-mounted displays. The GAO report warned that "most development flight testing, including the most challenging, still lies ahead". The F35 - which will be called the "Lightning II" by the RAF and Royal Navy - is still a long way off from being battle ready. Though British pilots have already been involved in the test flying programme, they will not be flying the plane off UK bases or the two new aircraft carriers until 2018. And it is still not clear how many planes the UK will buy. The last Labour Government said the UK would buy 138 planes but Mr Hammond has so far committed to purchasing only 48. That number, over time, is likely to increase - not least because British industry is heavily involved in the project. The tail section of every plane is being made by BAE Systems. Overall the UK has a 15% share of the work, enough to sustain more than 20,000 jobs.

Jonathan Beale, BBC News, 20/07/2012

2.1.5.2 THE WORK OF ANDREW FEINSTEIN

Andrew Feinstein is a former ANC Member of Parliament in South Africa and is now an author, campaigner and co-founder of Corruption Watch. His latest book is *The Shadow World: Inside the Global Arms Trade* (2011). To coincide with the publication of the book, he gave an insightful interview to the New Internationalist.

The arms trade drives the gargantuan amount spent on 'defence' every year – \$1.6 trillion in 2010 alone: \$235 for every person on the planet.

It accounts for almost 40 per cent of corruption in world trade. The very small number of people who decide on multibillion dollar contracts, the huge sums of money at stake and the veil of secrecy behind which transactions take place (in the interests of 'national security') ensure that the industry is hard-wired for corruption.

I experienced this first hand as an ANC Member of Parliament in South Africa's nascent democracy. At the time that our then President, Thabo Mbeki, claimed we did not have the resources to provide life-saving medication to the over five million people living with HIV/AIDS, we spent \$10 billion on weapons we didn't need and barely use today. About \$300 million in bribes were paid to senior politicians, officials, go-betweens and the ANC itself.

The British company BAE Systems contributed \$180 million of the bribes and received the biggest contract, even though the jet it sold had not made an initial shortlist and was two and a half times more expensive than the plane desired by the air force. The Defence Minister at the time, a major recipient of bribes, decided to exclude cost as a criterion on this, the single biggest contract democratic South Africa had ever signed. Only 11 of the 24 jets have ever been operational.

In the five and a half years after the deal was signed, 355,000 South Africans died avoidable deaths as a result of the government's refusal to provide anti-retroviral drugs through the public health system. South Africa could have built close to two million houses with the money spent on the weapons or created 100,000 low-skill jobs a year for 10 years in a country with a formal unemployment rate of close to 30 per cent.

Governments protect their country's arms companies from meaningful scrutiny and the legal implications of their behaviour because of the symbiotic relationships between them. There is regular movement of senior people between jobs in governments, intelligence agencies and arms companies. The companies are seen not only as key components of their country's manufacturing sectors but also as crucial to national defence, foreign policy and intelligence gathering.

In the post 9/11 world, with its emphasis on national security, it has become increasingly difficult to criticize these assumptions. It is even ignored that for the cost of every job generated in the industry, between three and seven could be created in other sectors such as health, clean energy and education.

During these economically difficult times, in which millions are losing their jobs and the public sector is being stripped bare, the weapons business displays few signs of belt-tightening. The US, which spends almost as much as the rest of the world combined on defence, is pressing ahead with the production the F-35, a jet fighter which will cost its taxpayers at least \$380 billion and which, in the words of a former Pentagon aerospace designer, is 'a total piece of crap'. But it is needed to ensure the continued prosperity of the domestic US weapons buying system in which Pentagon leaders approve these absurd projects

because the vast majority of them want high-paying jobs with the weapons manufacturers when they leave government service. Politicians vote slavishly for them because they receive massive political campaign contributions from the companies and fear being labelled anti-jobs. Meanwhile, the companies themselves laugh all the way to the bank, often producing irrelevant or inadequate weapons years too late and for more than double the originally agreed cost.

The arms business, which fuels and perpetuates conflicts around the world, is less regulated and scrutinized than other 'harmful' industries such as tobacco and alcohol. In order to continue to operate, those who manufacture and trade in weapons must accept a far greater degree of regulation, transparency and accountability.

The time has come to lift the veil on this shadow world, to demand that our taxes are not used to develop another deadly weapon for the material benefit of a tiny self-serving élite, but are rather employed to enhance the lives of those who go hungry, who are without work or who suffer the deadly consequences of the trade in arms.

The shadow world: corruption in the arms trade, Andrew Feinstein, New Internationalist, 11/12/2011

Andrew Feinstein argues that the arms trade and American political classes are inextricably connected, whether it is multinational defence companies giving significant contributions to political campaigns or the fact that 84% of US generals who retired in 2010, went straight into senior executive positions at defence contract companies to whom they had awarded multiple contracts whilst in government.⁵¹ Therefore, it is hard to see how defence interests do not influence broader economic policy decisions.

2.1.5.3 War Is Good Return for the Defence Company Shareholder

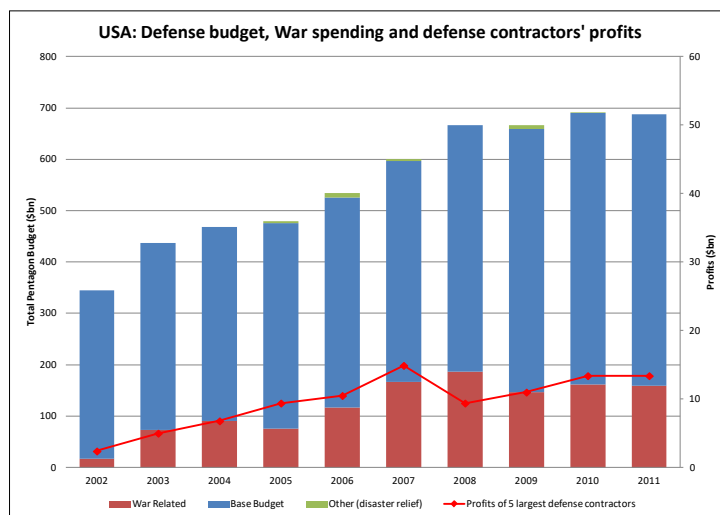


Figure 7. Defense Budget, War Spending, and Profits⁵²

⁵¹ *The Shadow World: Inside the Global Arms Trade*, Andrew Feinstein, 2011.

⁵² Sources: U.S. Census Bureau; ycharts.com

The wars in Iraq and Afghanistan, along with an increase in the Pentagon's budget, have led to an increase in total military contracts to nearly \$400 billion, their highest levels since World War II. Private contracting has grown to such a level that, by 2011, there were more private contract employees involved in the wars in Iraq and Afghanistan than uniformed military personnel. Pentagon contracts awarded in the 2000s have been concentrated in the hands of just five contractors- Lockheed Martin, Boeing, Northrop Grumman, Raytheon and General Dynamics. These five companies account for over one-third of all Pentagon contracts.

*Growth of Corporate Power and Profiteering,
The Costs of War project*

The last ten years have seen massive growth in profits of the so-called military-industrial complex, bolstered by increased military spending, with hundreds of billions of dollars going to private companies. The most devastating consequence of the wars and the associated bumper profits for the defence industry are their direct impact on people: since the start of the 'War on Terror', hundreds of thousands of people have died and millions of people internally displaced in Afghanistan, Iraq and Parkistan. (Appendix 4.1) The General Accounting Office (GAO) reported that US forces had expended around six billion bullets between 2002 and 2005,⁵³ that is at least 250,000 bullets for every insurgent killed in the 'war on terror'.⁵⁴ The demand was so large that American ammunition-makers could not keep up with demand, and the Pentagon had to rely at least in part on foreign commercial producers to meet its needs.

In 2002, the combined profits of the five largest U.S.-based defense contractors were \$2.4 billion (adjusted for inflation); by 2011, that figure had increased by a whopping 450 percent to \$13.4 billion, despite most Americans were hit hard by the financial crisis and the ensuing recession (Appendix 4.13). One company, Lockheed Martin, received \$29 billion in Pentagon contracts in 2008 alone — more than the Environmental Protection Agency (\$7.5 billion), the Department of Labor (\$11.4 billion) or the Department of Transportation (\$15.5 billion).

Putting inmates to work for Lockheed Martin

Federal prison inmates in correctional institutions across America are making Patriot missile components. They are paid \$0.23 an hour to start, and can work their way up to a maximum of \$1.15 to manufacture electronics that go into the propulsion, guidance , and targeting systems of Lockheed Martin's (LMT) PAC-3 guided missile, originally made famous in the first Persian Gulf conflict....

For the record, federal prisoners are making more than missile components. Inmates also make cable assemblies for the McDonnell Douglas/Boeing (BA) F-15, the General Dynamics/Lockheed Martin F-16, Bell/Textron's (TXT) Cobra helicopter, as well as electro-optical equipment for the BAE Systems Bradley Fighting Vehicle's laser rangefinder.

Despite repeated requests, Unicor would not disclose how many inmates are currently assigned to defense-related jobs, but public records show Unicor electronics factories located at no fewer than 14 federal correctional institutions.

Why are Prisoners Building Patriot Missiles?, Justin Rohrlich, Minyanville, 07/03/2011

⁵³ *Defense Ammunition*, United States Government Accountability Office, GAO-05-687, July 2005

⁵⁴ *US forced to import bullets from Israel as troops use 250,000 for every rebel killed*, Andrew Buncombe, The Independent, 25/09/2005

Share prices of the largest two defense contractors in the world, Boeing and Lockheed Martin, increased by more than 200% and 100% respectively after 5 years in Iraq. If we consider the share prices since the start of War on Terror, the rise was even more shocking. Lockheed Martin, “positioned to profit from every level of the War on Terror from targeting to intervention, and from occupation to interrogation,”⁵⁵ had its monthly average share price risen from \$15.32 in January 2000 to \$92.91 in January 2013, an almost sixfold increase.⁵⁶



Figure 8. Shares prices of Boeing and Lockheed Martin

2.1.5.4 NEW BUSINESS – DRONES

The unmanned aerial vehicles (UAVs) market is projected to total \$89 billion worldwide over the next decade.⁵⁷ The United States and Israel are the predominant exporters. (Appendix 4.15)

“I think that creating a legal structure, processes, with oversight checks on how we use unmanned weapons is going to be a challenge for me and my successors for some time to come—partly because that technology may evolve fairly rapidly for other countries as well, and there’s a remoteness to it that makes it tempting to think that somehow we can, without any mess on our hands, solve vexing security problems.”

President Barack Obama, quoted in Mark Bowden’s “The Finish”, 2012

⁵⁵ commented by Bill Hartung in *Meet the new interrogators: Lockheed Martin*, P. Chatterjee, CorpWatch, 04/11/2005

⁵⁶ *The Shadow World: Inside the Global Arms Trade*, Andrew Feinstein, 2011. The figure updated to include the average ‘close’ price in January 2013 by using Google Finance.

⁵⁷ Teal Group 's 2012 market study, <http://tealgroup.com/index.php/about-teal-group-corporation/press-releases/66-teal-group-predicts-worldwide-uav-market-will-total-89-billion-in-its-2012-uav-market-profile-and-forecast>

"The UAV market will continue to be strong despite cuts in defense spending," said Philip Finnegan, Teal Group's director of corporate analysis and an author of the study. "UAVs have proved their value in Iraq, Afghanistan and Pakistan and will continue to be a high priority for militaries in the United States and worldwide."

"The Teal Group study predicts that the US will account for 62% of the worldwide RDT&E spending on UAV technology over the next decade, and 55% of the procurement," said Teal Group senior analyst Steve Zaloga, another author of the 574-page study.

The study also includes a UAV Manufacturers Market Overview that reflects the worldwide UAV market "again continuing as one of the prime areas of growth for defense and aerospace companies," said Finnegan. The new study reflects the rapid growth of interest in the UAV business by increasing the number of companies covered to some 40 US, European, South African and Israeli companies, and reveals the fundamental reshaping of the industrial environment.

Teal Group, 2012

In 2012, Drone Wars UK published a report showing the UK Government has already spent over £2 billion purchasing, developing and researching drones and unmanned systems since 2007.⁵⁸

2.1.5.5 AND IF YOU HAVE A BANK ACCOUNT, YOU'RE INVOLVED...

In their 2007 report, *'Banking on Bloodshed'*, War on Want exposed the extent of the UK banking industry's complicity in the arms trade.

	HSBC	RBS	Barclays	HBOS	Lloyds TSB
BAE Systems	X	X (NatWest)			X
Rolls Royce		X (NatWest)			
QinetiQ					X
GKN					
VT Group			X		
Cobham			X		
Babcock		X		X	
Ultra Electronic		X			
Meggitt	X		X		
Chemring				X	
Total	2	4	3	2	2

Figure 9. UK arms companies' principal bankers in 2007

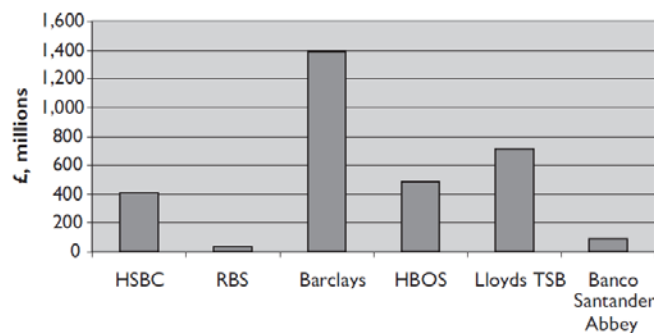


Figure 10. Total value of shareholdings in UK arms companies as of June 2008

⁵⁸ *Shelling Out: UK government Spending on Unmanned Drones*, Drone Wars UK, September 2012

Databases uncovered by the organisation reveal for the first time the billions of pounds of customers' money that high street banks use to finance the production of weapons. The arms industry sells products designed to maim or kill human beings or destroy a country's assets and infrastructure. This industry fuels war and poverty and undermines development worldwide, contributing to the suffering of millions.

Banks that claim to support sustainable development and human rights are financing the sale of arms, including cluster munitions and depleted uranium, which kill and maim innocent civilians. All top five UK high street banks invest in, provide banking services for and make loans to arms companies. The truth is that if you bank with Barclays, Halifax Bank of Scotland, HSBC, Lloyds TSB or Royal Bank of Scotland your money is directly supporting weapons production.

The UK has exported \$53 billion in arms in the past five years (2004-09). In 2007 it had the dubious honour of topping the list of global exporters with a record \$19 billion in orders, the largest of which was a \$8.4 billion order from Saudi Arabia for 72 Eurofighter/ Typhoon aircraft.

This report reveals, for the first time, that all of the UK's high street banks fund the arms industry through direct investment in shares, participation in loan syndicates and the provision of banking services.

Banking on Bloodshed, War on Want, 2009

2.1.6 THE CURRENT SCALE OF MILITARY SPENDING

World military expenditure has risen steadily in recent years despite the global financial crisis of 2008 and the austerity and deficit-reduction measures implemented in the US and Europe.

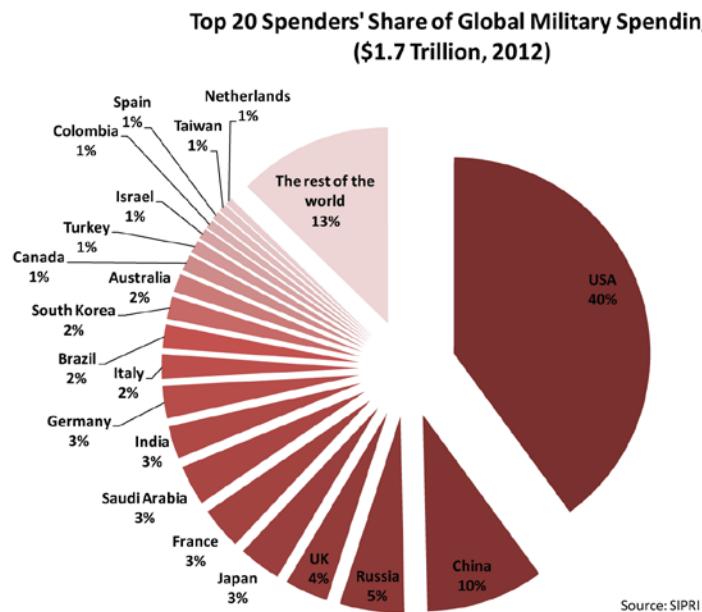


Figure 11. Top 20 Spenders' Share of Global Military Spending (\$1.7 Trillion, 2012)⁵⁹

⁵⁹ Source: SIPRI

The world as a whole spent an estimated \$1,741 billion on the military in 2011, an increase of over 50% since 2001 and equivalent to 2.5% of world Gross Domestic Product (GDP) – approximately \$249 annually for each person in the world. The phenomenal rise in military spending over the past decade was largely fuelled by the United States, whose activities accounted for nearly half of all global military expenditure in 2010, and still 41% of the world total in 2011.

Although two-thirds of countries in Europe have cut military spending to some degree since 2008, other countries around the world have increased their spending considerably – especially China (7% increase in real terms in 2011) and Russia (7% increase in 2011, making it the third highest global military spender – with further increases of around 50% planned up to 2014). Overall, military spending is significantly rising in the Middle East and Africa, and still modestly growing in most of Latin America, Asia and Oceania.

Total U.S. defense spending (in inflation-adjusted dollars) has increased so much over the past decade that it has reached levels not seen since World War II, when the United States had 12 million people under arms and waged wars on three continents. It has grown in real terms for an unprecedented 13 straight years, and it is now \$100 billion above what the nation spent on average during the Cold War. And the ballooning defense budget played a significant role in turning the budget surplus projected a decade ago into a massive deficit that forces the U.S. government to borrow 43 cents of every dollar it spends.⁶⁰

2.1.7 MILITARY SPENDING/WAR SPENDING IS NOT GOOD FOR THE OVERALL ECONOMY

“When I walked into the Oval Office, I had more than a trillion-dollar deficit greeting me. And we know where it came from: two wars that were paid for on a credit card; two tax cuts that were not paid for; and a whole bunch of programs that were not paid for; and then a massive economic crisis.”

President Barack Obama, First Obama-Romney 2012 Presidential debate, 03/10/2012

⁶⁰ Lawrence J. Korb , Laura Conley, Alex Rothman , A Historical Perspective on Defense Budgets

2.1.7.1 WAR SPENDING

2.1.7.1.1 THE USA IS THE MOST EXPOSED AS A RESULT OF THE TWO POST 9/11 CONFLICTS.

For the USA, both Afghanistan and Iraq conflicts were paid for almost entirely by borrowing. According to the Costs of War report by the Eisenhower Study Group, "this borrowing has raised the U.S. budget deficit, increased the national debt, and had other macroeconomic effects, such as raising interest rates. The U.S. must also pay interest on the borrowed money. The interest paid on Pentagon spending alone, so far (from 2001 through FY 2011) is about \$185.4 billion in constant dollars." Further \$1 trillion interest payments are projected to be made up to 2020.

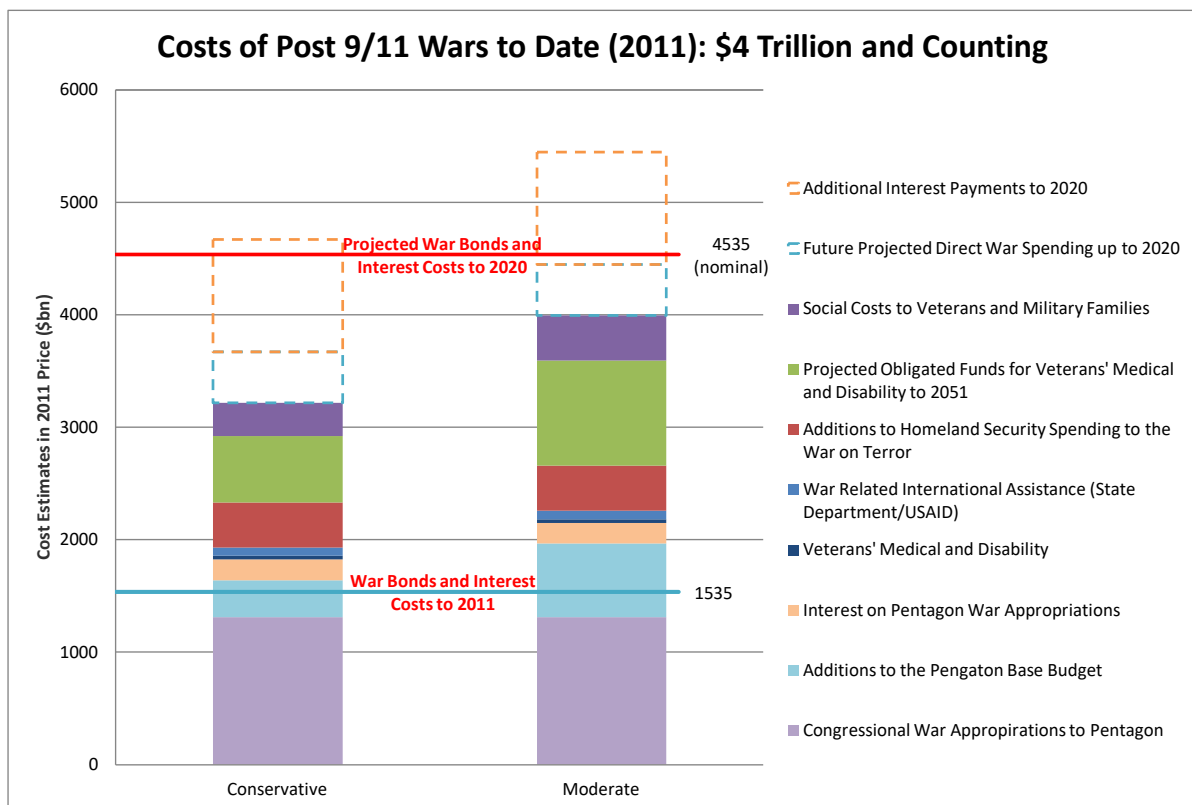


Figure 12. Economic Costs of Post 9/11 Wars to Date (2011)⁶¹

A recent estimation by Professor Linda Bilmes, who co-authored the book *'The Three Trillion Dollar War'* with Nobel-laureate economist Joseph Stiglitz, calculated that the total cost of the wars in Iraq and Afghanistan are now likely to reach astronomical \$6 trillion for the US government alone.⁶² Money that both authors argue would have been better spent on health and education – as well as *not* adding to the national debt.

⁶¹ Source: costsofwar.org

⁶² *The Financial Legacy of Iraq and Afghanistan: How Wartime Spending Decisions Will Constrain Future National Security Budgets*, Linda J. Bilmes, HKS Faculty Research Working Paper Series, 03/2013
<https://research.hks.harvard.edu/publications/workingpapers/citation.aspx?PubId=8956>

Bilmes, who since 2008 has co-authored a number of analyses on war costs with the World Bank's former chief economist, Joseph Stiglitz, noted that more than half of the more than 1.5 million troops who have been discharged from active duty since 9/11 have received medical treatment at veterans' hospitals and have been granted benefits for the rest of their lives. More than 253,000 troops have suffered a traumatic brain injury.

Additional costs include the replacement and repair of equipment — which wears out at an estimated six times the peace-time rate — and the accumulation of interest on money borrowed by the Treasury to finance the wars since the nearly two trillion dollars in war costs were not subject to the normal budgetary process.

So far, Washington has paid some 260 billion dollars in interest charged on war-related borrowing, but the “potential interest cost of the U.S. war debt reaches into the trillions,” according to the report.

“One of the most significant challenges to future U.S. national security policy will not originate from any external threat,” she wrote. “Rather it is simply coping with the legacy of the conflicts we have already fought in Iraq and Afghanistan.” ...

That most war-related costs are actually incurred after the wars are themselves concluded is not unusual in U.S. history, according to a recent investigation by the Associated Press (AP).

After researching federal records, it reported last week that compensation for World War II veterans and their families only reached a high in 1991 – 46 years after the war ended.

It also reported that, almost exactly 40 years after the last U.S. combat troops left Vietnam, the government is still paying veterans and their families or survivors more than 22 billion dollars a year in war-related claims, and that that figure is on the rise, as the beneficiary population ages. Similarly, payments to Gulf War veterans are also increasing....

“Today as the country considers how to improve its balance sheet, it could have been hoped that the end of the wars would provide a peace dividend, such as the one during the Clinton administration that helped Americans to invest more in butter and less in guns,” it concluded.

“In short, there will be no peace dividend, and the legacy of Iraq and Afghanistan wars will be costs that persist for decades.” ...

To Miriam Pemberton, a national-security analyst at the Institute for Policy Studies, the new study should prompt a major re-assessment of the regular military budget (not including the costs of the Iraq and Afghanistan wars), which grew by nearly 50 percent in real terms to more than half a trillion dollars – over the decade that followed 9/11.

“We need to bring that budget back to where it was when these wars began,” she told IPS. “Those savings need to be re-invested in the needs that have been neglected over the past decade, foremost among them, in my view, being the urgent need to address the climate crisis by investing in a transition to a clean energy and transportation economy.”

Report: Iraq, Afghanistan Wars Will Cost US \$4-6 Trillion Dollars, Jim Lobe, Truthout, 30/03/2013

2.1.7.1.2 GREECE – A BAILOUT WITH ARMS SALES BUILT IN

Over the last decade, Greece has been the largest importer of conventional military hardware in the European Union. Greek military spending as a percentage of GDP is more than any other EU member and tops even nations such as Pakistan, which is engaged in a variety of ongoing conflicts.

Greece now has more than 1,200 battle tanks, 1,700 armoured personnel carriers, 300 fighter jets (including 156 F-16s), eight submarines and more than 40 frigates, gunboats and miscellaneous missile carriers. The bloated Greek military now has an air force similar in size to Germany's — a front-line member of NATO with an economy 10 times larger than Greece and eight times as many people.

And what country is so threatening to Greece that could possibly justify this level of spending by such a dangerously indebted country? Apparently their NATO partner, Turkey. Richer still is speculation from the CIA that the greatest peril to the Greek government is not a confrontation with Turkey, but a domestic military coup stemming from draconian cuts to the Greek public service and the predictable civic unrest that has ensued.

So severe are Greek austerity measures that the United Nations has warned that basic human rights of Greek citizens are being violated. The Greek suicide rate has doubled since the bank-imposed austerity measures. Unemployment is over 16 per cent. Cutting more or faster without threatening revolution would likely be impossible since the Greek population has been pushed to the limits of human tolerance.

It is no small irony that military spending, ostensibly aimed at making the world a safer place, could well trigger a banking contagion that might unhinge the global economy. The majority of Greek military equipment was also manufactured in Germany, France, Britain and the United States, creating an interesting conflict of interest.

While the EU has repeatedly criticized Greece for its lack of fiscal restraint, some of the loudest voices, including Germany and France, have profited massively by loading up the sagging Greek economy with billions of dollars in their military exports. These purchases by Greece fully accounted for 15 per cent of German arms sales between 2006 and 2010.

Europe's Own Arms Dealers and Loan Peddlers Took Down Greece, Mitchell Anderson, TheTye.ca, 05/10/2011

2.1.7.2 BETTER VALUE – SPEND ON WIDER SOCIETY

Edward Luce, writing for Financial Times, makes the point that – contrary to what most people think about the USA, including Americans themselves – their infrastructure is, in fact, crumbling.

“... most Americans are unaware of how far behind the rest of the world their country has fallen. According to the [World Economic Forum's competitiveness report](#), US infrastructure ranks below 20th in most of the nine categories, and below 30 for quality of air transport and electricity supply. The US gave birth to the internet – the kind of decentralised network that the US power grid desperately needs. Yet according to the OECD club of mostly rich nations, average US internet speeds are barely a 10th of those in countries such as South Korea and

Germany. In an age where the global IT superhighway is no longer a slogan, this is no joke. The budding US entrepreneur can survive gridlocked traffic. But a slow internet can be crippling.”⁶³

According to the American Society of Civil Engineers – Infrastructure in USA requires \$1.6 trillion in repairs – and if nothing is done by the end of the decade, that number will grow to nearly \$3 trillion. Decaying infrastructure is estimated to cost our economy 3.5 million jobs over the next decade.⁶⁴

“This is classic “weaponized Keynesianism” — the claim that government spending can’t create jobs unless the money goes to defense contractors, in which case it’s the lifeblood of the economy. And no, it doesn’t make any sense.”

Paul Krugman, Nobel Prize winning New Keynesian economist

A University of Massachusetts Economic Research Institute study concluded that \$1bn spent on sectors such as clean energy, healthcare and education will create significantly more jobs – and of better average quality and overall compensation –than would the same \$1bn spent on the military. (Appendix 4.16.2)

We have shown what are the employment effects of spending on the military in contrast with five domestic spending categories. Specifically, we have shown that spending on personal consumption, health care, education, mass transit, and construction for home weatherization and infrastructure repair all create more jobs per \$1 billion in expenditures relative to military spending....

It is true that jobs generated by military spending tend to pay relatively well, which is part of the reason that fewer jobs are created per dollar of expenditure than through alternative spending targets. However, we have also seen that \$1 billion in spending on education, on average, generates more than twice the number of jobs as does military spending, and higher-paying jobs. Spending on health care, mass transit, and home weatherization/infrastructure creates jobs at a lower average level of pay than military spending. But these three spending targets do create substantially more jobs than military spending, with an overall level of pay, combining all workers’ paychecks and benefits, higher than the military. Moreover, a substantial majority of the jobs generated through a health care, mass transit or construction expansion pay more than \$32,000 per year, our rough threshold for a minimally decent income level. The majority of jobs pay between \$32,000 - \$64,000, a rough middle-income pay range. Health care, mass transit, weatherization, and infrastructure repair are all also high priority areas for social spending. More spending in these areas could be combined with improving the average level of pay, while still creating more jobs per dollar of expenditure than the military.

The U.S. Employment Effects of Military and Domestic Spending Priorities, Robert Pollin and Heidi Garrett-Peltier, University of Massachusetts, 10/2007

In 2007, the **Center for Economic and Policy Research** commissioned Global Insight, to project the impact of a sustained increase in defense spending equal to 1.0 percentage point of GDP. The projections show that increased military spending will lead to significant slower economic growth, less investment, higher trade deficits, and fewer jobs. (Appendix 4.16.1)

⁶³ *Washington must stop the creeping rust*, Financial Times, 25/11/2012

⁶⁴ *Corporate America is doing very, very well under president Obama, and more*, Thom Hartmann, Truthout, 19/01/2013

A study of the United States' five major wars over the past 70 years by the **Institute for Economics and Peace** also contradicts the enduring belief that war and its associated military spending has generated positive outcomes for the economy.⁶⁵ Higher levels of government spending on wars and the military might generate some positive economic benefits in the short term, particularly higher GDP growth, but would harm the US economy in the longer term through increased levels of public debt and taxation, decreased investment as a percentage of GDP, and increased inflation as a direct result of conflict. Additionally, excessive military spending can crowd out more productive non-military government spending in areas such as education, R&D, or infrastructure that are integral to long-term economic growth.

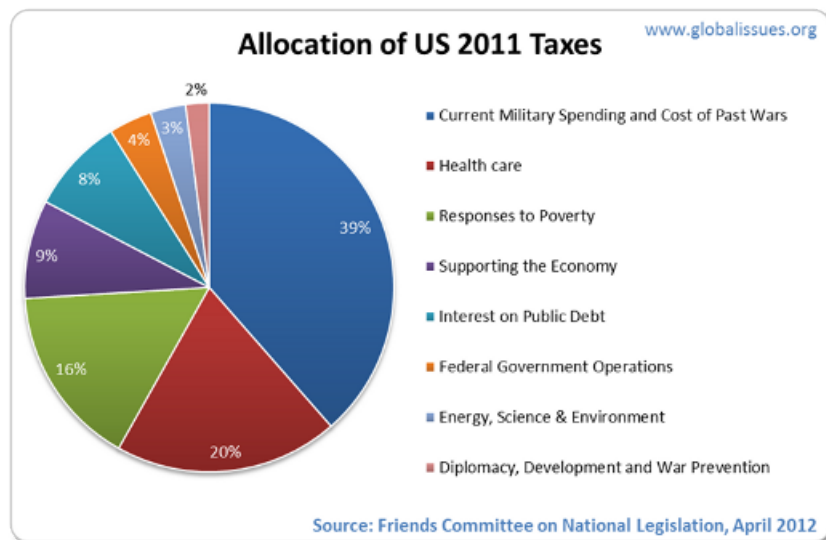
Not only would we gain financially from the start of a long-haul campaign such as this, but we would be setting the global public on a learning curve about how to reassess how their military 'dollars' are spent – and how they play a role in preventing progress, whether in the rich world or the global south.

2.1.7.3 HOW GOVERNMENT ALLOCATES YOUR TAXES

2.1.7.3.1 USA

The U.S. Treasury divides the total federal government budget into three categories: mandatory spending, discretionary spending and interest on debt. Out of three, only the discretionary budget is directly set by the Congress through appropriations bills on an annual basis, and is usually around one-third of the total federal spending. Mandatory spending, including Social Security, Medicare, and Medicaid, on the other hand, is authorized by permanent laws. Spending levels in these areas are dictated by the number of people who sign up for these benefits, rather than by Congress.

It is therefore more informative to look into the composition of the discretionary budget, since it illustrates the priorities of the incumbent government. Military expenditure has consistently constituted more than 50% of the discretionary spending year after year. In contrast, the combined percentage of discretionary spending on health and education is just over 10%.⁶⁶ (Appendix 4.5 & 4.6)

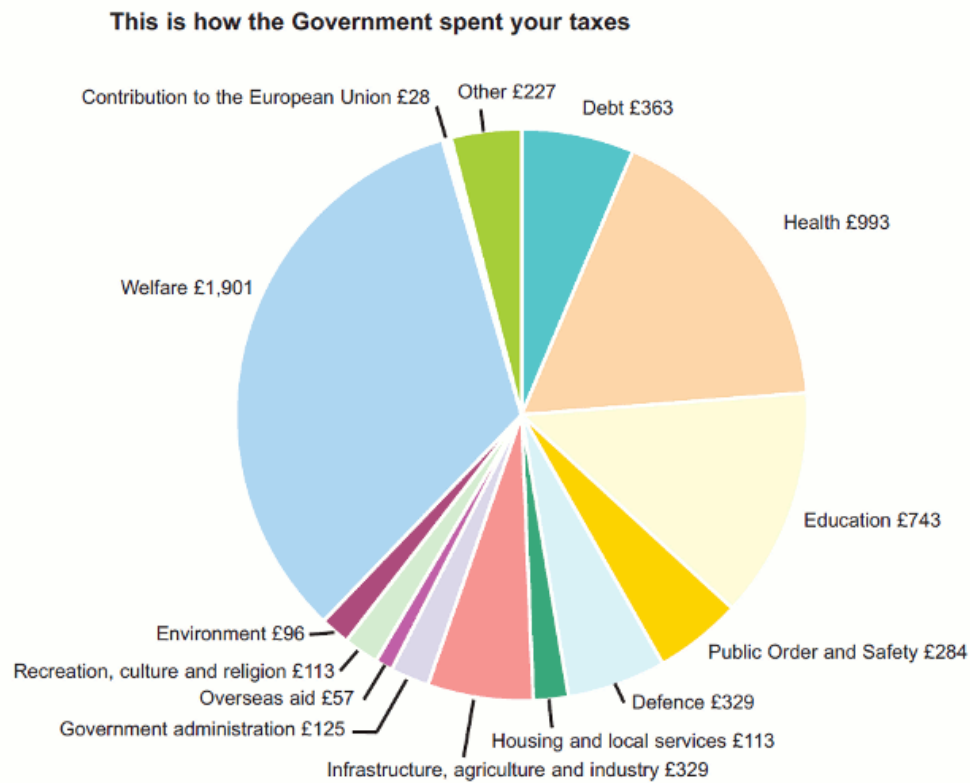


⁶⁵ *Economic Consequences of War on the US Economy*, February 2012

⁶⁶ Source: Office of Management and Budget, the White House

For fiscal year 2012, the U.S. Federal government spent \$3.5 trillion, funded partly by \$2.5 trillion in tax revenue, 46% of which are income taxes. The \$1 trillion budget deficit was funded by debt. Friends Committee on National Legislation looked into specifically how income taxes fund the spending, they found:⁶⁷ For each dollar of federal income tax an American pays in 2012, the U.S. government spends nearly 40 cents on military and wars. To put this in perspective, the equivalent level of spending on diplomacy, international assistance and war prevention is an insignificant 2 cents.

2.1.7.3.2 UK



Tax Statement for Mr J A Smith for the tax year 2011-12

Figure 13. How British government spends taxes⁶⁸

According to this sample tax statement published by HM Revenue & Customs in 2012, for each pound of income tax *and* national insurance paid, 6 pence is spent by the British government on defence. It should be noted that there is no similar distinction of mandatory and discretionary spending by the British Treasury. In other words, since 'mandatory' spending, such as Pensions and National Health Service, typically dwarf other types of spending *but* are supported by dedicated revenues (other than general revenues, such as income taxes), the lack of American-style distinction may obscure the incumbent government's *real* priorities.

⁶⁷ Source: *Where Do Our Income Tax Dollars Go?*, FCNL.org. This analysis covers the 'federal fund' budget, which is the spending supported by income taxes, estate taxes and other general revenues. Not included are 'trust funds', such as Social Security and Medicare, which are supported by dedicated revenues.

⁶⁸ <http://citywire.co.uk/money/chart-of-the-day-how-the-government-spends-your-money/a576015>

2.1.8 SOME REASONS WHY MILITARY SPENDING IS NOT YET A STRUCTURAL ISSUE

There are a number of **hurdles** this campaign will face, both within the wider NGO community (especially the development sector) and the wider world. Below are some key reasons why military spending has yet to be taken up as a cross-cutting, structural policy and campaigns issue for all but those in the peace and conflict prevention sector.

- 1) *The peace movement profile 'waxes and wanes' – appearing to be rooted in 'moments' – and not as mainstreamed as it should be*

The impact and lasting legacy of the peace movement is very much rooted in high points, e.g. Aldermaston; Vietnam; Greenham Common; and the anti-Iraq war marches of 2003.

The peace movement comes to public attention in those moments where it – often very effectively – rises to the challenge of imminent conflict or to protest existing conflict. It has been highly effective in mobilising people and public opinion on a variety of issues over many decades. The 2003 protests were more complex – the movement was perceived as a failure for not stopping the Iraq Invasion – yet evidence now shows that its influence on Barack Obama being elected as the President of the United States in 2008, the Arab Spring in 2011 and subsequently the Occupy movement, was considerable. Yet peace movement organisations do not have the same level of day-to-day presence and profile in the wider public arena as do the human rights, environment or development sectors.

- 2) *The wider NGO community will be acutely aware of the issue (and many dealing with consequences of conflict – human and environmental) but are not tackling military spending as structural issue*

Despite dwindling public money to fund development, climate change impact and other basic human needs and rights, an opportunity is lost by **failing to address military spending savings as a significant 'new' revenue stream**. While there is always the concern of over-stretching resources and capacity in the decision-making around campaigning (and taking on new ones), the issue of military spending is an 'elephant in the room' that needs addressing.

- 3) *The development sector specifically has so far failed to call for significant cuts to military spending for a variety of reasons – all of which need to be challenged*

The development sector is hugely influential in setting agendas for discussion, both in the UK and the EU more widely. Therefore, it is a key player to engage in the effort to challenge runaway global military spending. There are many inter-linked issues that need to be explored:

- There has been a primary focus on small arms and conflict/post-conflict work combined in the belief that it's 'not their remit' to go wider on military spending, despite much evidence that demonstrates the negative impact of excessive global military spending on development.
- Critically, to take on global military spending means to be interrogating the role of the big defence corporations. This is a major challenge in itself, but one that needs including in the wider development debate given its impact on transparency and accountability, justice and peace – all of which are central to the wider development / pro-poor agenda.
- However, they may perceive a threat to their income and reputation if they speak out what they may perceive as the 'controversial' issue of the military-industrial complex influence on both domestic and international politics.

- And while they may understand that excessive military spending is *a*, if not *the*, major factor hindering an emerging economy's social and economic progress, they are yet to directly challenge the vested interest of their own (western) politicians and powerful defence industry lobby groups – ones that benefit greatly from runaway spending.
 - Moreover, by not challenging the interests of the politicians and powerful defence industry lobby groups in the developed world, civil society groups in emerging economies may feel doubly powerless to stop their governments (often under pressure) purchasing weaponry without their civil society partners in the developed world bringing equal pressure to bear.
- 4) *All these factors combine to hinder the development of thinking around credible and winnable policy alternatives on military spending. As a result of all these factors, it's an issue that inevitably lacks internal champions.*
- 5) Over time, the **defence industries will mount a powerful campaign to challenge The Five Percent Campaign**. As with the campaigns on unpayable poor country debt, trade, tax, and climate change, there will be inevitable resistance from those being called to account. However, a mark of success will be exactly this – resistance from the defence industry sector. The combination of thorough policy work and effective public campaigning will – over time – make headway with the media as well as decision-makers.

2.1.9 SUMMARY

There is a massive conflict of interests between those for whom military spending is a boon and the need for global civil society to address insecurity, conflict and root causes.

We need much wider debate about what 'sensible' defence looks like, why this must take much greater account of global inequality and climate change. Hugely inflated military spending budgets must be challenged, reduced and redirected because:

- **the 'business' of the defence industry** does not necessarily advance or respect notions of 'sensible defence' spending when so much profit is to be gained from contracts and / or war. Its close relationship with governments around the world is central to this and we need the wider public to share the concerns of civil society groups working on how our taxes are spent with regard to military. We also need to challenge the notion that defence spending de-facto good for jobs and the economy.
- **increased inequality around the world** where the rich (individuals, businesses, nations) seek to consolidate their wealth while global poverty is widespread undermines local, national and international security and well-being. Over 900 million people in the world are hungry; 1.5 billion people subsist on less than US\$1.25 per day. Furthermore, over 40% of people in the world live on less than US\$2 per day. And this is not just confined to the global south – 40 million Americans are on food stamps in 2012.
- **the connection between oil as a driver for both conflict and increased military spending** is clear. The fossil fuel economy increases instability and likelihood of conflict and therefore increased military spending

These three factors (defence industries' interests; global inequality; and oil) conspire to escalate military spending and therefore are central to the campaign's outcomes

- **reducing the power** and influence of the defence industry over governments and society.

- **diverting military spending into a transformative** funding stream delivering social justice and meaningful investment in conflict prevention and peacekeeping
- **diverting military spending to deliver a sustainable,** non-fossil fuel, green economy that addresses the many dimensions of climate (in)justice.

2.2 WHAT

A PARADIGM SHIFT ON GLOBAL MILITARY SPENDING LEVELS AND THE PUBLIC PERCEPTION OF IT LEADING TO CUTS TO THE GLOBAL MILITARY SPEND, REDIRECTED IN ORDER TO FUND ‘WHAT THE WORLD WANTS AND NEEDS’.

– DIVERT, TRANSFORM, SUSTAIN

“If the Department of Defense can’t figure out a way to defend the United States on half a trillion dollars a year, then our problems are much bigger than anything that can be cured by buying a few more ships and planes.”

Former Secretary of Defense, Robert Gates, July 2009

Since this comment, US spending has increased by a further \$200bn. Evidence that the military is effective at exploiting both fear and national economic growth is the fact that military-expenditure growth generally outpaces economic growth, with the result that it can become harmful for the rest of the economy.

2.2.1 REDRESS IMBALANCE AND SECURE REDISTRIBUTION: GEO-POLITICAL POWER, MILITARY SPENDING, ECONOMIC PRIORITIES

It is to rebalance global military spending and redistribute savings (cuts), that we propose a long term 5% *threshold rule* at the heart of The Campaign to CUT THE GLOBAL MILITARY SPEND, a break mechanism for all nations, embedded in the budgeting mechanism, deliberately intended to slow down runaway military-expenditure increases around the world.

This offers a long term, sustainable formula to be applied to all nations, over and above the primary demand in the first ten years: yearly cuts to military expenditure of the world’s historically largest military spenders. This ‘Top 20 Spenders’ call will serve to accelerate the reduction of the huge gap between military expenditure and the real economy, driving down the total global military spend in the shortest possible time.

2.2.1.1 REDRESSING IMBALANCE OF POWER

“America's penchant for counterproductive global interventionism was driven by not one but two imbalances of power. The first was the imbalance of power between the United States and the rest of the world, which made it possible for Washington to throw its weight around without worrying very much about the short-term consequences. If you're a lot stronger than anyone else, it's hard to imagine you could lose to anyone and you're more likely to do something stupid like invading Iraq.

The second imbalance was the disproportionate influence of pro-intervention forces within the U.S. foreign policy establishment.”

Will the CATO Institute lose its soul?, Stephen M. Walt, Foreign Policy, 13/04/2012

Following the same reasoning, by extrapolation, the imbalance of power between the western industrial countries – often former colonial powers - and the rest of the world is, arguably, the major driver for counter-productive global interventionism.

2.2.1.2 FROM DEFENCE CONTRACTORS TO CIVIL SOCIETY – REDIRECTING TAXES

Writing on Truthout, Thom Hartmann argued:⁶⁹

“FDR said during World War II that, “I don't want to see a single war millionaire created in the United States as a result of this world disaster.”... But, in this new age of never-ending war, war profiteers are cashing in like never before. Glance across the Potomac from our nation's capital, and you'll see virtual castles – thirty and forty room mansions in secure, gated communities - all belonging to the executives and lobbyists of today's war profiteers... America has finally fulfilled President Eisenhower's warning in his famous 1961 farewell address.

America is the strongest military power in the world. And that's not going to change anytime soon.

But while our defense contractors are prospering, working people across America are hurting. Schools and infrastructure are in shambles. We're slipping behind the rest of the developed world in virtually every available measure of national health and wealth.”

The sentiment expressed in the last paragraph could easily apply to many more developed world economies, not to mention other emerging economies as well as lesser developed ones.

2.2.1.3 REDISTRIBUTING \$700BN OVER TEN YEARS AND RESETTING PRIORITIES

Just as Christian Aid research shows that developing countries stand to gain \$160bn p/a if tax evasion measures are dealt with, and debt cancelled to date amounts to \$132bn for the poorest 32 nations, we suggest that during the first decade, this campaign could raise an estimated \$700 billion globally over a ten year period from systematic cuts to the annual global military spend and to be allocated 50/50 domestic/global.

- **All nations (particularly the Top 20 spenders)** to cut 5% of their annual military spending every year for the next 10 years.

This would in all reality, be creating a paradigm shift in terms of how the global public defines ‘security’ through a re-evaluation of how best to spend their hitherto military ‘tax dollars’.

⁶⁹ The F-35 folly: how our own fighter jets are killing us, Truthout, 19/02/2013

2.2.1.4 AND IF WE DO NOTHING?

Global annual military spending has been growing by around 4% every year between 2001 and 2010. If we do nothing, we can expect it to rise to more than 2.5 trillion dollars by 2022 (see Figure 1). This is utterly unacceptable on every level.

2.2.2 WHAT IF TOP SPENDERS DIVERTED MILITARY SPENDING INCREASES TO FUND THE MDGS IN THE 2000s

If the top 17 military spenders had implemented *the 5% threshold rule* between 2001 and 2010, using 2001 as the reference year, the global military spending would have decreased by nearly 15%, rather than actually increased by a massive 60%. (Appendix 4.7) This would have diverted around \$110 billion for international development and another equal amount for domestic purpose.

As an example of what this could have been applied to, in 2002 the World Bank had estimated that an additional \$ 40-60 billions were required annually in order to achieve the Millennium Development Goals (MDGs) by 2015.⁷⁰ The diverted funds from these top military spenders would have significantly contributed to make up the shortfalls.

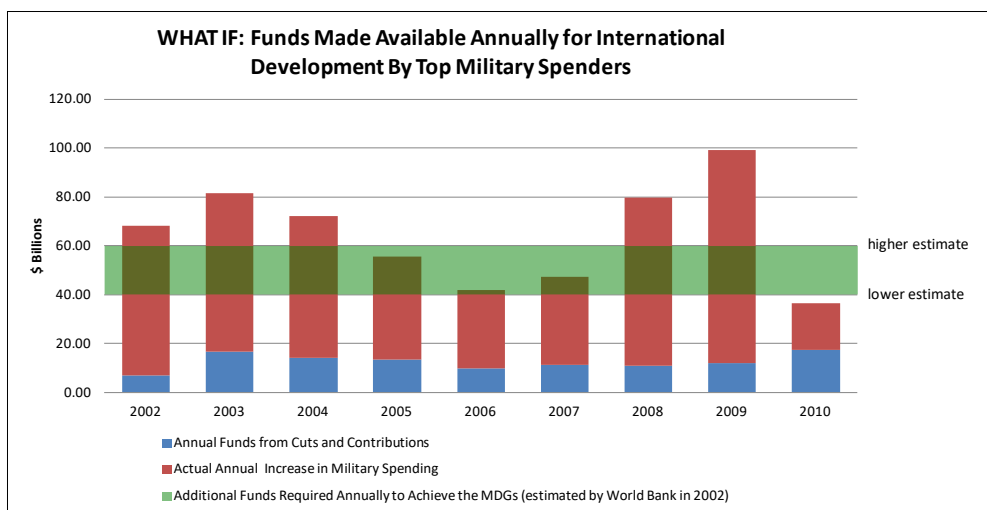


Figure 14. What if top military spenders diverted military spending increases to fund the MDGs (2001-2010).⁷¹

Instead, in contrast to this hypothetical scenario, military spending actually increased noticeably every year. The actual realised annual increase in military spending (\$50 billion per year on average) from just these 17 top military spenders alone, if all diverted, would have been enough to meet the funding requirement to achieve MDGs. In other words, simply by maintaining the year 2001's level of military spending until 2015, there was more than enough money available to achieve MDGs and further. There was money that could have been used to go beyond MDGs and eradicate - not just half- poverty around the world.

2.2.3 DIVERT. TRANSFORM. SUSTAIN ~ THE WINNERS

⁷⁰ World Bank Estimates Cost of Reaching the Millennium Development Goals at \$40-60 Billion Annually in Additional Aid, The World Bank press releases, 20/02/2002, <http://go.worldbank.org/6Z0IFJ70H0>; *Development Goals: History, Prospects and Costs*, S. Devarajan, M. J. Miller and E. V. Swanson, 30/04/2002, World Bank Policy Research Working Paper.

⁷¹ Data sources: World Bank; SIPRI

\$300BN DIVERTED OVER 10 YEARS AND ALLOCATED TO GLOBAL PRIORITIES

- ❖ Immediate and essential development needs
 - Global Health
- ❖ Sustainable Development - reflecting Climate & Economic Justice
- ❖ Peace/ Conflict Prevention & Human Rights

\$300BN DIVERTED OVER 10 YEARS AND ALLOCATED TO DOMESTIC PRIORITIES

- ❖ The Global Green Economy

2.2.3.1 IMMEDIATE AND ESSENTIAL DEVELOPMENT NEEDS OF MILLIONS.

- It is estimated that it would cost **\$66 billion annually to get everyone on the planet out of extreme poverty – 4% of annual global military spending.**⁷² Over and above this, diverted military spending could assist in reaching more of the current MDGs – universal primary education, gender equality, improved maternal health and reduced infant mortality, combating HIV, malaria and TB; along with improved water and sanitation and many other basic human needs – and human rights.
- Advancing the UN process on sustainable development and SDGs funding 2015 and after. As we approach 2015 and the assessment of the MDGs successes and failures informs the plans to move forward with a new set of Sustainable Development Goals post 2015, how will this be funded? Many feel there is a critical need to include the ‘development and disarmament’ agenda into this new SDGs funding framework.

In their 2012 report, the International Peace Bureau outlines recent UN history on advancing the ‘development and disarmament agenda’:

Through the inclusion of this issue (Disarmament and Development) in the post-2015 development agenda, states will be reminded that they committed themselves to such efforts in 1992 and 2000 and are obliged to reconsider their budgeting priorities in accordance with UN Charter Article 26.

Military spending as an indicator for the achievement of sustainable Development:

If the post-2015 development framework comes in the form of goals, they will most certainly be accompanied by several specific targets and indicators in order to measure progress. If the call of the numerous UN agencies, think-tanks and NGOs is heard, and security and peace are included as one of the goals, we argue that military spending must also become an important indicator of this goal.

*Opportunity Costs: Military Spending and the UN's Development Agenda,
International Peace Bureau, 2012*

2.2.3.1.1 FUND GLOBAL HEALTH

2.2.3.1.1.1 WORLD HEALTH ORGANIZATION (WHO)

⁷² Duncan Green: Poverty to Power

According to Sonia Shah:⁷³

*In 1950, the WHO's budget derived from assessed dues on member nations. Over the past few decades, that financing stream has run dry. In reaction to the perceived politicization of UN organizations such as UNESCO and the WHO, major UN donors introduced a policy of zero real growth to the UN system's budgets in 1980 and of zero nominal growth in 1993. Starved of public financing, the WHO has had to rely upon voluntary contributions from donor countries, private philanthropists, companies, and NGOs. By 2008, **voluntary contributions from private interests and others**⁷⁴ **now bankroll four out of every five dollars (80%) of the WHO's budget**. Thus it is now the private donors, not the WHO, who can call the shots in Geneva, and thereby shape the global health agenda. Unlike funds from assessed dues, individual donors can earmark "extra-budgetary" monies for whatever specific purpose they like, thus circumventing WHO control.*

Companies most active in global health projects today hail from a narrow range of industries⁷⁵, many of which are under fire for their negative impact on public health. These private firms are playing a double game: disrupting local communities with one hand and writing big cheques to ostensibly help them with the other. Often, their core financial interests are directly at odds with the business of improving the health of the poor, in ways that are distorting the global health agenda.

The private donors' influence is clear. The WHO allocates its regular budget to the diseases that account for the most mortality around the world. Extra-budgetary funds, in contrast, support different interests. According to an analysis of the agency's 2004-05 budget, 91 percent of the WHO's extra-budgetary funds were earmarked for diseases that account for just 8 percent of global mortality. Given the dominance of extra-budgetary funds in the WHO's overall expenditures, the WHO ended up spending 60 percent of its funds on illnesses that account for just 11 percent of global mortality. A substantial portion went toward developing vaccines for infectious diseases, which – many will argue - are in line with private industry's general preference for expensive, high-tech research over cheap, low-tech prevention. It's hard to see how such a misalignment between the needs of the world's sick and the distribution of WHO's funds helps the agency meet its core mission.

2.2.3.1.1.2 HEALTH SPENDING

Laurie Garrett at the Council on Foreign Relations observes:⁷⁶

⁷³ *How Private Companies are Transforming the Global Public Health Agenda*, Sonia Shah, Foreign Affairs, 11/09/2011.

⁷⁴ Sonia Shah: Voluntary contributions to the World Health Organization's budget come from private interests and others, not just private interests. The others are primarily the United States and the Gates Foundation, both of which have deep connections to the private sector and have used their influence to represent its interests. There is a general feeling among member states that rich countries such as the United States "disguise trade and commercial interests under public health," as a Brazilian ambassador said at a recent WHO meeting. **The Gates Foundation is similarly allied with private-sector interests. It's the largest single shareholder in Coca-Cola and Kraft Foods; its global health program is led not by public health experts but by top executives from the drug industry.**
<http://www.foreignaffairs.com/articles/136687/christy-feig-and-sonia-shah/setting-the-record-straight-on-who-funding>

⁷⁵ The mining industry, which includes oil and gas firms, has been at the forefront of many prominent global health projects. Non-communicable diseases cause more than half of all deaths in poor and middle-income countries. Soft-drink and snack companies, whose products increase the risk of developing NCDs, have also moved to the forefront of key global health initiatives, in particular the fight against NCDs. The industry most involved in global health initiatives is undoubtedly the drug industry.

⁷⁶ *Money or Die*, Laurie Garrett, Foreign Affairs, 06/03/2012.

Global health programs now teeter on the edge of disaster. The world economic crisis and the politics of debt reduction are threatening everything from malaria control and AIDS treatment to well-baby programs and health-care worker training efforts. And even if the existing global public health architecture survives this time of parsimony and austerity, it will have been remodeled along the way.

In 1999, for example, total health spending in developing countries was about \$5.6 billion, with the United States government providing roughly a third of that and U.S. private donors another tenth. In the spring of 2000, the Clinton administration officially defined HIV and emerging diseases as national security threats, which expanded U.S. grounds for engagement in global health. The call resonated with antipoverty activists, health advocacy groups such as Médecins Sans Frontiers, Partners in Health, and ACT UP; and institutions such as the World Health Organization, UNICEF, and the United Nations AIDS Program. Bill Gates and his wife, Melinda, stepped up their philanthropic efforts in global health through their Gates Foundation.

With the surge in public support for global health came increased attention from private individuals, corporations, and foundations, leading some to call the decade "the age of generosity." By 2008, global health enjoyed an estimated \$16 billion pot of public-funding gold -- and with private funding and poor countries' own increased health spending included, the total spent on public health for the world's poor reached about \$27 billion.

But then the global financial crisis hit and as Europe's economic situation worsened, the region reduced its overseas commitment-to-disbursements ratio. Italy, which donated nearly \$1 billion annually from 2001 to 2008, gave nothing in 2009 and has given almost nothing since. Greece provided more than \$50 million in global health assistance in 2007 and now gives nothing. Iceland stopped making commitments and contributions in 2008, Portugal in 2009, and Spain in 2010. In 2009, 94 percent of all global health promises made by the European Union and its member countries were actually disbursed, but by the end of 2010 only 78 percent were, and the gap appears to have widened further in 2011.

Total estimated expenditures worldwide on health care in 2010, meanwhile, hit \$5.3 trillion, with U.S. domestic spending accounting for nearly half of that. Even at its recent peak, the amount of money spent on the health of the world's poorest people, who suffer most of humanity's infectious and preventable diseases, represented merely .0005 percent of worldwide health spending.

As important as the totals is the shift in donor composition. The Gates Foundation, now combining the philanthropic assets of the Gates family and Warren Buffett, is responsible for 68 percent of all private giving for global health, dwarfing the efforts of even the largest public or international institutions. Power followed the money, and by 2005 the annual World Health Assembly, which governs WHO, was convening to listen to Gates' suggestions, and today few policy initiatives or normative standards set by the WHO are announced before they have been casually, unofficially vetted by Gates Foundation staff.⁷⁶

2.2.3.1.1.3 THE FIVE PERCENT FORMULA - NEW FUNDS

The global spending on the health of the world's poor was less than \$30 billion in 2008,⁶⁶ compared to the global military expenditure of \$1.5 trillion in the same year - a mere 2%.

The 5% Formula would deliver \$300 billion for international development in the first decade - that is \$30 billion a year on average. WHO's current biennium 2012-2013 budget is \$3.9 billion (roughly \$2 billion per year). Out of this \$30 billion annual fund, \$1 billion - \$2 billion can be readily used to fund WHO to remove its reliance on *privates interests and others*⁷⁴. To tackle a global issue such as health, the proven and effective way is through the steering of international organisations, such as WHO. Private donors, though important and often with good intention, lack transparency, accountability and democracy. This 'new' sustainable stream of public funding for WHO could ensure that it can again focus on its core missions and managing global health projects with the full involvement of the countries concerned both in both formulation and implementation level levels.

2.2.3.2 SUSTAINABLE DEVELOPMENT

2.2.3.2.1 FUND CIVIL SOCIETY AND THE ECONOMIC AND CLIMATE JUSTICE AGENDAS

- Funding the strengthening of global civil society capacity is critical to 'development' so that it can hold 'power' to account, be that its own leaders, multinational corporations, or international institutions such as the World Bank or IMF.

Particular focus on structural issues such as food sovereignty, land issues and trade; tax-related campaigning; environment and climate change related rights. This is a truly effective way to ensure 'transparency' and 'good governance' and at the same time, recognises the inter-connectedness of how issues such as the global trade system negatively impacts on communities via trade and/or environmental damage.

- This diverted funding could also be partially allocated to help deliver more debt cancellation.

2.2.3.2.2 CLIMATE CHANGE

- Funding to address the environmental and human climate emergency.

Military spending cuts should be put into the climate funding mix so that a significant 'new' revenue source can be factored into calculations concerning mitigation, adaptation, transfer of new technologies and investment in the global green economy.

What happened on finance?

Although some countries (including Germany, France, UK, Denmark) pledged finance at Doha, amounting in total to around \$10 billion, there was no additional finance offered by the US. Moreover, countries failed to agree on a firm figure for finance for the period 2013-2015. The text only "encourages" parties not to allow levels of funding to drop from the \$30 billion pledged for 2010-2012, when in fact it needs to increase significantly (Greenpeace and developing countries were calling for \$60 billion for the 2013-2015 period). The increase is need to help countries adapt to the growing impacts of climate change, and to scale up towards the \$100 billion a year by promised by 2020 by Governments in the run up to the Copenhagen summit.

Doha Greenpeace briefing, 2012

As we say earlier, the fossil fuel economy is not just a driver for climate change – it is a driver for instability and therefore increased military spending. So reducing spend on military and increasing spend on climate financing as well as the green economy is a win-win all round.

Developing countries have been experiencing the impact of climate change for many years and now, the increasing number of 'weather events' in the developed world, is bringing home this reality to the hitherto relatively disengaged publics of the rich nations – also the main culprits of climate change. Polar melting, soil erosion, deforestation, ocean

pollution – the list is endless; the impact on human society catastrophic. Yet the response by governments and business has been to fail miserably at turning events around – whether setting and meeting targets or providing finance –or indeed, investing in the green economy at home or abroad.

At the recent Doha meeting (Dec 2012) climate finance remained insufficient with only US\$10 billion on the table. Nothing was done to scale up funding for vulnerable countries towards the previously agreed target of US\$100 billion per year. Yet developing countries need climate finance, technology transfer and capacity building for negotiations as at Doha, to support their transition to low-carbon economies.

2.2.3.3 FUND PEACEKEEPING; EARLY WARNING & CONFLICT PREVENTION; POST-CONFLICT CLEANUP

The peace movement; those working on disarmament agendas or conflict prevention, conflict resolution; or peacekeeping – all this work combined, constitutes a hugely diverse and global community. It embraces grassroots activism such as was mobilised by the anti-war movement of 2003 (15-30m million marched on a single day, Feb 15th) or the anti-nuclear movement of the 1980s that is once again in the public eye through the Global Zero initiative. It campaigns on a diverse range of issues and has a proud – and often effective - tradition of non-violent resistance.

It has academic centres of excellence, think tanks and policy groups working across a whole variety of subjects which intersect with (under)development, human rights and environmental concerns. This is a grossly underfunded sector, which should benefit from funds reallocated from war to peace.

Meanwhile, the **UN Department for Peacekeeping Operations** is profoundly underfunded; conflict prevention and conflict resolution poor relatives to the business of war-making; funding demobilisation of combatants equally under-resourced yet essential to post conflict resolution; and the remains of conflict last way beyond the end of conflict - landmines, cluster bombs, depleted uranium. Equally vital is the disarmament work to reduce nuclear stockpiles, while the search for missing nuclear materials post the break-up of the Soviet Union continues.

All these areas of work need much more funding and need to be taken far more seriously by politicians and public alike.

UN Fourth Committee - Special Political and Decolonization

The Special Political and Decolonization Committee deals with a variety of subjects which include those related to decolonization, Palestinian refugees and human rights, peacekeeping, mine action, outer space, public information, atomic radiation and University for Peace.

“Overburdened, underfunded, overstretched peacekeeping operations create ‘yawning gap’ between expectations, performance.”

A shortage of critical equipment required to carry out United Nations mandates in many peacekeeping missions had created a “yawning gap” between expectations and performance.... in the flagship mission that delegates maintained was already overburdened, underfunded, and overstretched, the Fourth Committee (Special Political and Decolonization) heard today, as it concluded its annual debate on peacekeeping.

27/10/10

<http://www.un.org/News/Press/docs/2010/gaspd465.doc.htm>

2.2.3.4 THE GLOBAL GREEN ECONOMY

The Global Green Economy is profoundly underfunded. Spain's ambitious plans to become 100% renewable have taken a big hit as the government has had to cut its support for the renewables sector as part of debt reduction austerity measures. And Spain is not alone in having to take such measures. The madness of investing in nuclear power, carbon capture or shale gas is made all the harder to challenge when the lobbies are so powerful and the media debate so poor.

2.2.3.4.1 SWITCHING PRIORITIES FROM OIL TO RENEWABLES

Researchers at US based Oil Change International in 2008 found: The projected full costs of the Iraq war (estimated \$3 trillion) would cover "all of the global investments in renewable power generation" needed between now and 2030 to reverse global warming trends.

By 2008, the Bush administration had spent 97 times more on military than on climate change. As a presidential candidate, in 2008 President Obama pledged to spend \$150 billion over ten years on green energy technology and infrastructure - less than the United States was spending in one year of the Iraq war.

2.2.3.4.2 EU SUBMISSION TO RIO+20 – WORDS NOT ACTIONS?

Meanwhile, in November 2011, this was EU Submission to the UNITED NATIONS CONFERENCE ON SUSTAINABLE DEVELOPMENT (RIO + 20) Rio de Janeiro, 4-6 June 2012. Contribution by the European Union and its Member States to the UN Department of Economic and Social Affairs:

“Rio+20 should accelerate and broaden the world-wide transition towards a green economy that promotes sustainable development and contributes to poverty eradication around the world. The EU and its Member States consider that a green economy offers win-win opportunities to all countries, regardless of the structure of their economy and their level of development. Green economy is more than the sum of existing commitments: it has the potential to lead us to a new development paradigm and a new business model where growth, development and environment are seen as mutually reinforcing each other. Increasing resource efficiency, promoting sustainable consumption and production patterns, tackling climate change, protecting biodiversity, combating desertification, reducing pollution as well as using and managing natural resources and ecosystems in a sustainable and socially responsible manner are both requirements and key vehicles in ensuring a just transition to a green economy.”

This campaign advocates that 50% of savings made from cuts to excessive military spending be re-allocated primarily toward growing domestic green economies, positively impacting on jobs, food production, reduced carbon emissions. In other words, funding a green 'New Deal'.

2.2.3.4.3 RENEWABLE ENERGY INVESTMENT 2009: G20 COUNTRIES

In 2009, G20 nations combined spending on military was nearly \$1.3 trillion.⁷⁷ Meanwhile, G20 total green energy investments in 2009 was merely \$0.11 trillion (= \$113 billion). The total renewable energy capacity was

⁷⁷ Source: SIPRI

259 GigaWatts, accounting for only around 5% of the total power capacity.⁷⁸ (Appendix 4.17) In comparison, this was a pitiful amount invested by the G20 nations to address a truly national and international human security emergency of catastrophic dimensions – climate change.

2.2.3.5 THE UNITED KINGDOM – THE GREEN NEW DEAL ~ THE NEW ECONOMICS FOUNDATION

UK In 2009, a ‘Green New Deal’ was proposed, based on calculations made by **nef** (the new economics foundation) and four years on we need this approach more than ever. We argue that this work could – and should – be funded from cuts to excessive military spending. Such savings should be directed to expand the green sector, supporting innovation and job creation.

⁷⁸ <http://www.guardian.co.uk/news/datablog/2010/mar/25/china-renewable-energy-pew-research>

‘Cuts won’t work’: green spending will reduce public debt, create jobs, cut carbon, says Green New Deal Group

To illustrate the potential of ‘green quantitative easing’, new calculations produced by nef (the new economics foundation) for the Group reveal that:

A sample of £10 billion in green quantitative easing invested in the energy efficiency sector could:

- Create 60,000 jobs (or 350,000 person-years of employment) while also reducing emissions by a further 3.96MtCO₂e each year;
- This could also create public savings of £4.5 billion over five years in reduced benefits and increased tax intake alone;

A sample of £10 billion in ‘green quantitative easing’ invested in onshore wind could:

- Increase wind’s contribution to the UK’s total electricity supply from its current 1.9 per cent to 10 per cent (39 TWhe) and;
- Create over 36,000 jobs in installation and direct and indirect manufacturing This is a total of 180,000 job-years of employment - here we have described each ‘job’ as providing stable employment for an average of five job-years. Create a further 4,800 jobs in the operations and maintenance of the installed capacity and other related employment over the entire 20 year lifetime of the installation (equivalent to 96,000 job-years)
- And, if this directly replaced energy from conventional sources, it could decarbonise the UK economy by 2.4 per cent - reducing emissions from the power sector by up to 16 Mt CO₂e each year This corresponds to a £19 billion reduction in environmental damage

Or, a sample investment of £10 billion could:

- re-skill 1.5 million people for the low-carbon skills of the future, bringing 120,000 people back into the workforce, and increasing the earnings of those with a low income by a total of £15.4 billion.

The Group recommends:

- A £50 billion programme in ‘green quantitative easing’ in the short term to rebuild the economy. This is the amount of annual spending recommended by some of the most comprehensive analyses to date of the amounts needed to re-engineer the UK economy to meet the challenges of a low carbon future;

- Next, planning must begin for all of the new forms of bond finance detailed in the Group’s report to ensure the long-term stable funding needed for the long-term transformation of UK infrastructure

nef, 07/12/09

<http://www.neweconomics.org/press/entry/cuts-wont-work-green-spending-will-reduce-public-debt-create-jobs-cut-carbo>

The \$2trillion annual military spend is an elephant in the room for us all and is an issue around which we could all find common ground and coalesce – north and south – for all those campaigning on development, climate/green economy, human rights and peace. We have a vision of the global public, their leaders and the media, becoming increasingly aware that a new movement targeting their \$2trillion annual war spend is no longer ‘off limits’ – a holy cow immune from being challenged.

2.2.4 CAMPAIGN GOALS & MESSAGES

2.2.4.1 GOALS

There are a number of core goals for this campaign, over time.

- to create a sustainable campaign focussed on global military spending under a top-line demand that is open and flexible to changing scenarios but whose underlying aim are to see the reduction of unnecessary military spending re-directed to core Human Development needs, environmental sustainability and the support of a global green economy
- To change the way the public thinks on this issue - to deepen the (global) public understanding of what constitutes ‘defence’; how the taxes we pay are supporting a defunct notion of the word; how we have the power to change this.
- We believe the campaign has an in-built ‘regional relevance’. We also believe it speaks to a multi polar world where reduced military spending equates to a safer world. The notion of a ‘non-offensive defence policy’ (Section 2.1.2.2) combined with savings spent on ‘what the world wants and needs’ will inevitably combine to deliver more real and tangible security than we have at present. The effect will be a confidence building one, intended to dampen down the race to spend more on weapons of all kinds.

2.2.4.2 MESSAGES

- Contrary to what we are told, there *is* funding to push back the ‘desperate measures’ humanity and planet finds itself in.
- War spending is an elephant in the room – no country should grow their military spend faster than their economic growth – especially in times of austerity. Can’t afford, shouldn’t spend.
- Increased war spending is a double negative whammy – it increases insecurity AND it undermines economic development / job creation
- The fossil fuel economy is not only bad for our health and the planet – it also drives military spending and heightens risk of war or conflict
- Global reductions in military spend – with parity – will increase security not lessen it. It will act as a dampener on conflict potential – an all-round confidence building measure
- Peace is a process not an end – \$600billions redirected to human needs over ten year period will – inevitably – move us all forward to a world where the majority are not exploited by a few.
- We are not ‘planet-playstation’ – we reject the increasing deployment of killing by ‘remote control’ along with the deliberate use of the virtual war games to both entice and train young minds into the

The context for this campaign is the ‘99%’s growing recognition of the self-interested collusion between political elites, finance/banks, big business and mass media, resulting in the absence of accountability, the undermining of democracy and the disproportionate accruing of profits to the so-called 1%. All this as the planet faces climate crisis and the majority of people on this planet live in poverty.

business of warfare by simulating the excitement of violence while detaching the physical and mental consequences of killing and harming ‘victims’ from the ‘players’.

War Games

One of the most popular video games of all time, America’s Army has been played by more than 9 million individuals. But it was actually developed to aid U.S. Army recruiting and has become one of the most successful military recruiting tools. A 2008 study found that 30 percent of all Americans age 16 to 24 had a more positive impression of the Army because of the game and that the game had more impact on recruits than all other forms of Army advertising combined. Once in the military, the gaming platform has also begun to be used for various training applications, including recently for robotic systems that use video-game like controllers modeled after the ones used to play the game.

Peter W. Singer, The Brookings Institution, 22/02/2010

<http://www.brookings.edu/research/articles/2010/02/22-militainment-singer>

2.2.4.3 CAMPAIGN TARGETS

The campaign will target a whole range of

- government departments and key decision-makers eg defence ministries; treasury departments; special committees; procurement committees.
- UN departments that have a stake in redistributing excessive military spending, including those who have already shown their support of reduced military expenditure;
- the defence industry and defence industry lobbyists;
- banking and finance
- the ‘games industry’. War games funded by Pentagon, given away for free and insidiously selling ‘war’ to the younger generation via game consoles, smartphones and PCs.

2.2.5 THE SAME VISION - EXPRESSED IN A VARIETY OF WAYS

The campaign to CUT THE GLOBAL MILITARY SPEND is conceived as a vision and a demand that can work in a coalition format and/or which can complement existing campaigns, inspire new campaigns and which can resonate at any given point of entry – whether you are a civil society group, a parliamentarian, a nation. Whether you live in the USA or Ghana, Taiwan or Russia, Brazil or Finland, India or Guatemala, we hope there is a place for your concerns under the campaign umbrella.

2.2.5.1 REGIONAL RELEVANCE AND APPROPRIATENESS IS KEY TO THE CAMPAIGN.

- **Top 20 spenders:** Our first target is ‘Top 20’ military spending nations. The biggest spenders account for a staggering 87% of global military expenditure and more than 85% of the global arms trade.⁷⁹ We call on them to cut 5% year on year for the first 10 years.

⁷⁹ <http://www.corporatewatch.org.uk/?lid=1293>

- **Middle East:** We also believe the campaign will also have a particular (and different) resonance, post Arab awakening/uprisings, for civil societies groups in the Middle East. Military expenditure in the region has been growing exponentially, linked as that is, to wider foreign policy linkages between the USA and the region (including Israel). Israel's peace movement and Israeli/Palestinian peace initiatives would be key to some of this work.
- **Sub-Saharan Africa:** Civil society experience of military expenditure in sub-Saharan Africa is – generally speaking - one of procurer from richer nations, who in turn profit hugely from selling arms to (often poor) African nations. Small arms also proliferate. In a 2008 report by IANSA, Oxfam, Saferworld entitled *Africa's Missing Billions*, it was estimated that armed conflict cost Africa \$18bn annually.
- **Brazil** – is spending more on arms now that its economy is growing, despite the historic truth that it does not have a history of border concerns/'natural enemies'. So why spend? Could Brazil be encouraged to offer hope for a different approach?
- **India** - all the major arms sales nations see India as an important new market – especially the UK and USA. In February 2013, accompanying David Cameron on his trip to India were representatives of a dozen British or partly British-based companies with defence interests: Rolls-Royce, Serco, BAE, EADS, Thales, Atkins, Cobham, JCB, Strongfield Technologies, MBDA, Ultra Electronics.
- **Far East** - With the rise of China's economic power comes its military threat to (and potential militaristic domination over) the region - at least according to the rhetoric of several governments in the region and the United States. The United States has been pressuring countries, particularly Japan and South Korea, to properly contribute to their 'fair share of responsibilities' in the regional 'security', as can be seen in their massive increase in military expenditure since George W. Bush's presidency. This regional arms race create unnecessary and dangerous tension and 'insecurity', despite of economic integration and social exchanges being a better way in maintaining peace and bringing prosperity, as demonstrated in the case of Taiwan. The China-Taiwan relationship had been volatile and on the verge of war more than once, but the relation has vastly improved (at least in the eyes of ordinary people) so much after the opening up of trade and social exchange that there has been a strong anti-arms purchasing movement ever since.

2.2.5.1.1 BRAZIL

"Brazil is historically a peaceful nation: it lives in peace with its neighbors and governs its international relations, among others, by the constitutional principles of non-intervention, defense of peace and peaceful conflict resolution.

One of the main tasks of the Ministry of Defense is to establish policies related to the security of the country. To ensure the completeness of the bordering regions, Brazil has a Strategic Plan for Borders, which provides enhanced security in the 16,866 km of borders with 10 countries to prevent and inhibit crimes in the bordering areas, prevent the entry of weapons and drugs, and improve the quality of life of about six million people living in remote towns. Since 1906, military conscription is an obligatory act to all men born in Brazil on completing 18 years of age.

*Another indirect action plan for the defense of national independence is the development of a robust military industry. The Politics of Science, Technology and Innovation for National Defense aims to stimulate scientific and technological development and is part of the plan of the National Defense Strategy."*⁸⁰

⁸⁰ Portal Brasil. http://www.brasil.gov.br/sobre/brazil/defense-and-public-safety/homeland-defense/br_model1?set_language=en

Embraer is a brand synonymous with commercial and business aviation, but can it also become one of the world's largest defense firms? The Brazilian aerospace company is repositioning itself to achieve that goal, and the catalyst for the move is a series of multibillion-dollar defense contracts that are coming up for grabs in Brazil.

“We are trying to emulate in Brazil what European and American defense companies have done in the past,” says Aguiar, referring to companies such as Boeing, which has defense and commercial/business aviation activities that are managed separately, each with its own CEO.

... Embraer is interested in buying more defense companies, particularly ones with expertise in monitoring and surveillance. The preference, however, is for local rather than foreign acquisitions.

One upside of developing a defense business is that Embraer can benefit from government largesse and mitigate downturns in commercial and business aviation. It also means that some of Embraer's R&D costs are covered by the government.

Brazil's Defense Spending Prompts Embraer To Change Tack, Leithen Francis, Aviation Week, 13/08/2012

2.2.5.1.2 FAR EAST

Regional economic integration and social and cultural interactions arguably contributed far more to bring peace and prosperity than the ‘stability’ resulting from the military standoff. (Appendix 4.18) One notable example can be found across the Taiwan Strait.

Taiwan for historical reasons used to have very volatile relationship with Mainland China – up until 1979 when USA changed its diplomatic recognition of both China and Taiwan, Taiwanese government was still actively pursuing its aim of “recovering the mainland”. Effectively acting as a buffer between the current only superpower in the world and an aspiring superpower, the martial affair of Taiwan remains a delicate and explosive issue. Despite the apparent volatility around the Taiwan Strait, in Taiwan at least, there have been growing and significantly calls for reduction in military spending.

China is Taiwan’s largest trading partner and reciprocally Taiwan has been one of China’s main sources of foreign direct investment.⁸¹ With the economic integration comes close cultural and social exchanges that has led many to argue that there is an opportunity to enjoy a “peace dividend” – the stable cross-strait relationship allows Taiwan to reduce military expenditure without compromising its security. Many of these people treat arms deals with USA as furthering its imperial aims rather than addressing the ‘imbalance of military strength’ across the Strait.

This sentiment, combined with weaker economic performance compared to other East Asian economic powerhouses, arguably contributed to the reduction of military spending between 2001 and 2005. USA president George W Bush soon after coming into the office proposed several arms deals to Taiwan. The negotiations was pushed back in 2004 when a huge demonstration of tens of thousands of people took place to protest against arms purchases totaled NT\$610 billion (US\$18 billion). Each was holding a cup of ‘pearl milk tea’ – a characteristic Taiwanese drink – in response to the government’s call for every citizen to drink one cup

⁸¹ *China-Taiwan Relations*, Council on Foreign Relations, 11/08/2009. <http://www.cfr.org/china/china-taiwan-relations/p9223>

less of pearl milk tea a week to fund the arms purchase⁸². The negotiation for these arms deals has dragged on, even now. With the lackluster economic performance (one of the worst) after the financial crisis, the anti-arms purchasing movement remains strong.

2.2.5.1.3 INDIAN SUB-CONTINENT

All the major arms sales nations see India as an important new market – especially the UK and USA.

In February 2013, accompanying David Cameron on his trip to India were representatives of a dozen British or partly British-based companies with defence interests: Rolls-Royce, Serco, BAE, EADS, Thales, Atkins, Cobham, JCB, Strongfield Technologies, MBDA, Ultra Electronics.

India is on a military buying spree that's made it the belle-of-the-global-military ball.... India's long shopping list calls for \$20 billion in fighter jets, \$1.5 billion worth of refueling aircraft and billions of dollars in submarines, tanks and artillery, among other equipment, all part of an estimated \$80 billion spending spree over the next five years. "India's a little yokel with pockets full of cash and everyone's trying to mug it," said Ajai Shukla, a defense analyst and former army colonel.

India is darling of global defense firms, Mark Magnier, Los Angeles Times, 30/03/2012

2.2.5.2 CURRENT MILITARY-SPEND RELATED CAMPAIGNS

This proposal draws inspiration from many existing – often longstanding - campaigns already out there and which address a variety of issues. It is our hope that **The 5% Formula** (*5% absolute annual cuts and the 5% threshold rule*) can offer a way through which all of those campaigning in this field can see a way to come together under a universal principle that can add even more value to their work while also delivering a new, overarching demand around which to campaign together, where-ever in the world we are.

The business of military expenditure and by extension, defence industry sales (at home or overseas), is a truly globalised one which – we feel – demands a globalised, co-ordinated response. One that can 're-present' the 'peace' issue to a wider audience (media, public, policy-makers) bringing together all those with many years of experience on this issue with newcomers to the issue.

- The USA – necessarily – has many strong grassroots campaigns
 - campaigns focussing on cutting US items not included in the military budget but military related include nuclear spending, homeland security/civil rights, defence budget debt repayments; overseas bases. [At the height of the Roman Empire, the Romans had an estimated 37 major military bases scattered around their dominions. At the height of the British Empire, the British had 36. According to Pentagon records there are 761 active military "sites" abroad.]⁸³
 - Other highly effective campaign groups include Groups Codepink, United for Peace and Justice and Peace Action.

⁸² http://news.bbc.co.uk/chinese/trad/hi/newsid_3680000/newsid_3680400/3680474.stm

⁸³ *Going on an Imperial Bender*, Tom Engelhardt, TomDispatch.com, 04/09/2008

- There is growing support for campaigns challenging public while the military budget grows. One very active campaign is led by former US congressman Barney Frank and is The 25% Solution. To cut spending by 25%.⁸⁴
- Other groups focusing on this issue include True Majority and New Priorities. Also, the Move Your Money campaign is paying attention to military spending.
- US Labour against war actively campaigns to redirect military spending toward social spending
- Some initiatives on disarmament for development
 - Religions for Peace Arms Down Campaign – Over 20 million religious youth have endorsed the call for elimination of nuclear weapons and a reduction in military spending by 10% to fund MDGs. Primarily SE Asia (Japan).⁸⁵
 - Costa Rica: Led UN Charter Article 26 campaign calling on the Security Council to implement Article 26 of the UN Charter, under which it is required to adopt a disarmament plan in order to release resources for social and economic needs
 - Costa Rica: President Arias asks President Obama to cut military spending at 2009 Americas Summit. The Nobel Peace Prize laureate, whose nation abolished its military 60 years ago, pressed the need for the Costa Rica Consensus - a call for an about-face in foreign policy that would funnel the billions of dollars spent on armament into world funds that would tackle poverty, education, health and environmental problems. Arias said Latin America puts \$50 billion a year toward defense.⁸⁶
- International Peace Bureau's Disarmament for Development campaign – this Nobel Peace winning organization has been leading the campaign with posters, books, campaign manuals and other resources.⁸⁷
- International Actions/Campaigns
- Global Day of Action Against Military Spending – annual actions around the world in April.⁸⁸
- CAAT: **Petition to cut military spending, not education.** Stop cuts to higher education and instead cut the immense amount of taxpayers' money given to the military and in subsidies to profit arms companies.
 - £97 billion replacing Trident nuclear weapons
 - £5 billion on aircraft carriers
 - Subsidies of arms exports to the tune of hundreds of millions of pounds every

⁸⁴ <http://www.25percentsolution.com/25-petition.html>

⁸⁵ <http://armsdown.net/>

⁸⁶ <http://www.globalpost.com/notebook/costa-rica/090418/oscar-arias-urges-all-at-americas-summit-cut-military-spending>

⁸⁷ <http://www.ipb.org/web/index.php?mostra=content&menu=Disarmament%20for%20development>

⁸⁸ <http://demilitarize.org/media/>

- Estimated that every person in the UK gave arms company BAE Systems £64 in 2012
- Drones Campaign Network (DCN). Campaigning to Ground the Drones.
- The 10% Option – France / EU wide⁸⁹

Option 10% invites member states of the Union to reduce their arms spending by 10% to finance the struggle against poverty in Europe and throughout the world.

In support of the 10% option and to coincide with EU elections in 2009, Freres Des Hommes and International Peace Bureau encouraged various EU publics to send the message 'Europe: less money for arms, more money for solidarity' to political candidates and groups:⁹⁰

In Europe, many citizens bemoan the fact that every day the Union distances itself more from its founding ideals of solidarity. All the more reason why the instabilities worsened by the economic crisis continue to spread. In Africa, Asia and Latin America, other citizens, more numerous still, are subjected on a daily basis to the violent and aggressive situations that lead to poverty and hunger, all while waiting for the day when the abolition of poverty will finally take the place of the international arms race. We are waiting for European groups and political leaders to recognize the scale and legitimacy of these democratic goals. Keeping in mind the commitment to the reduction of poverty signed by all the states as a part of the Millennium Development Goals, we ask that the European Union take part in strategic plans advocated for by the UN for a progressive disarmament for the abolition of poverty and sustainable and solidarity development. In light of the European year for the struggle against poverty in 2010, we are submitting for public and parliamentary discussion the Option 10%, which invites member states of the Union to reduce their arms spending by 10% to finance the struggle against poverty in Europe and throughout the world.

2.2.5.3 SUGGESTED ARMS SALES CAMPAIGN – ‘DON’T BUY, DON’T SELL’

Currently 60% of global arms sales go to developing nations from a handful of rich nations.⁹¹ In the case of many (often smaller but not necessarily) developing nations, or nations whose defence relies on buying from rich nations and their respective defence industries, we would like to suggest a ‘sub-campaign’ - called ‘**Don’t Buy, Don’t Sell**’. A kind of ‘solidarity’ campaign between campaigners in the north and south.

2.2.5.4 PROPORTIONALITY AND FAIRNESS

- We believe that our primary focus – calling on the biggest spenders to absolutely cut their respective military spending by 5% year on year for a 10 year period – is proportionate to their levels of military spending compared to the rest of the world.
- We believe that calling on every other country to limit its annual military spending growth rate to their economic growth rate less 5 percentage points, is fair, proportionate and respecting of

⁸⁹ Frères des Hommes <http://www.fdh.org/Desarmer-pour-combattre-la,52.html>
<http://fdh.org/>

⁹⁰ Frères des Hommes <http://fdh.org/Ask-the-European-parliament.html>

⁹¹ *Arms sales to developing countries*, The Economist, 01/09/2012

reasonable defence spending needs for all nations, be they the larger 'emerging' economies or smaller middle income or 'lesser developed' countries

- Having established this 'break' mechanism on runaway military spending in the first 10 years, to continue the process for a further 10 years, with all nations now adhering to *the 5% threshold rule* suggested for the 'rest of the world' in the first 10 years, i.e. their military expenditures are limited by their yearly GDP growth rates less 5 percentage points:

Change (%) in military budget for next fiscal year = this year's economic growth (% change in GDP) – 5%

2.3 HOW

As with all campaigns that have ambitious targets, the task is tough in the face of harsh realities, a sceptical to cynical public, media, political and business class. And yet things change – suffrage, civil rights, human rights – even in recent times, debt cancellation was at first laughed at, and only a few years ago, taxation was very far from centre-stage.

It is time for us all to combine our energies and target military spending – in time, we can reverse the current trend and we can do it by a combination of keeping to the big vision while at the same time, respecting the need for the challenge of achieving this in the real world where political decision-making, foreign policy and defence industry profits combine to present us with well-funded and self-interested adversaries.

***FIRST THEY IGNORE YOU,
then they laugh at you,
then they fight you,
then you win.***

Mahatma Gandhi

This campaign is about shifting - through our **5% Formula** - from military spending to 'what the world needs and wants' via a formula that is reasonable but yet which, if implemented, will deliver truly radical cuts to a budget line that does not deliver value for the vast majority of people on this planet yet which is funded by them – to their detriment in many places.

We hope that this may, in turn, lead to a genuine 'paradigm shift' in the public perception on the 'who, what, where and why' of the global military spending.

2.3.1 IDENTIFYING CUTS - SOME UNDERWAY BUT MUCH, MUCH MORE NEEDED

There is already huge debate in many countries about how defence budgets can be cut – especially in times where 'austerity measures' are being forced on public services and family incomes. While some cuts are underway – SIPRI shows in 2011 that only one sub-region, Western and Central Europe, saw a very slight fall in military expenditure, of 1.5%.

Therefore, there remains ample room for more to be done, eg the proposed 5% figure (cuts and threshold). Such a measure could become 'in-built' over time, with the formula we are proposing.

Recent trends in military expenditure (SIPRI, 2012)

World military expenditure is estimated to have been \$1738 billion in 2011, corresponding to 2.5 per cent of world gross domestic product (GDP) and \$249 for each person in the world. In real terms, the total is virtually unchanged since 2010; the real-terms increase of 0.3% is not statistically significant given the uncertainties in the estimate. This breaks 12 years of continual increases in military spending from 1998-2010.

The data show a very mixed pattern of increases and decreases around the world in 2011, with as much variation within as between regions. Overall, 61 countries increased military spending in real terms in 2011, while 62 reduced it.

The sub-region with the most rapid growth in military expenditure over the 10-year period 2002-2011 was North Africa, with a real-terms increase of 109%. The bulk of this growth (75%) is accounted for by Algeria. The other sub-regions with the largest increases since 2000 are Eastern Europe (86%), East Asia (69%), Central & South Asia (62%) and North America (59%). Only one sub-region, Western and Central Europe, has seen a very slight fall in military expenditure, of 1.5%.

The USA's military spending accounted for 41 per cent of the world total in 2011, followed by China with 8.2 per cent, Russia with 4.1% and the UK and France with 3.6 per cent each.

Austerity and deficit-reduction measures in the wake of the global financial and economic crisis that broke in 2008 are beginning to lead to reductions in military spending in the US and Europe. US military spending in 2011 amounted to \$711 billion, a nominal increase on 2010 (\$698 billion), but a fall of 1.2% in real terms - the first such fall since 1998. The fall is largely due to the long delay in Congress agreeing a budget for FY2011 amidst disputes on how to reduce the budget deficit, which meant that procurement plans could not be taken forward, so that outlays were considerably lower than planned. Meanwhile, the Budget Control Act passed by Congress in July 2011-which cut \$487 billion over ten years from previous military spending plans-combined with the withdrawal of US forces from Iraq and the planned drawdown in Afghanistan, are likely to lead to falling total US military spending over the coming years.

In Europe, especially Western & Central Europe, most countries have been imposing austerity measures to reduce their budget deficits, with heavy cuts in public expenditure, usually including military expenditure. Since 2008, two thirds of countries in Europe have cut military spending, although the rates of cuts have varied considerably. Some of the largest cuts have been in Central Europe, where the generally weaker economies have been unable to sustain such large budget deficits. Eighteen European countries have seen real-terms falls of more than 10% in military spending since 2008, of which 13 are from Central Europe. Eight of these have made cuts of greater than 20%, with all but one from Central Europe. The largest fall has been in Latvia, by 51%. In Western Europe, the largest falls have generally been in countries facing acute debt crises: Greece (26%), Spain (18%), Italy (16%), and Ireland (11%), as well as Belgium (12%).

A number of countries, however, have bucked the trend, and have increased military spending since 2008. These are mostly countries who have emerged from the crisis largely unscathed, in particular Poland, Turkey and Norway. The biggest three spenders in Western & Central Europe: the UK, France and Germany, have so far made only modest cuts in military spending since 2008, by 0.6%, 4% and 1.6% respectively. The UK and Germany plan further cuts, the UK by 7.5% in real terms up to 2014/15, and Germany by about 10% to 2015. France, however, plans roughly constant real spending up to 2013.

In Eastern Europe, however, Russia has continued its long-term increase in military spending, after a slight downturn in 2010. The increase of 9.3% in real terms in 2011 took Russia to third place in the list of top global military spenders, overtaking the UK and France for the first time since the early 1990s. Further increases of around 50% in real terms are planned up to 2014, in line with plans to replace 70% of Russia's mostly Soviet-era military equipment with modern weapons by 2020. Meanwhile, Azerbaijan made the largest increase in military spending worldwide in 2011, 88% in real terms, amidst increasing fears of renewed conflict between Azerbaijan and Armenia over the disputed region of Ngorno Karabakh.

In Asia, Chinese military spending continued to increase, by 6.7% in real terms, faster than in 2010 but slower than during most of the 2000s. Total military spending for the rest of Asia & Oceania remained constant. Military spending in Latin America fell by 3.3% in real terms, with an 8.2% cut in Brazil accounting for the whole regional drop. African military spending increased by 8.6%, but this was entirely down to a massive 44% increase in the continent's largest spender, Algeria. Military spending for the rest of Africa was essentially unchanged in 2011. All three of these regions saw an extremely mixed pattern of increases and decreases, with largely equal numbers of each. Only in the Middle East, where military spending increased by 4.6% in real terms, was there a clear pattern, with the great majority of countries for whom data is available increasing military spending in 2011. However, the totals for Africa and the Middle East are both highly uncertain, due to the absence of data in 2011 for a significant number of countries, including some major spenders.

2.3.1.1 WHERE TO CUT: THE UNITED STATES

2.3.1.1.1 THE SUSTAINABLE DEFENSE TASK FORCE – CUTS THAT WOULD SAVE \$960BN OVER 10 YEARS.

This high panel bi-partisan task force was formed in response to a request from Representative Barney Frank (D-MA), working in cooperation with Representative Walter B. Jones, Representative Ron Paul and Senator Ron Wyden, to explore possible defense budget contributions to deficit reduction efforts that would not compromise the essential security of the United States.

In June 2010, it produced a highly detailed report *Debt, Deficit And Defense*. It explored how to deliver cuts to defense without compromising security and which acknowledged both the need to rein in excessive spending as well as re-shape the military role of America in the world. It assessed that the maximum amount that could be saved was approximately \$960bn 2011-2020.

This report presents a series of options which, taken together, could save up to \$960 billion between 2011 and 2020. The proposals cover the full range of Pentagon expenditures – procurement, research and development, personnel, operations and maintenance, and infrastructure. Some involve changes in our military posture and force structure; others are more limited in scope, focusing on outdated, wasteful, and ineffective systems that have long been the subject of criticism by congressional research agencies and others. Taken together or in part, they could make a significant contribution to any deficit reduction plan.

There is no doubt that defense expenditure has contributed significantly to our current fiscal burden. This is true even aside from war costs. Today, annual discretionary spending is \$583 billion above the level set in 2001. Overall, the rise in defense spending accounts for almost 65% of this increase. Non-war defense spending is responsible for 37%. These portions are much greater than any other category of discretionary spending....

We present in detail our central recommendations in Section V of this report. The recommendations fall in 6 areas:

- Strategic Forces
- Conventional Force Structure
- Procurement, research, and development
- Personnel Costs
- Reform of DoD Maintenance and Supply Systems
- Command, Support, and Infrastructure Expenditures

Debt, Deficit and Defense, Sustainable Defense Task Force, 11/06/2010

2.3.1.1.2 THE CENTER FOR AMERICAN PROGRESS

CAP develops new policy ideas, critiques the policy that stems from conservative values, challenges the media to cover the issues that truly matter, and shapes the national debate. Its founder is John Podesta, former White House chief of staff to President Clinton. He served in the president's cabinet and as a principal on the National Security Council. In 2011 CAP produced a report on 'Sensible Defense Cuts' of \$400bn 2011-2015, again, detailing how it saw where these cuts could be made.⁹²

"As the Obama administration and Congress try to agree on a deal to raise the debt limit, they should keep in mind that they can cut \$150 billion in defense spending annually and still keep our military budget at the Reagan administration's peak Cold War levels. Bringing the defense budget down to the levels instated by Presidents Eisenhower, George H.W. Bush, and Clinton would require reductions of \$250 billion to \$300 billion annually."

- Redirect DOD's planned efficiency savings to reduce the baseline defense budget (\$133 billion through 2015)
- Roll back post-September 11 efforts to grow the ground forces and reduce the number of civilian DOD personnel concomitant with the reduction in military end strength (\$39.16 billion through 2015)

⁹² <http://www.americanprogress.org/issues/budget/news/2011/07/06/10042/sensible-defense-cuts/>

- Reduce active-duty troops in Europe and Asia by one-third (\$42.5 billion through 2015)
- Cancel the V-22 Osprey program (\$9.15 billion through 2015)
- Reform military health care (\$42 billion through 2015)
- Limit procurement of the Virginia-class submarine and DDG-51 destroyer to one per year; limit procurement of the littoral combat ship to two vessels per year (\$20.04 billion through 2015)
- Cut procurement of the Navy and Marine F-35 Joint Strike Fighter variants (\$16.43 billion through 2015)
- Institute an across-the-board reduction in research, development, test, and evaluation funding (\$40 billion through 2015)
- Reform the military pay system as the Quadrennial Review of Military Compensation recommends (\$13.75 billion through 2015)
- Cancel procurement of the CVN-80 aircraft carrier and retire two existing carrier battle groups and associated air wings (\$7.74 billion)
- Cut the U.S. nuclear arsenal to 311 operationally deployed strategic nuclear weapons (\$33.72 billion)

Divert Military Spending

According to research by the Institute of Policy Studies, viable expenditure cuts to the US military budget in only three areas – ending the war in Afghanistan, reducing overseas military bases and eliminating programs that are obsolete or wasteful – would free up \$252bn.

Such measures would reflect a less aggressive approach to foreign policy by the US and other governments, as long demanded by civil society and voiced most prominently in response to the impending invasion of Iraq in 2003. Aside from the unacceptable and massive loss of life inflicted by this single conflict, its economic costs were – and continue to be – significant.

Reducing spending on nuclear weapons is another key budget area ripe for cuts. Despite near universal membership to the Non-Proliferation Treaty (NPT) since its inception in 1968, progress on nuclear disarmament remains limited. It is crucial that India, Pakistan, 10

A report by a Task Force on a Unified Security Budget for the United States has outlined reductions of over 10% of US military spending, detailing \$77bn of the “lowest hanging fruit.” The figures show that reducing wasteful military spending alone can yield significant budgetary savings. Such findings bolster the viability of a growing US-based campaign that seeks to reduce military spending by 25% on a state-by-state basis, which could free up almost \$178bn in public finance. The campaign has the support of public representatives and organisations across the country and calls for the savings to be redirected to secure urgent domestic priorities, including jobs and access to housing, healthcare, education and clean energy.

Financing the Global Sharing Economy, Share The World’s Resources, 2012

2.3.1.1.3 THE UNITED KINGDOM

The UK government’s military budget is currently running £39bn – the fourth largest item after social security, health and education. As Campaign Against the Arms Trade argues, this £39bn is twice that of the total cuts being made to the NHS; £700m p/a it spends on arms export subsidies is equivalent to 19 times the cuts being made to the UK voluntary sector. Moreover, the UK government gives arms exports subsidies to the tune of hundreds of millions of pounds every year - CAAT estimate that every person in the UK gave arms company BAE Systems £64 in 2012

Trident is set to account for 35% of the military budget⁹³ – this is one easily ‘axe-able’ item. Yet, despite disquiet from many quarters – including some in the military - it would appear the government would rather cut back on people than equipment.

In early 2013, the UK government announced it will cut 25,000 armed forces personnel as part of its savings programme. The Ministry of Defence has to lay off 54,000 staff by 2015, in an effort to reduce expenditure by £4.1bn. The Ministry of Defence is in the process of cutting 25,000 armed forces personnel and 29,000 civilian staff by 2015, in the biggest round of cuts to the military since the end of the Cold War. The reductions, set out in the Government's 2010 Strategic Defence and Security Review, are intended to helping close the £38bn "black hole" in the defence budget.⁹⁴

Meantime, Trident is expected to cost £100bn over its lifetime.⁹⁵ Philip Hammond, UK Defence Minister, has said that while cuts to defence spending were necessary, the one area that would not be affected would be equipment.⁹⁶ David Cameron has also said, if re-elected in 2015, that defence spending would protected from further cuts.⁹⁷

The Royal United Services Institute forecast that “submarine and deterrent spending” is set to account for around 35 per cent of the total core procurement budget by 2021/22.⁹³

‘Last month defence secretary Philip Hammond claimed to have balanced the budget for defence equipment over the ten years to 2022, outlining plans to spend almost £160billion on new vehicles and kit. The programme includes £35.8billion for submarines, including a replacement for the Trident nuclear system; £18.5billion on warplanes and drones; and £17.4billion for surface ships, including new aircraft carriers. Another £8 billion has been left unallocated to cover the risks of cost overruns. The programme meant that “for the first time in a generation the Armed Forces will have a sustainable equipment plan,” Mr Hammond said.’⁹³

Scientists for Global Responsibility would argue that all ‘Non-Offensive Defence’ spending should be on the table, arguing for the decommissioning of weapons systems that can be used for large-scale attack, eg nuclear weapons, aircraft carriers, long-range bombers/ missiles/ warships.

2.3.1.1.4 GREECE

As Greek society faces deeper and deeper cuts, where should *it* cut?

⁹³ *Trident spending to account for one third of defence budget within a decade*, Christopher Hope, Daily Telegraph, 27/02/2013

⁹⁴ *Defence spending cuts risk military skills, warns Whitehall watchdog*, BBC News, 09/02/2012

⁹⁵ *In The Firing Line: hidden costs of the supercarrier project and replacing Trident*, Greenpeace, 17/09/2009

⁹⁶ *Philip Hammond warns defence cuts 'risk capability'*, BBC News, 02/03/2013

⁹⁷ *No more defence cuts, says David Cameron*, Christopher Hope, Daily Telegraph, 30/01/2013

Greece's Austerity Doesn't Extend to Its Arms Budget

Greece continues to spend the most on arms in the EU as a percentage of GDP, while its people suffer economic hardship.

The fact that Greece, a relatively small and democratic country with not much in the way of global ambitions, should spend as much on its military as it does is perplexing. In 2006, as the financial crisis was looming, Greece was the third biggest arms importer after China and India. And over the past 10 years its military budget has stood at an average of 4% of GDP, more than £900 per person. If Greece is in need of structural reform, then its oversized military would seem the most logical place to start. In fact, if it had only spent the EU average of 1.7% over the last 20 years, it would have saved a total of 52% of its GDP – meaning instead of being completely bankrupt it would be among the more typical countries struggling with the recession.

...when the first bail-out package was being negotiated in 2010, Greece spent 7.1bn euros (£5.9bn) on its military, up from 6.24bn euros in 2007. A total of £1bn was spent on French and German weapons, plunging the country even further into debt in the same year that social spending was cut by 1.8bn euros. It has claimed by some that this was no coincidence, and that the EU bail-out was explicitly tied to burgeoning arms deals. In particular, there is alleged to have been concerted pressure from France to buy several stealth frigates. Meanwhile Germany sold 223 howitzers and completed a controversial deal on faulty submarines, leading to an investigation into accusations of bribes being given to Greek officials.

...Recent months have also seen continued pressure from Merkel and Sarkozy on Greece to honour its arms deals amid ongoing negotiations over the current bailout deal.

...Interestingly, Portugal – another country currently in the news for its economic woes – is Germany's second largest arms buyer after Greece.

In the current context, it is easy to blame all Greece's troubles on its problems with corruption, tax evasion and its oversized state sector. Yet one cannot help but speculate that if Greece's military spending had been reined in sooner, it would not be experiencing the dramatic crisis it is going through now. And the Greek people, instead of facing austerity measures that have reduced living standards by 30%, might have been able to take a more moderate and sustainable route to reform.

Paul Haydon, March 2012

<http://www.guardian.co.uk/commentisfree/2012/mar/21/greece-austerity-measures-military-spending>

2.3.1.1.5 NATO – AN OBSTACLE TO REDUCTIONS

Despite austerity, NATO chiefs are of the opinion that NATO members should not let recession bite into defence budgets too much. In February 2013, NATO chief Anders Fogh Rasmussen urged allies to reverse damaging defense-spending cuts once their economies improve as U.S. officials warned of the impact that across-the-board U.S. budget reductions could have on the alliance.⁹⁸

"If defense cuts continue, it will have a negative impact on our ability to provide effective defense and protection of our populations," Rasmussen told reporters at the start of a NATO defense ministers' meeting. He

⁹⁸ <http://www.reuters.com/article/2013/02/21/us-nato-spending-idUSBRE91K0YN20130221>

appealed to allies, many of which have slashed defense spending in response to the economic crisis, to stop defense cuts, use their resources more efficiently by working together, and to increase defense spending once their economies recover."

2.3.2 IMPLEMENTATION – PUBLIC SUPPORT LEADING TO PRESSURE ON LAW-MAKERS

RAISING THE PROFILE OF MILITARY EXPENDITURE VIA A WIDER PUBLIC ENGAGEMENT WITH THE ISSUE IN ORDER TO DIVERT 50% OF MILITARY SPEND CUTS TO INTERNATIONAL DEVELOPMENT & CLIMATE FINANCE. COMPLEX - BUT POSSIBLE

The debate on how to find ways to capture 'new' money to fund shortfalls in commitment to developing nations is now commonplace. This campaign would seek to draw on the processes and learning curves of campaigns such as Jubilee Debt or the Financial Transaction Tax - both of which have held close to an ambitious vision coupled with a complex demand but which have both been successful in overcoming hurdles to implementation – be that public support, political will, commercial resistance.

2.3.2.1 JUBILEE DEBT CAMPAIGN

The debt campaign harnessed the support of citizens of rich nations to lobby their own governments and of civil society in the global south. To date it has successfully seen the cancellation of 32 countries' debt totaling \$110 - money redirected to support public services. The method of applying debt cancellation through the Highly Indebted Poor Country process, while delivering for some countries, has proven to be too slow and has not worked for the many other nations who have a right to the cancellation of odious debt. The debt campaign continues to apply pressure to see the remaining debt cancelled.

2.3.2.2 THE FINANCIAL TRANSACTION TAX

Also known as the Robin Hood Tax, the FTT campaign is led by Stamp Out Poverty. The FTT is a small tax (between 0.5% and 0.005%) on transactions involving shares, bonds, derivatives and foreign exchange.⁹⁹

FTTs would raise substantial amounts of new revenue. £20 billion could be raised in the UK alone and as much as £250 billion every year if they were implemented globally.

⁹⁹ The FTT would apply to large-value foreign exchange transactions (the wholesale market), not retail transactions – and so would not apply to people changing money to go on holiday or sending funds to relatives abroad.

The Financial Transaction Tax

In the two years following the financial crisis advanced G-20 economies spent the equivalent of 6.2% of world GDP – \$1,967 billion – on bank bailouts. This has left a massive hole in our public finances, hitting jobs and public services. The effect has been particularly devastating in developing countries. The crisis has left a \$65 billion gap in poor country budgets, foreign aid fell by nearly 3% in 2011 (the first drop in 14 years) and the World Bank estimates that globally an additional 64 million people have been forced to live on less than £1 a day...

Applying the FTT internationally, covering shares, bonds, derivatives and the wholesale market in foreign exchange, would raise as much as £250 billion a year in new revenue. To ensure that it lives up to its name of a Robin Hood Tax, the money must be allocated to domestic and international social priorities. We are calling for the money to be spent in the following ways:

- 50% to be used to protect the most vulnerable at home and save jobs and public services;
- 25% to be used to help those in developing countries hit hardest by the financial crisis;
- 25% to be used to fight climate change at home and aboard.

In the present economic climate, ensuring that a fair proportion of FTT revenue is spent on international commitments is indeed a challenge and far from assured. Thankfully supporting governments have responded favourably to our asks. France and Germany have both reiterated that at least part of the revenue could be spent in this way:

German Chancellor Angela Merkel stated, “one could discuss the use of part of the revenues from the Financial Transaction Tax for development and climate adjustment”*.

Stamp Out Poverty

<http://www.stampoutpoverty.org/faqs/>

* Statement by Chancellor Merkel to the Development Committee of the Bundestag in November 2011.

2.3.2.3 THE NEXT STAGE OF CAMPAIGN RESEARCH

2.3.2.3.1 FEASIBILITY: DEMANDS, HURDLES/OPPOSITION, IMPLEMENTATION; COALITION BUILDING; PUBLIC SUPPORT

It will include discussions with:

- Policy and Campaigning: to meet with those already familiar with how a formula such as the one proposed here might work
- Parliamentarians (UK, USA, EU)
- Legal: lawyers, advisors
- UN – relevant department officials
- Faith groups
- Peace Movement Funders: Policy and Campaigning

Having completed this first stage of development, these are some of the key areas of next stage research that will be undertaken in order to inform and shape this proposal further.

2.3.2.3.2 MILITARY SPENDING INITIATIVES OF RELEVANCE

There have been some government led military spending campaigns which have sought to raise awareness on military spending with a view to redirecting a portion of it, in specific ways:

- US Congressman Kucinic's bill to re-direct 1% of USA Defence Department spending to create a US Department for Peace
- The German government's allocation of 1% excess military spending as a result of Kosovo, to NGO peace groups for international disbursement
- Holland and Sweden have both previously attempted the promotion of peace taxes
- Gordon Brown: suggested an Arms Tax as part of his plan to identify new development financing for MDGs (2001)
- US Congressman Barney Frank's current '25% Solution'

And what it looks like in reverse

- Precedent in USA: US 'Military Qualitative Edge for Israel

Writing in the Washington Post, Pulitzer Prize-winning reporter and columnist Walter Pincus says "it is time to examine the funding the United States provides to Israel." Aid to Israel is virtually the only program, domestic or foreign, that is exempt from every budget cutting proposal pending in Congress. No matter that our own military is facing major cuts along with Medicare, cancer research and hundreds of other programs, Israel's friends in Congress in both parties make sure that aid to Israel is protected at current levels. Pincus describes just how absurd the Israel exemption is and that the aid to Israel package even includes an escalator clause, enshrined in law, to ensure that it can only go up, not down.

Look for a minute at the bizarre formula that has become an element of U.S.-Israel military aid, the so-called qualitative military edge (QME). Enshrined in congressional legislation, it requires certification that any proposed arms sale to any other country in the Middle East "will not adversely affect Israel's qualitative military edge over military threats to Israel."

In 2009 meetings with defense officials in Israel, Undersecretary of State Ellen Tauscher "reiterated the United States' strong commitment" to the formula and "expressed appreciation" for Israel's willingness to work with newly created "QME working groups," according to a cable of her meetings that was released by WikiLeaks.

The formula has an obvious problem. Because some neighboring countries, such as Saudi Arabia and Egypt, are U.S. allies but also considered threats by Israel, arms provided to them automatically mean that better weapons must go to Israel. The result is a U.S.-generated arms race.

For example, the threat to both countries from Iran led the Saudis in 2010 to begin negotiations to purchase advanced F-15 fighters. In turn, Israel -- using \$2.75 billion in American military assistance -- has been allowed to buy 20 of the new F-35 fifth-generation stealth fighters being developed by the United States and eight other nations.

Something is terribly wrong here, most notably the fact that members of Congress from both parties are afraid to talk about it. After all, what would their constituents (not their donors) think about increasing foreign aid to Israel while we are cutting aid to education and health programs here?

Washington Post Columnist: Cut Aid to Israel, M J Rosenberg, The Huffington Post, 18/10/2011

2.3.3 RE-DIRECTING 50%: NEW PRIORITIES AND WHERE FUNDS COULD GO

Immediate and urgent poverty reduction;

Sustainable development ~ funding civil society efforts on economic justice and climate finance;

Peace-keeping/conflict prevention and human rights

2.3.3.1 IMMEDIATE AND ESSENTIAL NEEDS: MDGS

A portion of funds to be redirected from cuts to military spending to support the very many basic human rights outlined in the MDGs, led by UNDP, and which is now shaping the post MDGs/SDGs agenda.

2.3.3.1.1 NEW FUNDS FOR GLOBAL HEALTH

The 5% formula would deliver an estimated \$300 billion for international development in the first decade - that is \$30 billion a year on average. WHO's current biennium 2012-2013 budget is \$3.9 billion (roughly \$2 billion per year). It is proposed that from this redirected \$30 billion, \$1 billion - \$2 billion of this could fund the WHO and enable it to remove its reliance on *privates interests and others*⁷⁴.

This 'new' sustainable stream of public funding for WHO could ensure that it can again focus on its core missions and managing global health projects with the full involvement of the countries concerned both in both formulation and implementation level levels.

2.3.3.2 SUSTAINABLE DEVELOPMENT - REFLECTING CLIMATE & ECONOMIC JUSTICE

Global civil society holds governments, international institutions (eg IMF, World Bank, WTO) and multi-national corporations to account – and it does so on meager resources. This proposal argues that a mechanism be created whereby a portion of funds redirected from cuts to military spending be allocated to **support the work of those around the world campaigning for economic, environmental and human rights-based progress**. This embraces the struggle to protect rights over natural resources (land, water, minerals).

2.3.3.3 CLIMATE FINANCE

If the current concerns (as of May 2013) about lack of transparency and civil society participation can find a way to be addressed, then the new Green Climate Fund could be a significant funding route for climate resources pledged by developed countries for poorer nations. It has set a target of \$100bn each year by 2020 to help them cut greenhouse gas emissions and adapt to the effects of global warming and is one possible route through which to direct a portion of the funds redirected from military spending into climate change related financing.

The Green Climate Fund will contribute to the achievement of the ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC). In the context of sustainable development, the Fund will promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change. The Fund will be guided by the principles and provisions of the Convention.

The Fund will provide simplified and improved access to funding, including direct access, basing its activities on a country-driven approach and will encourage the involvement of relevant stakeholders, including vulnerable groups and addressing gender aspects.

The Green Climate Fund was designated as an operating entity of the financial mechanism of the UNFCCC, in accordance with Article 11 of the Convention. Arrangements will be concluded between the Conference of the Parties (COP) and the Fund to ensure that it is accountable to and functions under the guidance of the COP.

<http://gcfund.net/about-the-fund/mandate-and-governance.html>

2.3.3.4 Peacebuilding, Peacekeeping, Post Conflict Clean Up – Uranium, Landmines

United Nations Peace-building Fund

The PBF is a Multi-Donor Trust Fund (MDTF) of the Secretary-General (SG), designed as a rapid and flexible mechanism for addressing critical peacebuilding gaps in the immediate needs of countries emerging from, or at risk of relapsing into, violent conflict. The Fund focuses on interventions that demonstrate direct and immediate relevance to peacebuilding, and that have a catalyzing impact including on the sustained support and engagement of other key stakeholders.

Funding for the United Nations and its agencies comes from two sources: assessed and voluntary contributions. Assessed contributions are payments made as part of the obligations that nations undertake when signing treaties. At the UN, assessments on member states provide a reliable source of funding to core UN functions through the UN regular and peacekeeping budgets, based on each country's ability to pay. Voluntary contributions are left to the discretion of each individual member state. These contributions, which make up nearly half of all UN funding, finance most of the world body's humanitarian relief and development agencies, including the UN Children's Fund (UNICEF), the World Food Program (WFP), the UN Development Program (UNDP), and the UN Refugee Agency (UNHCR). Redirecting funds from military spending to peacekeeping; peacebuilding; depleted uranium clean-up; ongoing removal of landmines is suggested in this proposal as all these activities are grossly underfunded.

2.3.4 FUNDING THE GLOBAL GREEN ECONOMY

THIS PROPOSAL SUGGESTS REDIRECTING 50% OF THE SAVING THAT ACCRUE FROM REDUCTIONS TO MILITARY SPENDING TO SUPPORTING EACH NATION'S OWN DOMESTIC GREEN ECONOMY.

As with the diversion of 50% of military spend savings being redirected to urgent global needs, the majority of citizens of countries that comprise the largest military spenders may also need convincing of the need to divert

the remaining 50% of excessive military spending towards growing their own green economy. **But this is the challenge to take on.**

Below are examples of thinking on how military spending could (and should) be redirected towards much greater and pressing needs that face society as a result of the global recession as well as climate change.

2.3.4.1 IN THE UK

New opportunities

UK governments have chosen to allocate taxpayers' money to support arms exports and production. Ending the support for military exports and the spending on prestige procurement projects would free up resources to help other sectors that might be more efficient and innovative and be likely to grow rather than decline. It is not within CAAT's competence to explore these in detail.

An obvious example, however, is the response to climate change. A key factor in addressing the threat is the rapid expansion of renewable energy research and development and production, and this requires public investment and skilled engineers. In 2008 UK government-funded research and development (R&D) for renewables was around £66 million, compared to over £2,500 million for arms. Arms industry workers have skills that are needed to meet these new challenges. BAE likes to portray itself as a major provider of high-tech jobs, but these jobs are dependent on R&D funding from the tax-payer; if the money changed sector it is likely the jobs would follow. Resources could be targeted at those locations which might be disproportionately affected during the changes, as clearly these areas would have workers with good skills to undertake alternative engineering projects.

This was acknowledged by Dr Sandy Wilson, President and Managing Director, General Dynamics UK, and VP-Defence, ADS Group Ltd, when he gave evidence to the Defence Committee on 8th September 2010: "A point that I have made to this Committee previously is that the skills that might be divested of a reducing defence industry do not just sit there waiting to come back. They will be mopped up by other industries that need such skills. We are talking about high-level systems engineering skills, which are often described as hen's teeth. It is an area in which the country generally needs to invest more. You can think of the upsurge in nuclear and alternative energy as being two areas that would mop up those people almost immediately. Then the question would be not of choice, but of them just not being there."

Resources should be transferred from supporting the arms companies to addressing what is widely acknowledged as the biggest threat to human security. Before the products are available to export, they must be developed. A rapid expansion of renewable energy R&D and production is necessary, and this requires public investment that will, in turn, draw in skilled engineers.

Tackling climate change rather than producing arms would win almost universal support and leave the UK and the world a more secure place for future generations. At the same time significant economic benefits will accrue from scaling down a stagnant industry dependent on Government support, and ramping up new sectors where demand is increasing rapidly.

The Campaign Against Arms Trade (CAAT), September 2010

There has been much work done on how economies can shift resources and employees from the defence industries into more socially beneficial sectors. The Bonn International Centre for Conversion is one such longstanding resource on this.

The UK could benefit from more open discussion about the benefits that could accrue to the society if we were to convert or transfer jobs from defence to other sectors. Dr Stephen Scholfield's 'Oceans of Work: Arms Conversion Revisited' for BASIC in 2007, referenced earlier; or his report for CAAT, 'Making Arms, Wasting Skills', in 2008 explains why and how such an approach could work.

And in its submission to the Business, Innovation and Skills Committee inquiry into Government assistance to industry (Sept 2010), the Campaign Against Arms Trade reported that UK government-funded research and development (R&D) for renewables was around £66 million, compared to over £2,500 million for arms.

2.3.4.2 IN THE USA

From a Cold War peak in 1989 to the low point of 1997, the U.S. government cut military spending by one-third, and weapons procurement by two-thirds. More than two-and-a-half million defense workers lost their jobs. Forecasts of economic disaster that would result from this economic shock proved wrong. But a policy sufficiently robust to turn these savings into a productive peace dividend, and solidify them with new designs for cooperative security, fell short of what was needed....

The [Obama] administration is, however, trying to revive some programs that had been languishing since the post-cold war period, and adapt them to this new mission. In 1992 Congress appropriated funds—totaling less than \$100 million—to government programs that would “allow defense industries to convert to civilian activities.” Part of this money was devoted to expanding a network of Manufacturing Extension Centers. The new centers would refocus their mission to give special attention to the problems of small- and medium-sized businesses needing to adapt their technology to new civilian work. The Bush administration cut funding for the Centers; the Obama administration used Recovery Act money to restore funding and to redirect the network toward the green-economy-building mission. In February of this year a large coalition of manufacturing associations, including the National Association of Manufacturers, the Business Council for Sustainable Energy, and the National Electrical Manufacturers Association, wrote to the Senate majority leader about the need to “provide significant stimulus to the manufacturing sector for investments in energy efficiency and tooling for the production of energy-efficient and clean energy products.” They focused on two key recommendations: \$4 billion for energy-efficient manufacturing grant program and an additional \$50 million for the Manufacturing Extension Partnership (MEP) Program....

We wasted the peace dividend opportunity. But we are fortunate to have a second chance. The current leadership recognizes the importance of green jobs. It has already devoted some funds in the initial stimulus package to encouraging green technology. It has embraced nuclear abolition and promised to wind up the wars in Iraq and Afghanistan. And it acknowledges the climate crisis and the role the United States must play to address global warming. To date, however, the Obama administration has not integrated these insights into a green dividend: a major shift of resources from the military budget to sustainable energy. It is not too late to make this shift.

The trick of the green dividend is to ensure that new manufacturing jobs are created to replace the defense sector employment. These new jobs are necessary to ensure support of unions, industry, and the politicians who will refuse to cut even the smallest fraction of the U.S. military budget as long as it generates employment. The green dividend is perhaps our last shot at transforming the U.S. economy. We have been given a second chance. If we blow it this time, there will not likely be another.

The Green Dividend, John Feffer and Miriam Pemberton, Institute for Policy Studies, 2010

The Green Dividend was published in 2010 by Miriam Pemberton, a Research Fellow at the Institute for Policy Studies and Peace and Security Editor of Foreign Policy In Focus project. She leads the team that produces the annual “Unified Security Budget for the United States.” John Feffer is co-director of Foreign Policy In Focus at the Institute for Policy Studies. The previous box is a summary of efforts under Clinton to cut military spending while funding programmes to help redirect defence jobs into civilian areas; why it lapsed and why this effort needs to be revived now, with a focus on renewables.

On the other hand, the Pentagon – often fighting wars concerned with oil supplies and itself being a major user of oil, is now looking to go green. Perhaps this is the ultimate endorsement of the argument for action on climate change – coming from some who, strangely enough, think it will make the US military ‘better fighters’.

“The stakes could not be higher,” said Navy Secretary Ray Mabus. “Energy reform will make us better fighters. In the end, it is a matter of energy independence and it is a matter of national security. Our dependence on foreign sources of petroleum makes us vulnerable in too many ways. The stakes are clear and the stakes are high. Our response has to be equal to that challenge.”

Overall, the Department of Defense has set a goal of producing or procuring 25 percent of its electric energy needs from renewable sources by 2025. Some specific initiatives by the armed services featured in the report include:¹⁰⁰

- The U.S. Navy is developing a “green” carrier strike group to run completely on alternative fuels by 2016. (On April 22, the U.S. Navy will demonstrate the ‘Green Hornet’, an F/A-18 Super Hornet powered by a 50/50 biofuel blend at Naval Air Station Patuxent River, Maryland);
- The U.S. Army is developing a 500-megawatt solar power generation plant in Fort Irwin, California that will help power the base and reduce the base’s vulnerability to power supply disruptions. Named a ‘Net-Zero Plus installation’, the Army hopes to free the base entirely from reliance on the public electric grid within the next decade;
- The U.S. Air Force has a goal of meeting 25 percent of base energy needs with renewable energy sources by 2025; and
- The U.S. Marine Corps has launched the 10X10 campaign aimed at reducing energy intensity, water consumption and increasing the use of renewable electric energy.

With an annual energy budget of approximately \$20 billion, the Defense Department incurs more than \$1.3 billion in additional energy costs for every \$10 increase per barrel rise in the world market price of oil. In addition to vulnerability to price fluctuations, the department’s reliance on fossil fuels also compromises combat effectiveness by restricting mobility, flexibility and endurance on the battlefield.

2.3.5 INFLUENCING PUBLIC OPINION

2.3.5.1 PUBLIC OPINION IN THE USA - MAJORITY FAVOUR DEFENCE CUTS

Is it counter-intuitive to think that such a campaign could lead with USA public opinion on defence cuts?

In one survey in 2012,¹⁰¹ a representative sample of Americans was given information about the defense budget and arguments for and against reductions. Overall, 76 percent called for reducing defense spending: 67 percent of Republicans, 68 percent of independents, and 90 percent of Democrats. As the survey found:

¹⁰⁰ http://www.pewtrusts.org/news_room_detail.aspx?id=58538

The average proposed level of spending was \$435 billion—\$127 billion below 2012 levels, representing a 23% cut. Among Republicans, the average proposed level was down \$83 billion (a 15% cut); among Democrats, it was down \$155 billion (a 28% cut); and among independents it was down \$147 billion (a 26% cut)... A majority reduced defense spending by at least \$63 billion, or 11%—thus down to \$499 billion—with many in this majority reducing it by more.¹⁰²

2.3.5.1.1 CBS POLL 2012: CUT MILITARY SPEND AND TAX THE RICH

In a recent *CBS/New York Times* poll, the public overwhelmingly favored cutting military spending (52 percent) over cutting Social Security (13 percent) or Medicare (15 percent). And when it comes to taxing the rich, the public says bring it on! By a lopsided 67-29 margin, the public thought taxes on households earning \$1 million or more a year should be increased to help deal with the budget deficit.¹⁰³

2.3.5.1.2 HOWEVER, WE HAVE FURTHER TO GO IN THE UK

It seems the UK public don't yet see military spending as an issue to be concerned with ie as necessary to cut.

YOU GOV POLL 2012

In the UK spent £39.4bn on defence, making it the world's fourth highest military spender after the US, China, and Russia. Here in YouGov's Politics Lab, we wanted to hear your views on whether you believe the UK government is spending too much, too little, or the right amount on defence.

The highest proportion of those who took part in the debate said that too little was being spent on defence.

- Participants who held this view said that a well-funded military was necessary to maintain Britain's status in the world, as well as to defend its homeland and territories.

A smaller proportion of you told us that the UK spends too much on defence.

- Those who were of this view said the government was spending on the military for the wrong reasons, and that the money would be better spent on public services, such as the NHS.

A very small proportion of participants said that the UK was spending the right amount on defence.

- This group said that the budget was about right for the military's necessities and commitments around the world, but questioned whether the MoD was making the best spending choices.

¹⁰¹ *Consulting the American People on National Defense Spending*, the Program for Public Consultation, 10/05/2012

¹⁰² *Top Twelve Defense Sequestration Scare Tactics*, Micah Zenko, Micah Zenko, 23/08/2012

¹⁰³ <http://www.americanprogress.org/issues/public-opinion/news/2012/02/27/11047/public-opinion-snapshot-cut-military-spending-tax-the-rich/>

2.3.5.1.3 AND THIS IS ECHOED ACROSS THE EU

In September 2011, Transatlantic Trends undertook a 'A comprehensive annual survey of American and European public opinion', with polling conducted in America, Turkey and the 12 countries that make up the European Union. Asked about cuts to the military, there was clear lack of desire on the part of EU participants. In the UK, only 18 per cent approved of cuts to defence spending - the lowest of them all.

There was only one country - the Netherlands - where more people wanted cuts to defence spending to outstrip cuts across government. And across the EU, 17 per cent were in favour of an increase, 46 per cent wanted spending to stay the same, and 34 per cent wanted cuts.¹⁰⁴

PUBLIC LESS LIKELY TO CUT DEFENSE SPENDING THAN SPENDING IN GENERAL

When asked whether their government should increase spending, maintain current levels, or reduce spending, most respondents chose either to maintain or reduce spending in general. In fact, in 9 of the 14 countries surveyed, a plurality of respondents wanted to reduce government spending.

However, when asked about defense spending in particular, in 10 of the 14 countries, a plurality wanted to maintain current levels of military outlays (see chart 23). On average, 50% of those in the EU countries surveyed wanted to decrease government spending, 29% wanted to keep current levels, and 16% wanted to increase spending.

But when asked about defense spending, 34% wanted to decrease spending, 46% wanted to keep current levels, and 17% wanted to increase (see chart 24).

A fairly similar pattern was true in the United States. Sixty one percent of Americans wanted to decrease government spending, 19% wanted to maintain current levels, and 17% wanted to increase spending. But when it came to defense spending, only 34% wanted to decrease, 45% wanted to maintain levels, and 19% wanted to increase defense spending.

2.3.6 THE UNITED NATIONS – 10% OPTION RESOLUTION 3093

2.3.6.1 10% OPTION¹⁰⁵

In 1973, the UN General Assembly adopted the Resolution 3093. It was a breakthrough as the first time resources spent on military and those needed for development were openly put in interconnection. It acknowledged that reduction in military spending would not only help to limit the arms race, at the same time it would make it possible to use the substantial resources for development.

It recommended that states that are permanent members of the UN Security Council (USA, Russia, UK, France, and China) should

- reduce their military budgets by 10% and use the money to help developing countries.
- It encouraged other developed countries to reduce their military budgets.

¹⁰⁴ Transatlantic Trends 2011, http://www.gmfus.org/publications_/TT/TT2011_final_web.pdf

¹⁰⁵ *The Elephant in the Room - Military Spending and Development Aid*, Pax Christi, 2009, <http://www.paxchristi.net/international/foci/DS/elephant.pdf>

- It went as far as to establish the Special Committee on the Distribution of the Funds released as a Result of the Reduction of Military Budgets.

In the following years, this resolution has been followed by a sequel of similar resolutions, though none of them has repeated the 10% option. The last resolution on 'relationship between disarmament and development' adopted last year only 'Urges the international community to devote part of the resources made available by the implementation of disarmament and arms limitation agreement to economic and social development.

This resolution was adopted without a vote. The resolution from 2007 has been adopted by 179 countries, only USA was against, France and Israel abstained. More than thirty years have passed since 1973, twenty-five resolutions urging developed countries to reduce their military budgets have been adopted, yet almost nothing has been done.

3 CONCLUSION

'Change usually happens very slowly, even once all the serious people have decided there's a problem. That's because, in a country as big as the United States, public opinion moves in slow currents. Since change by definition requires going up against powerful established interests, it can take decades for those currents to erode the foundations of our special-interest fortresses.'

Bill McKibben, founder of 350.org

This observation holds true for any and all campaigns that take on vested interests, now more globally entrenched and influential than ever. Despite the mixed messages that come to us through polling (USA public more in favour of military spend cuts than EU publics) we simply cannot allow the global rate of military spending to grow and grow – we must challenge the vested interests that impact on so many of the big issues already in the spotlight and which contribute to so much human pain and misery, so many wasted tax pounds, dollars, euros to name but three. **The 5% Formula** is designed as a pragmatic, realisable and proportionate one; a mechanism to act as a military spend dampener – even, possibly, over time, a means to reduce arms spending tensions.

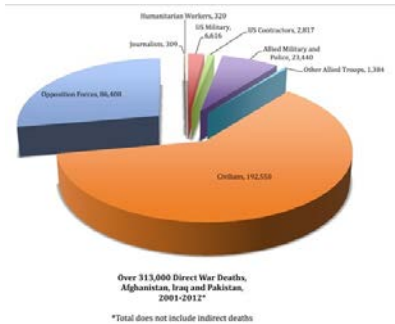
There will be allies in this – in some governments, even in some parts of various militaries.

"Naturally the common people don't want war. But after all, it is the leaders of a country who determine the policy, and it's always a simple matter to drag people along whether it is a democracy or a fascist dictatorship, or a parliament, or a communist dictatorship. Voice or no voice, the people can always be brought to the bidding of the leaders. This is easy. All you have to do is tell them they are being attacked, and denounce the pacifists for lack of patriotism and for exposing the country to danger. It works the same in every country."

Hermann Goering at the Nuremberg Trials after World War II

4 APPENDIX

4.1 THE REAL COSTS OF WAR



The Dead (10/2001 – 09/2012)	
6,616	U.S. Military
2,871	U.S. contractors
10,125	Iraqi security forces
8,665	Afghan security forces
4,650	Pakistani security forces
1,384	Other allied troops
17,400	Afghan civilians
132,000	Iraqi civilians
43,149	Pakistani civilians
86,400	Opposition forces
309	Journalists
320	Humanitarian workers
Total:	313,889 lives lost

The Wounded (2001 - 2011)	
99,065	U.S. soldiers
51,031	U.S. contractors
29,766	Iraq security forces
26,268	Afghan security forces
12,332	Other allied troops
17,544	Afghan civilians
109,558	Iraqi civilians
19,819	Pakistani civilians
Total:	365,383 wounded

The Displaced (2001 - 2011)	
3,315,000	Afghan civilians
3,500,000	Iraqi civilians
1,000,000	Pakistani civilians
Total:	7,815,000 refugees and internally displaced people

Source: Costsofwar.org

4.2 TOP DEFENSE CONTRACTORS - U.S. PRETAX PROFITS & FEDERAL INCOME TAXES

Top US defense contractors, 2001-2003 and 2008-10
U.S. pretax profits & federal income taxes

The federal corporate income tax rate is 35%, but according to two separate studies

	2001-2003			2008-2010		
	Total Profits	Total Tax	Effective Tax Rate	Total Profits	Total Tax	Effective Tax Rate
Aerospace & Defense Industry	\$17.7 billion	\$285 million	1.6%	\$71.6 billion	\$12.2 billion	17%
Boeing	\$5.7 billion	-\$1.1 billion	-18.8%	\$9.7 billion	-\$178 million	-1.8%

Boeing paid less than nothing in aggregate federal income taxes over the entire 2008-10 period. Its effective tax rate was **-1.8% on \$9.7 billion in profit**. That cost the government more than \$3 billion in tax revenue, had Boeing been taxed at the 35 percent rate.

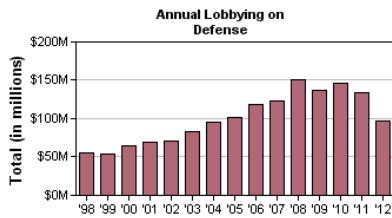
Rank	Company	Three-Year Totals			2010			2009			2008		
		Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
1	Lockheed Martin	\$ 12,562	\$ 2,541	20.2%	\$ 3,794	\$ 589	15.5%	\$ 4,246	\$ 650	15.3%	\$ 4,522	\$ 1,302	28.8%
2	Boeing	9,735	-178	-1.8%	4,450	-3	-0.1%	1,494	-136	-9.1%	3,791	-39	-1.0%
3	Northrop Grumman	7,126	1,695	23.8%	2,548	482	18.9%	2,140	525	24.5%	2,438	688	28.2%
4	General Dynamics	9,147	2,472	27.0%	3,146	936	29.8%	2,927	715	24.4%	3,074	821	26.7%
5	Raytheon	7,865	1,080	13.7%	2,699	205	7.6%	2,806	669	23.8%	2,360	206	8.7%
6	L-3 Communications	3,596	833	23.2%	1,206	296	24.6%	1,153	301	26.1%	1,227	236	19.2%
7	United Technologies	7,935	791	10.0%	2,543	44	1.7%	2,539	198	7.8%	2,854	550	19.3%
8	SAC	2,217	636	28.7%	826	250	30.3%	733	236	32.2%	658	150	22.7%
9	ITT	2,044	428	21.0%	720	147	20.4%	663	127	19.1%	661	155	23.4%
10	Honeywell International	4,903	-34	-0.7%	1,243	-482	-38.7%	1,723	-28	-1.6%	1,937	476	24.6%
TOTALS		\$ 67,121	\$ 10,285	15.3%	\$ 23,176	\$ 2,465	10.6%	\$ 20,423	\$ 3,256	15.9%	\$ 23,522	\$ 4,544	19.3%

Not only was the **2008-10 effective tax rate on the top ten defense contractors less than half of the 35 percent official corporate tax rate**, but the effective rate fell steadily from 2008 to 2010, from an already paltry **19.3 percent in 2008 to a tiny 10.6% by 2010**.

Source: the Citizens for Tax Justice and the Institute on Taxation and Economic Policy

4.3 LOBBYING AND FEDERAL CONTRACTS

The Best Influence Money Can Buy

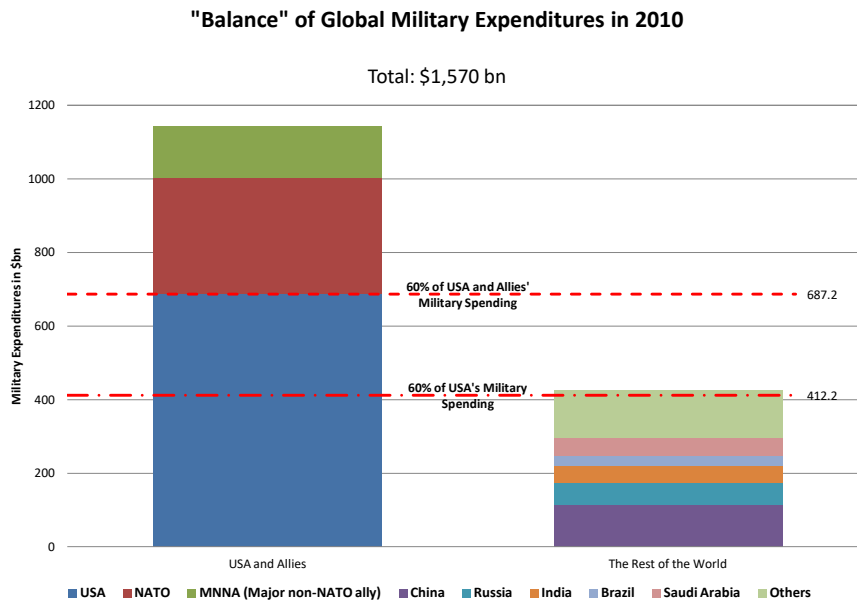


Top 5 Clients of the Lobbyists (2011)		
Company	Lobbying	Federal Contracts
Boeing Co	\$15.9 million	\$22.1 billion
Lockheed Martin	\$15.1 million	\$41.5 billion
United Technologies	\$14.2 million	\$8 billion
Northrop Grumman	\$12.8 million	\$14.4 billion
General Dynamics	\$11.4 million	\$19.7 billion

- In 2011 alone, the defense industry spent \$134 million on lobbying.
- The industry employs nearly 1,000 lobbyists, nearly two for every member of Congress.
- The industry contributed \$24.4 million to political candidates in the 2011/2012 election cycle alone.

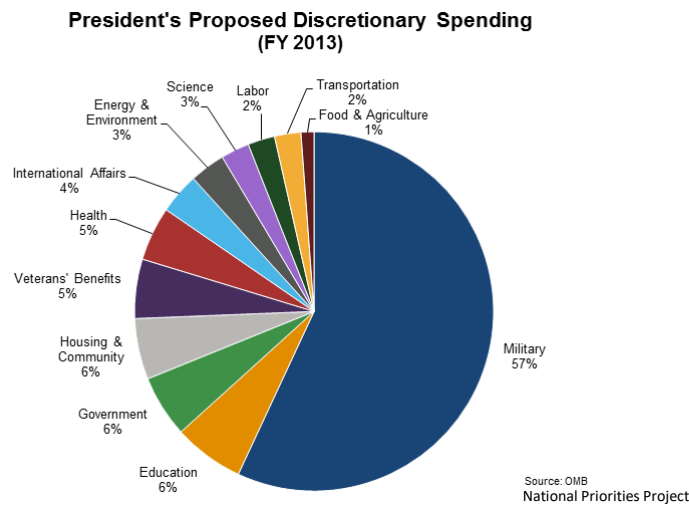
Source: fedspending.org, opensecrets.org

4.4 "BALANCE" OF GLOBAL MILITARY EXPENDITURES IN 2010



Source: SIPRI

4.5 USA PRESIDENT'S PROPOSED DISCRETIONARY SPENDING (FY 2013)



It's impossible to talk about the budget deficit without talking about the military budget. It has the largest share of discretionary spending.

Discretionary spending refers to the portion of the budget which goes through the annual appropriations process each year. In other words, Congress directly sets the level of spending on programs which are discretionary.

4.6 DEPARTMENT OF EVERYTHING

Report: 'Department of Everything'

A report commissioned by Senator Tom Coburn identified **\$67.9 billion in the Pentagon's budget designated for projects that have little to do with defending the nation.**

The 5 areas of the "non-defense" defense spending:

- Non-Military Research and Development (\$6 billion)
- Education (\$15.2 billion)
- Alternative Energy (\$700 million)
- Grocery Stores (\$9 billion)
- Overhead, Support and Supply Services (\$37 billion)

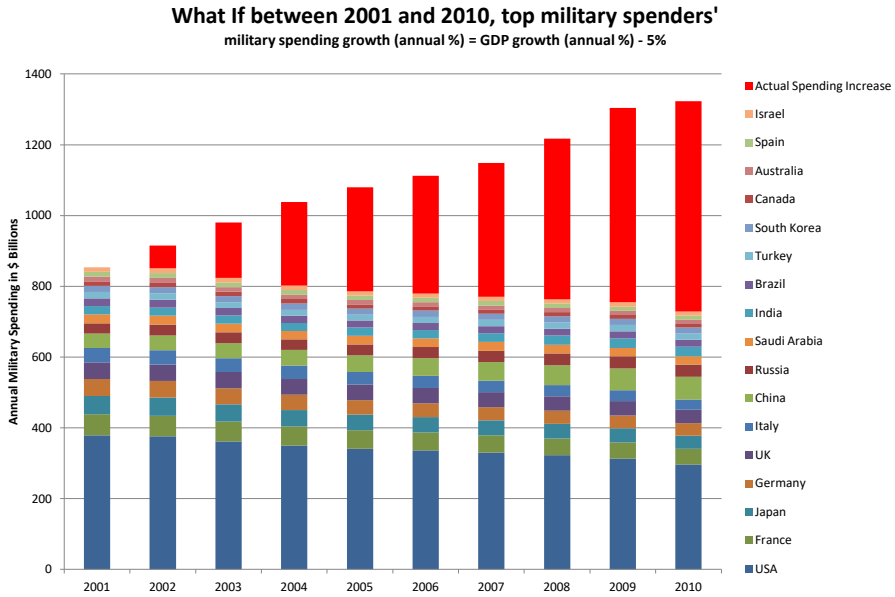
"Spending more on grocery stores than guns doesn't make any sense. And using defense dollars to run microbreweries, study Twitter slang, create beef jerky, or examine 'Star Trek' does nothing to defend our nation."

--- Senator Tom Coburn

Specifically, the report found:

- Pentagon-branded beef jerky;
- A smart phone app to alert users when to take a coffee break ;
- A bomb detector less effective than "a coin flip";
- Research examining the social interaction between robots and babies;
- A reality cooking show called Grill it Safe featuring two "Grill Sergeants" who performed a 46-minute cooking video;
- A workshop asking "Did Jesus die for Klingons too?";
- Pentagon-run microbreweries;
- Research determining the color of the wings of the Archaeopteryx, a bird that lived 150 million years ago;
- More flag officers per troop than at the height of the Cold War;
- DOD overhead expenses greater than Israel's GDP.

4.7 WHAT IF TOP MILITARY SPENDERS HAD ADOPTED 'THE 5% THRESHOLD RULE' RETROSPECTIVELY (2001-2010)



(Actual spending increase) = (Actual military spending in a given year) – (the hypothetical level of spending if the '5% threshold' rule is obeyed)

Data Sources: World Bank, SIPRI

4.8 THE (IN)SECURITY PARADOX

by Stephen M. Walt, *Foreign Policy*, February 11, 2013

Most American global activism -- particularly of the military sort -- is justified by the claim that the security of the American homeland and the safety of U.S. citizens ultimately depends on controlling, shaping, influencing, deterring, compelling, dominating, destroying or in some way interfering with people in lots of far-away places. Yet the simple fact that we can do all those things in almost any corner of the world tells you two things that belie this justification.

Specifically: 1) the United States still has military capabilities that dwarf everyone else's, and 2) we are so secure here at home that we don't have to spend much time or effort worrying about defending our own soil. Even if another terrorist group got as lucky as al Qaeda did back on 9/11, it wouldn't threaten our independence, long-term prosperity, or way of life unless we responded to such an attack in especially foolish ways (see under: Operation Iraqi Freedom).

Call this the (In)Security Paradox: The main reason Americans are able to gallivant all over the world and expend lots of ink and bytes and pixels debating whether to get involved in Syria, Mali, Sudan, the Democratic Republic of the Congo, the South China Sea, etc., etc., is because the United States is actually very secure. What happens in most of these places isn't going to affect the safety or prosperity of the vast majority of Americans at all; U.S. citizens are much more likely to be harmed in an automobile accident, in a big storm, or in a household accident, than as a result of something happening in some distant land. We say we need to do these things to be secure; in reality, we are so secure that we have the luxury of intervening in wars of choice that ultimately don't matter very much. Which is one reason why we do.

This paradox got me thinking: what would happen if the United States were really insecure? What if we faced a malevolent peer competitor that was larger, more populous, more advanced, more productive, and more powerful than we were? What if our immediate neighbors were both hostile and military capable? What if all of the world's major powers were united in an alliance against us? What would our foreign and defense policy look like then? Here are a few thoughts.

#1: If the United States were really insecure, it would spend a lot more on defense and raise taxes to pay for it. If the US were really threatened, most Americans would accept diminished living standards and higher taxes in order to afford a more robust defense. You know, like we did in World War II. But because we are in reality very secure today, we don't spend that much on defense and we think we can still run the world on the cheap.

#2: If the United States were really insecure, you wouldn't see irresponsible and grandstanding senators acting like buffoons at confirmation hearings. If they did, they'd be rightly condemned as unpatriotic know-nothings who were placing the country at risk by pandering to powerful interest groups. More broadly, a real external threat would focus the national mind and encourage a more responsible bipartisan debate on critical national security questions, instead of the monkey show we often observe these days.

#3: If the United States were really insecure, it would have to make its defense dollars stretch as far as they could. For starters, we'd have a more rational military basing structure, instead of wasting resources just to keep pork-hungry members of Congress happy.

#4: If the United States were really insecure, it wouldn't wage wars of choice at the drop of a hat. Instead, it would conserve its strength, keep its powder dry, and focus primarily on the biggest or most dangerous challenges. Translation: There'd be a lot less for liberal interventionists to talk about.

#5: If the United States were really insecure, it would be lot more careful in how it chose its allies and would be wary of giving any of them unconditional support. If the United States were really threatened, we'd want capable allies who didn't free-ride on our benevolence or take actions that got us into trouble with other important nations. And we wouldn't be all that picky about whether they were democratic or not. The main question would be whether being allied with them made us safer overall. Remember: Washington was allied with Stalinist Russia during World War II and with plenty of unsavory regimes throughout the long Cold War. When you face real threats, you can't afford to be either too picky or too generous.

#6: If the United were really insecure, we would hold military commanders and foreign policy advisors accountable for their failings and follies. Instead of firing people for sexual misconduct and other peccadillos (however regrettable they might be), we would mostly hold them accountable for their foreign policy performance. And that means serial blunderers like today's neoconservatives would be marginalized after driving the country into a ditch, and they wouldn't be treated as respected pundits and they wouldn't be advising presidential hopefuls. Only a state that is very, very secure can afford to keep listening to people whose have been wrong with such disastrous consistency.

#7: If the United States were really insecure, more academics would be engaged by important policy issues and fewer would spend their time writing obscure articles and books intended for a small number of like-minded navel-gazers. In other words, academic departments would place more value on policy-relevance, because it would be seen as an important way to help the nation deal with serious external

challenges. I'd also expect Americans to put more attention and effort into teaching and learning about languages and foreign cultures, so that they could maneuver in a dangerous world more effectively. Only a truly secure nation can get away with being as ignorant of the outside world as the United States is, while at the same time believing it is somehow qualified and prepared to "lead" the world.

#8: ***If the United States were really insecure, we would be even more likely to play hardball with our enemies.*** As Alexander Downes has shown, democracies don't follow Marquis of Queensbury's rules when they find themselves in a serious war of national survival. Instead, they are as likely to deliberately kill large numbers of civilians as non-democracies are. Although the United States often does things to other countries that it would regard as barbaric were they done to us (including targeted assassinations and economic sanctions that harm civilians), U.S. armed forces do go to considerable lengths to minimize collateral damage. That would change quickly if we thought our survival or security were really at risk.

#9: ***If the United States were really insecure, our civil liberties were be under even greater pressure than they are today.*** When countries are really scared, individual freedoms and constitutional guarantees tend to go out the window. (See under: Patriot Act, McCarthyism, "warrantless surveillance," Alien & Sedition Acts, etc.) If the United States were not the world's most powerful country and actually faced a serious threat to its national independence, my guess is that there would be even more aggressive efforts to police discourse, wiretap suspected fifth columnists, and generally interfere with our traditional freedoms. Among other things this is why it is critically important to weigh threats and risks carefully. If national security elites get away with inflating threats, it becomes easier to place more shackles on us at home.

#10: ***If the United States were really insecure, we'd have a very different attitude toward international law, and on devising legal and/or normative constraints on warfare.*** Right now, American dominance encourages us to use whatever forces we have at our disposal (drones, cyber capabilities, surveillance, etc.) because we assume we will always be better at it than anyone else. But if we were really threatened, we might be more interested in eliminating categories of weaponry that we recognize could do great harm to us and might not confer any real military advantage. Who knows? We might even ratify the Law of the Sea Treaty!

4.9 TOP MILITARY SPENDER (PER CAPITA) 2010

Country	Military Expenditure per Capita (\$)
United Arab Emirates	3340
USA	2163
Saudi Arabia	1786
Israel	1781
Singapore	1604
Kuwait	1419
Oman	1379
Norway	1286
Australia	921
France	917
Bahrain	913
UK	898
Greece	839
Denmark	836
Brunei	825
Finland	702
Netherlands	695
Luxembourg	600
Canada	596
Italy	579
Switzerland	579
Cyprus	567
Sweden	565
Belgium	505
South Korea	501
Portugal	487
Germany	465
Russia	434
Japan	428
Austria	411
Selected others	

Country	Military Expenditure per Capita (\$)
China	84
India	37
Brazil	144
South Africa	74
Iran	93

Data sources: SIPRI; UNFPA

4.10 OPPORTUNITY COSTS: MILITARY SPENDING AND THE UN'S DEVELOPMENT AGENDA

Country	% of population below international poverty line of US\$1.25 per day 2000-2009*	GDP per capita average annual growth rate (%) 1990-2010	% of central government expenditure (2000-2009*) allocated to:		
			Health	Education	Defense
Algeria	7	1.5	4	24	17
Australia		2.3	14	10	6
Bahrain		2.8	9	16	13
Bangladesh	50	3.5	6	14	8
Botswana	31	3.5	5	26	8
Brazil	4	1.5	6	6	3
Burkina Faso	57	2.4	7	17	14
Burundi	81	-1.6	2	15	23
Cameroon	10	0.6	3	12	10
Canada		1.9	9	2	6
China	16	9.2	0	2	10
Colombia	16	1.5	9	20	13
Congo	54	0.7	4	4	10
Costa Rica	1	2.6	20	24	
Denmark		1.5	0	10	3
Ethiopia	39	2.9	1	5	17
Georgia	15	2.7	5	7	17
Germany		1.3	20	1	4
Greece		2.6	7	11	8
India	42	4.9	2	3	13
Indonesia	19	2.6	1	4	7
Iran	2	2.7	7	8	10
Israel		1.8	13	16	16
Italy		0.9	14	11	4
Japan		0.8	2	6	4
Jordan		2.5	10	16	19
Kazakhstan		3.9	6	7	6
Kuwait		2	5	8	6
Lebanon		2.4	2	7	11
Malaysia			6	23	11
Morgolia	22	3.1	6	9	9
Morocco	3	2.4	3	18	13
Myanmar		8.2	3	13	23
Nepal	55	1.9	7	18	9

Oman		2	7	15	33
Pakistan	23	1.7	1	2	13
Paraguay	5	0.1	7	22	11
Russia		2.1	7	3	12
Senegal	34	1.1	3	14	7
Singapore		3.9	8	18	24
South Korea		4.2	1	15	11
Spain		2.1	1	0	3
Sri Lanka	7	4.1	6	10	18
Sudan and South Sudan		3.6	1	8	28
Sweden		2.2	4	6	5
Switzerland		0.9	0	3	5
Syria	2	1.6	2	9	24
Tajikistan	22	-0.1	2	4	9
Turkey	3	2.3	3	10	8
UAE		0.5	7	17	30
UK		2.1	15	4	7
USA		1.8	24	3	19
Yemen	18	1.5	4	22	19
Industrialized countries		1.6	19	4	12
Developing countries	26	4.8	3	8	10
Least developed countries	50	3.2			
World	25	2.6	15	5	11

- Data not available

* Data refer to the most recent year available during the period specified in the column heading.

x Data refer to years or periods other than those specified in the column heading. Such data are not included in the calculation of regional and global averages.

Source: The State of the World's Children 2012; The World Bank; International Monetary Fund

4.11 NUCLEAR PROLIFERATION

Nuclear weapons stockpiles around the world



"In a new international landscape, the role of nuclear weapons has changed. For better or for worse, nuclear weapons contributed to stability through deterrence, but now there is the competition between the forces of integration and the forces of disintegration, making the world a more dangerous place."

--- Ambassador Richard Burt, who served as the chief negotiator for the START Treaty in the George H.W. Bush administration, 02/08/10

"We have every incentive to reduce the number. These [nuclear weapons] are expensive. They take away from soldier pay. They take away from [operations] and [maintenance] investments. They take away from lots of things. There is no incentive to keep more than you believe you need for the security of the Nation."

--- Colin Powell, former national security advisor and chairman of the Joint Chiefs of Staff, said while he was Secretary of State, 07/09/02

	2010			2011 Est.	
	Total Military Spending*	Nuclear Weapons		Nuclear Weapons	
		Core Cost	Full Cost	Core Cost	Full Cost
US	687	30.9	55.6	34	61.3
Russia	53-86	6.8	9.7	9.8	14.8
China	129	5.7	6.8	6.4	7.6
France	61	4.6	5.9	4.7	6.0
United Kingdom	57	3.5	4.5	4.5	5.5
India	35	3.4	4.1	3.8	4.9
Israel	13	1.5	1.9	1.5	1.9
Pakistan	7.9	.8	1.8	1.8	2.2
North Korea	8.8	.5	.7	.5	.7
Total:	1052-1085	57.7	91.0	67	104.9

Source: Arms Control Association

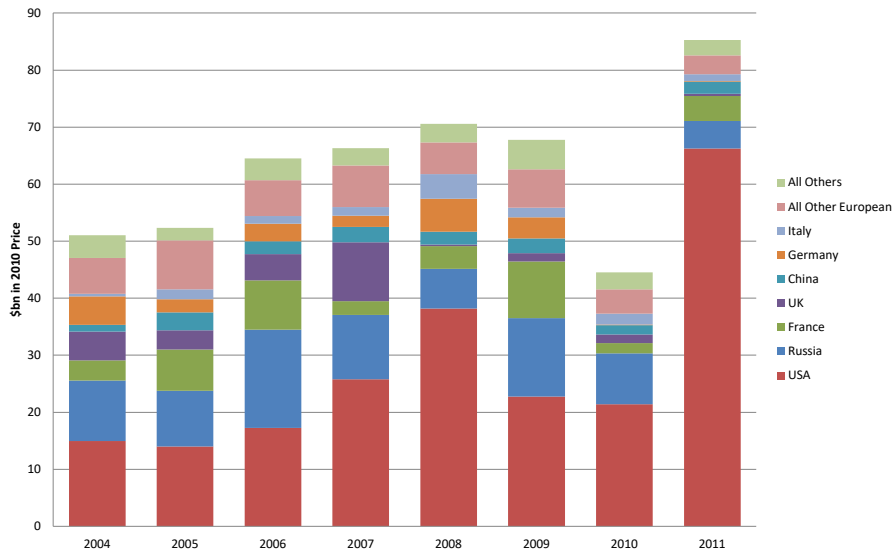
"The Cold War is over. I just think there's a way over-reliance and cost that goes into our nuclear weapon system... It's like the nuclear weapon, it's totally useless. It can't be used except to accomplish some other goal, then it's used, used to deter... I've always believed that nuclear weapons are way overdone, we have way more than are needed to carry out their mission. Their mission can't be to use them. They can only be to deter, or to achieve some form of deterrence."

--- Chairman of the Senate Armed Services Committee Carl Levin, 01/26/12

4.12 ARMS TRADE

4.12.1

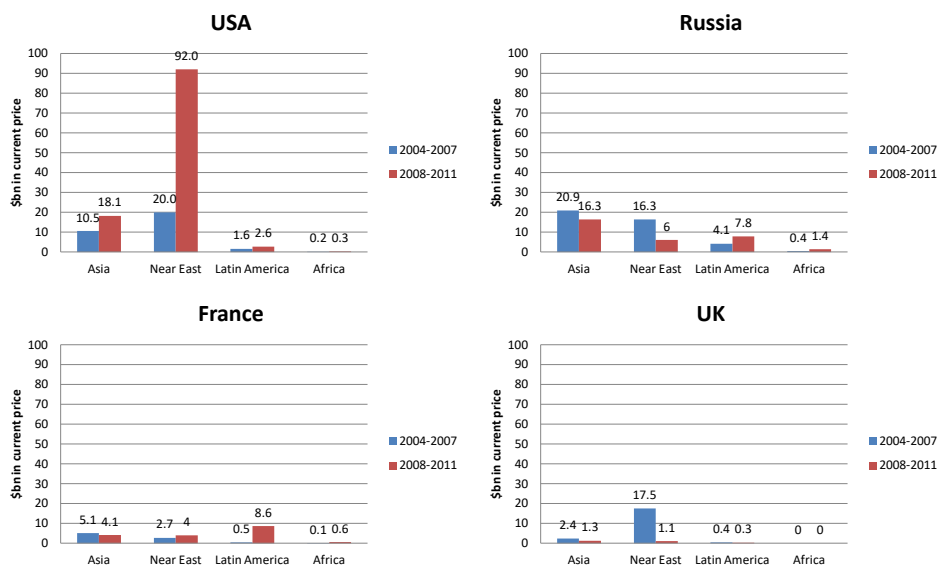
Arms Export Agreements



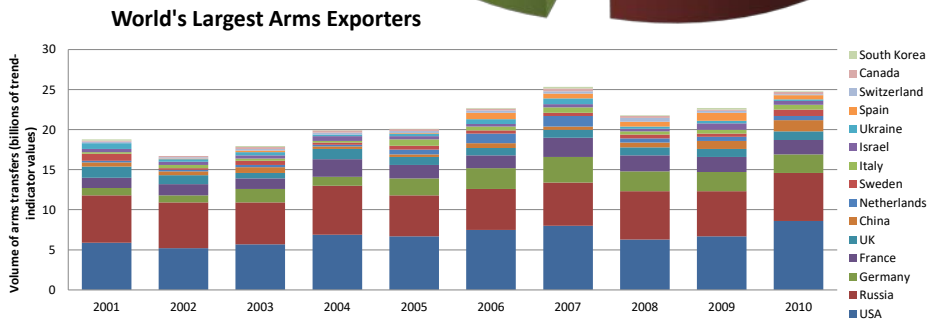
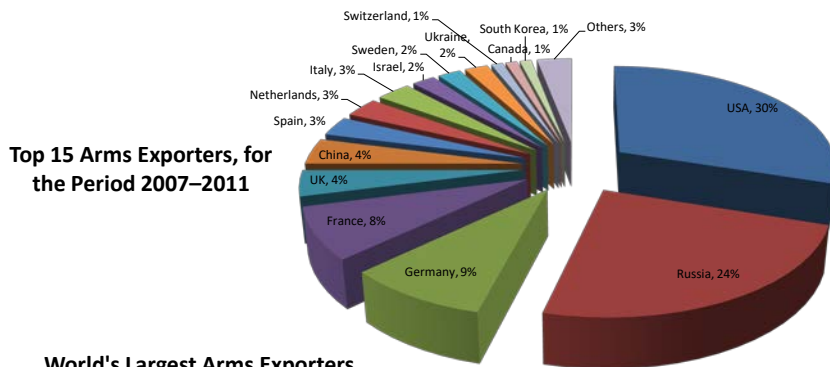
Source: U.S. government

4.12.2

Changes in Regional Arms Export Agreements between 2 Periods

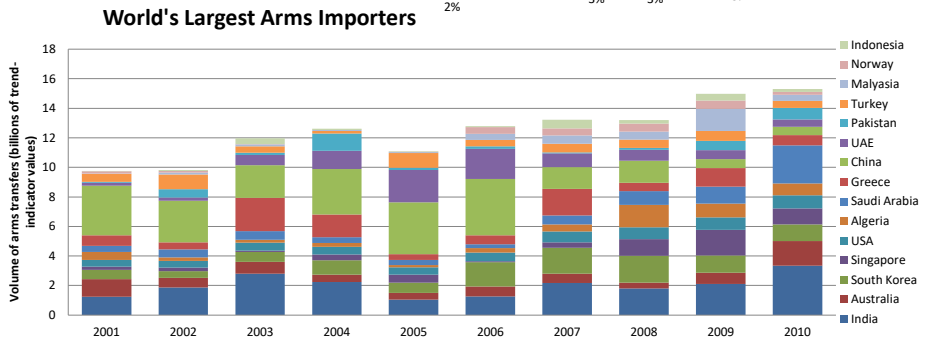
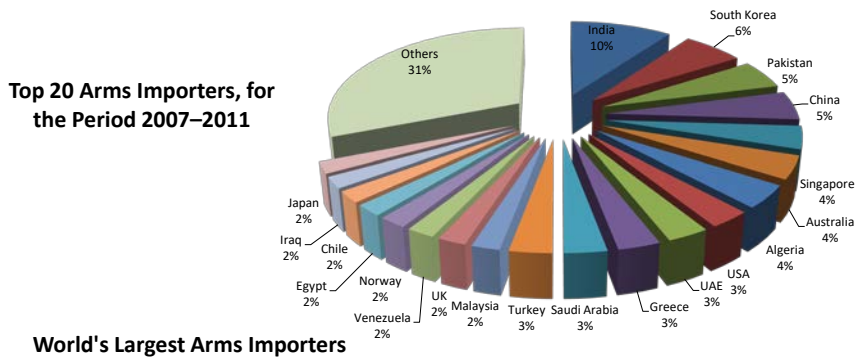


4.12.3



SIPRI Trend Indicator Values (TIVs). These values do not represent real financial flows but are a crude instrument to estimate volumes of arms transfers, regardless of the contracted prices, which can be as low as zero in the case of military aid.

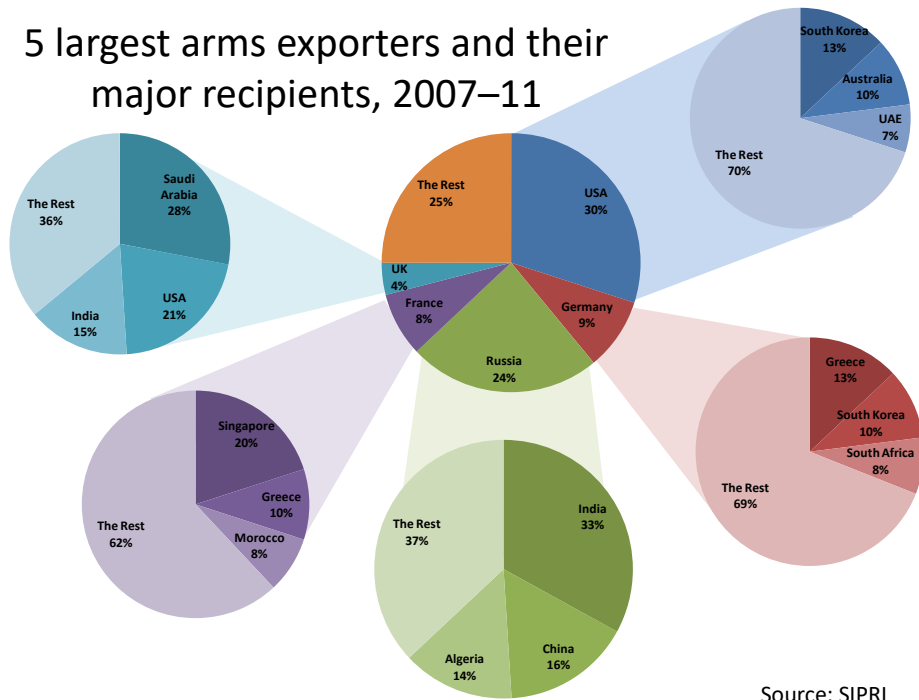
4.12.4



SIPRI Trend Indicator Values (TIVs). These values do not represent real financial flows but are a crude instrument to estimate volumes of arms transfers, regardless of the contracted prices, which can be as low as zero in the case of military aid.

4.12.5

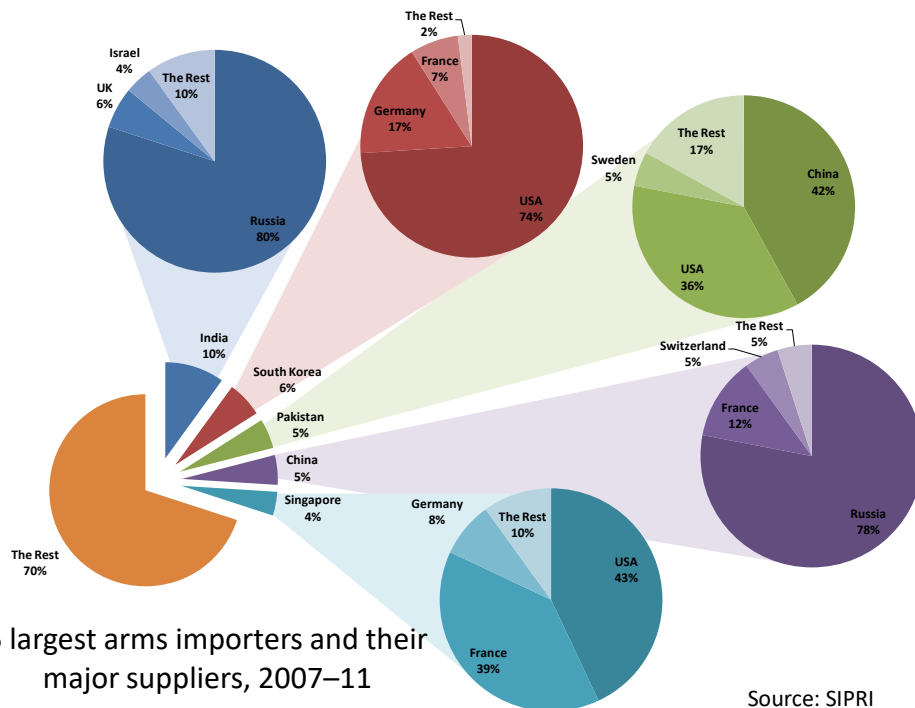
5 largest arms exporters and their major recipients, 2007–11



Source: SIPRI

4.12.6

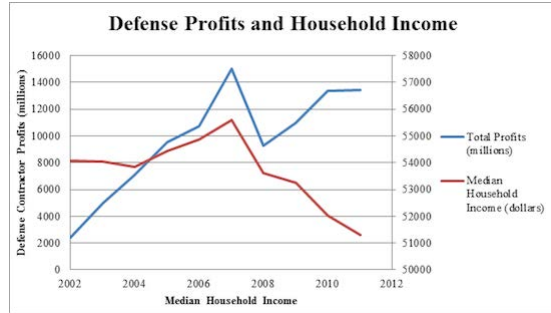
5 largest arms importers and their major suppliers, 2007–11



Source: SIPRI

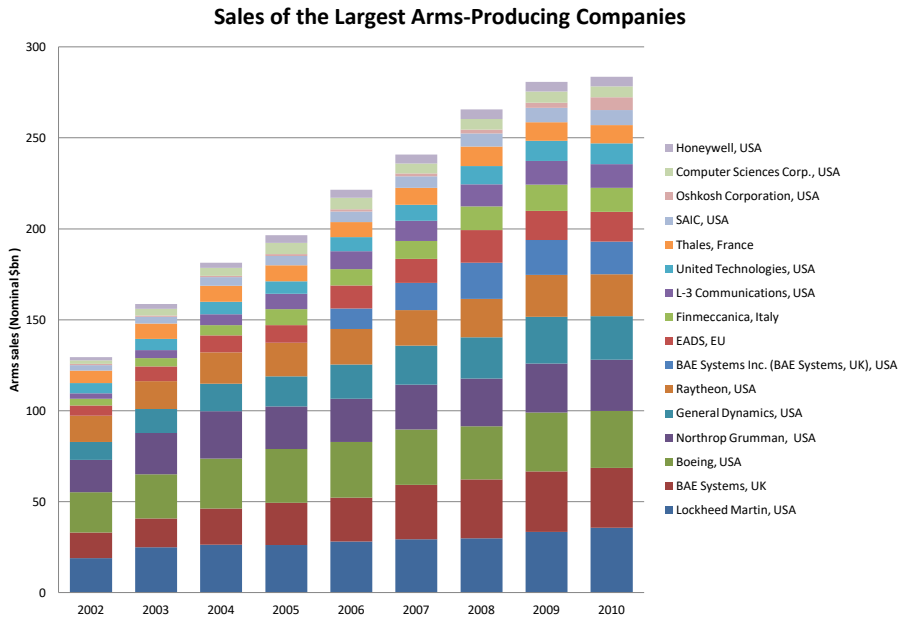
4.13 WHILE MOST PEOPLE WERE HIT HARD BY THE RECESSION, THE DEFENSE INDUSTRY BOOMED

Median household income, a broad indicator of economic prosperity, was hit hard by the recession, with more than a decade of growth being wiped out between late 2007 and 2011, in stark contrast to the military-industrial complex's prosperity.



Sources: net Income TTM data from ycharts.com, U.S. Census Bureau, DaveManuel.com, Sentier Research

4.14 THE WORLD'S BIGGEST DEFENSE CONTRACTORS (SALES)



Source: SIPRI

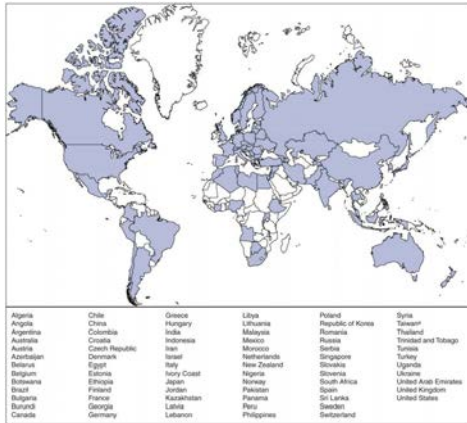
4.15 DRONE PROLIFERATION

The USA government refuses to formally acknowledge that the CIA even has a drone program, let alone discuss how many civilians have been killed, or how the CIA chooses targets. Nevertheless, it is estimated that **US (CIA) Drone strikes have killed** in Pakistan (2004-), Yemen (2002-) and Somalia (2007-):

Causalities in US Drone Strikes

Children reported killed	201 – 213
Civilians reported killed	543 - 1105
Total reported killed	3,006 - 4,597

Source: The Bureau of Investigative Journalism



The United States and Israel are the predominant exporters. **The UAV market is projected to total \$89 billion worldwide over the next decade.**

Map of countries that acquired unmanned aerial vehicles (UAVs) by December 2011

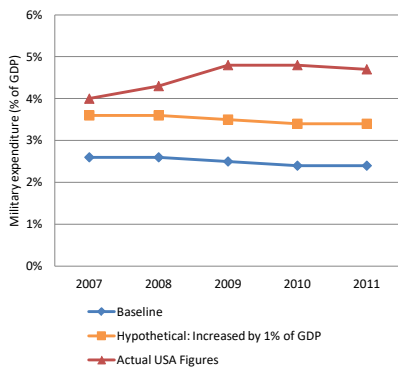
Source: Teal Group; US Government Accountability Office (GAO)

4.16 BETTER WAYS TO CREATE JOBS

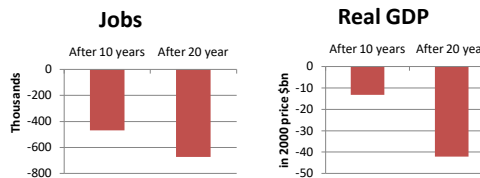
4.16.1

Massive Defense Spending Leads to Job Loss

In 2007, the Center for Economic and Policy Research commissioned Global Insight, to project the impact of a sustained increase in defense spending equal to 1.0 percentage point of GDP. Baseline: Congressional Budget Office 2001 Projections, **before the 9/11 attacks**.



The projections show that **increased military spending will lead to significant slower economic growth, less investment, higher trade deficits, and fewer jobs.** Specifically, large reductions in both:



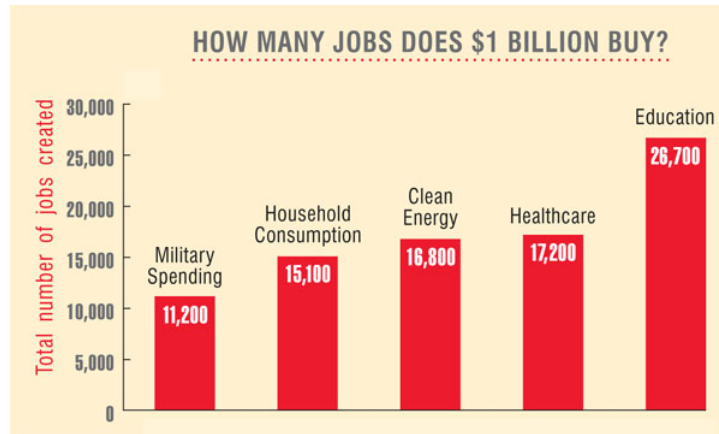
The scenario Global Insight modeled turned out to have vastly underestimated the increase in defense spending associated with current policy. **The actual increase is 2+ percentage points, rather than 1. We should expect the impact to be more than double the projected reductions.**

4.16.2

Better Ways to Create Jobs

It is indisputable that the Pentagon is a major employer in the US economy. In fact, **Pentagon spending as of 2011 was responsible for creating nearly 6 million jobs**, within the military itself and in all civilian industries connected to it.

However, **the crucial question is not how many jobs are created by military spending. Rather, it is whether spending that same amount of money would have created more or fewer jobs on alternative public purposes**, such as education, healthcare and the green economy — or having consumers spend that same amount of money in any way they choose.



Source: Robert Pollin and Heidi Garrett-Peltier, The Nation

4.17 G20 COUNTRIES: RENEWABLE ENERGY INVESTMENT (2009)

Overall Rank on Investment	Country	2009 investment (\$)	5-year growth in investment, (%)	Renewable Energy Capacity (gigawatts)	5-year growth in installed capacity (%)	Percentage of total power capacity (%)	Investment Intensity ¹⁰⁶ , (%)
1	China	34,600,000,000	147.5	52.5	79	4	0.39
2	US	18,600,000,000	102.7	53.4	24.3	4	0.13
3	UK	11,200,000,000	127.4	7.5	30	8.4	0.51
4	EU - other	10,800,000,000	87	12.3	17	6.7	0.26
5	Spain	10,400,000,000	79.7	22.4	9.1	30.1	0.74
6	Brazil	7,400,000,000	147.8	9.1	13.9	9.8	0.37
7	Germany	4,300,000,000	75	36.2	14.4	29	0.15
8	Canada	3,300,000,000	70.2	7.6	18.1	4.3	0.25
9	Italy	2,600,000,000	111	9.8	12.4	4.9	0.14
10	India	2,300,000,000	72	16.5	31	9	0.06
11	Mexico	2,100,000,000	91.9	3.2	10.1	3.3	0.14

¹⁰⁶ Clean energy investment as a percentage of gross domestic product.

12	France	1,800,000,000	98	9.4	31.3	8.1	0.09
13	Turkey	1,600,000,000	178	0.6	30	0.4	0.19
14	Australia	1,000,000,000	62.5	3.3	40	3.1	0.12
15	Japan	800,000,000	51.1	12.9	4.2	1.3	0.02
16	Indonesia	354,000,000	95	1.1	8	4.2	0.04
17	South Africa	125,000,000					0.03
18	Argentina	80,000,000		0.5	0.1	1.9	0.01
19	South Korea	20,000,000		0.7	249.4	0.8	

Source: PEW Research

4.18 ASIAN DEFENCE SPENDING

Countries	Defense Spending CAGR		
	2000–2005	2005–2011	2000–2011
China	12.1%	14.5%	13.4%
India	2.2%	4.8%	3.6%
Japan	0.6%	6.0%	3.5%
South Korea	6.9%	3.0%	4.8%
Taiwan	-1.2%	4.3%	1.8%

Figure 15. CAGRs¹⁰⁷ for Total Defense Spending in Constant 2011 U.S. Dollars by Country¹⁰⁸

Defense budgets for the five Asian countries, China, India, Taiwan, South Korea and Japan, over the last decade has increased. The growth has not been linear, but visibly accelerated in the second half of the last decade. In the case of Taiwan, defense spending actually decreased between 2000 and 2005, and then rose significantly afterwards. “These steeper growth trajectories in recent years might be a precursor for continued significant increases in defense spending, especially in light of large, high-profile investment decisions such as India’s Medium Multi- Role Combat Aircraft (MMRCA) selection, Japan’s F-35 order, or South Korea’s F-X-3 multi-role fighter competition.”¹⁰⁹

Taiwan for historical reasons used to have very volatile relationship with China – up until 1979 when USA changed its diplomatic recognition of both China and Taiwan, Taiwanese government was still actively pursuing its aim of “recovering the mainland”. Effectively acting as a buffer between the current only superpower in the world and an aspiring superpower, the martial affair of Taiwan remains a delicate and explosive issue. Despite the apparent volatility around the Taiwan Strait, in Taiwan at least, there have been growing and significantly calls for reduction in military spending.

¹⁰⁷ Compounded annual growth rates

¹⁰⁸ Source: CSIS “Asian Defense Spending, 2000–2011”

¹⁰⁹ Center for Strategic and International Studies

China is Taiwan's largest trading partner and reciprocally Taiwan has been one of China's main sources of foreign direct investment.¹¹⁰ With the economic integration comes close cultural and social exchanges that has led many to argue that there is an opportunity to enjoy a "peace dividend" – the stable cross-strait relationship allows Taiwan to reduce military expenditure without compromising its security. Many of these people treat arms deals with USA as furthering its imperial aims rather than addressing the 'imbalance of military strength' across the Strait.

Both China and Taiwan are prominent consumers of conventional arms. In 2005, Taiwan imported US\$1.3 billion worth of arms – a figure only exceeded by five other countries. The PRC ranked fifth globally, importing US\$1.4 billion in arms. However, the scale of Taiwan's arms imports has let up in recent years. Taiwanese arms imports fell from US\$9.8 billion between 1998 and 2001 to US\$4.1 billion between 2002 and 2005. Meanwhile, the island's total military expenditures as a percentage of Gross Domestic Product (GDP) fell from 3.8 percent in 1994 to 2.2 percent in 2006.

Arms sales to Taiwan: A means to what end?, CDI, 2007

This sentiment, combined with weaker economic performance compared to other East Asian economic powerhouses, arguably contributed to the reduction of military spending between 2001 and 2005. USA president George W Bush soon after coming into the office proposed several arms deals to Taiwan. The negotiations was pushed back in 2004 when a huge demonstration of tens of thousands of people took place to protest against arms purchases totaled NT\$610 billion (US\$18 billion). Each was holding a cup of 'pearl milk tea' – a characteristic Taiwanese drink – in response to the government's call for every citizen to drink one cup less of pearl milk tea a week to fund the arms purchase¹¹¹. The negotiation for these arms deals has dragged on, even now.

Taiwan's military expenditure increased towards the end of both Taiwanese president Chen's and USA president Bush's second terms (2004-2008) when Chen no longer worries about his re-electability and both were willing to add substance to Chen's pro-independence rhetoric. The situation changed again when President Ma was elected, who claims to focus on further economic integration both with China and other neighbouring countries rather than the military build-up. Despite the reduction of military spending since, there is still on-going negotiation with USA over various (updated) arms purchases. With the lackluster economic performance (one of the worst) after the financial crisis, the anti-arms purchasing movement remains strong.

¹¹⁰ *China-Taiwan Relations*, Council on Foreign Relations, 11/08/2009. <http://www.cfr.org/china/china-taiwan-relations/p9223>

¹¹¹ http://news.bbc.co.uk/chinese/trad/hi/newsid_3680000/newsid_3680400/3680474.stm