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The Rise of Defense Spending in the United States

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Abstract

The purpose of this paper is to examine the rise of defense spending in the United States. It is important to study the causation of increased U.S. defense spending because it currently holds the largest defense expenditure in the world, especially in most recent years. I am interested in understanding the reasoning behind these appropriated defense budgets. There are multiple factors to consider in determining the relationship between defense spending and the logic that justifies it. The use of federal resources and federal budgeting are a political process that has become a central issue in terms of government overspending for national defense. Funding for the Department of Defense and other budget sectors within the defense budget have risen substantially and have grown more rapidly than the U.S. ever initially projected.

International threats, competition, and executive policymaking have also had a large effect on our government’s military budgets. This work will look at the major and lagging variables to determine the underlying cause of increased U.S. defense spending. The theories I have chosen to provide a plausible perspective on the rationale behind defense expenditure are Punctuated Equilibrium Theory and the Keynesian School of Thought.

**Thesis Statement:** While Keynesian theorists, Borsch and Wallace, conject that increased defense expenditure is a result of the government’s pursuit to sustain a permanent war economy in an attempt to stimulate the nation’s economic growth, their findings cannot fully prove such premise. Punctuated Equilibrium Theory (PET), is more capable of explaining the underlying cause for heightened defense spending in the U.S. Introduced by author Travis Sharp, PET focuses on government entities whom use policymaking and increased discretionary spending to their own advantage.
MONTCLAIR STATE UNIVERSITY

The Rise of Defense Spending in the United States

by

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THE RISE OF DEFENSE SPENDING IN
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1. Introduction

It is important to study the causation of U.S. increased defense spending because it currently holds the largest defense expenditure in the world, especially in most recent years. Defense spending has the difficult task of coordinating and budgeting a government’s limited resources in order to accomplish specific military goals and objectives.¹ Defense spending consists of costs that include operations and maintenance, military research and development, employing military and civil personnel, social services, as well as military aid.²

As stated by author Travis Sharp in his journal article, *Tying US Defense Spending to GDP, Bad Logic Bad Policy*, “When there are more threats, a nation spends more, when there are fewer threats, it spends less. As threats evolve, funding should evolve along with them. In short, defense spending should be determined according to a threat-based analysis and budgetary survival of the fittest” (Sharp 2008, 16).³ It is understood that there is an established necessity to safeguard the U.S. through advancements, innovation, and defense capabilities in order to ensure that it is able to keep up with, as well as persevere against international threats.⁴ Although, Sharp explains


the function of defense spending in simple terms, there are alternative arguments that evaluate the logic behind inflated defense spending.

2. Theories

2.1 Keynesianism

Prior to conducting research on increased defense spending in the U.S. under the Keynesian dynamic, I was under the impression that it was due to increased threats and other nations seeking to achieve world superiority. If there was a threat to the nation, I assumed that would be the main reason to proliferate and expand military budgets. While researching different authors’ perspectives on the Keynesian school of thought, there are similar points made with reference to the reasoning behind inflated defense spending. Keynesianism is a notable yet oppositional theory, in certain aspects, with respect to the Punctuated Equilibrium Theory (PET), which I will later elaborate on in the following section. As claimed by Professors’ Borsch and Wallace in their journal article, *Military Keynesianism In the Post-Vietnam War Era: A View from the American States*, the end of the Cold War introduced a “new Military” that would be characterized by a reduction in the size of the army and an increase in technologically advanced weapons systems.5

This period witnessed a downsizing in the military that was unprecedented in U.S. history. Accordingly, the post-Cold War era was illustrated as an unrivaled supremacy of the U.S. military. During this Cold War period, social scientists developed a new school of thought with reference to the U.S. government’s military spending, the Keynesian

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School of Thought. The Second World War and Cold War had motivated the U.S. to pursue its dominance in worldwide politics by gaining a military-political leadership role. The drive to maintain global military superiority propelled the U.S. to pursue the idea of a “permanent war economy”. This dynamic approach identifies national defense as an aspect of state spending that can increase output in contrast to ineffective demands.

Furthermore, defense spending during this period became labeled as “military Keynesianism”, a term that emphasizes expansive production and demand of U.S. goods during moments of recession or high unemployment. Since there was a large decrease in the size of the military, the U.S. would have to depend on other forms of defense to boost the economy. Defense spending, therefore, became the new asset to enhance the economy through efforts of production of military goods and its supply chains.

Accordingly, in Professors’ Uk Heo and John Bohte’s journal article, *Who Pays for National Defense? Financing Defense Programs in the United States, 1947—2007*, the authors give supplemental background to the Military Keynesian theory by confirming that since the 1950’s, the U.S. has annually spent about 3 to 13 percent of its gross domestic product on military expenses for involvement in wars and efforts to

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stimulate the economy. It is clear to see that the U.S. has been dedicated in its efforts to exceed its economic state through military products for years.

The reason I mentioned that Keynesianism was relevant to this research was because Professors Borsch and Wallace contend that the application of Military Keynesianism and the adoption of a permanent war economy can affect a nation negatively. They argue that applying Keynesian theory to justify higher defense spending can lead to consequences such as, elevated unemployment, reduced profitability of firms, and increases in market concentration of capitalist firms. In fact, Wallace and Borsch further inform us that Military Keynesianism is the government’s assumption and naiveté of an ever-increasing defense budget. The expectation of a government to perceive that

Footnotes:


Gross Domestic Product (GDP) is an important independent variable to consider when researching what factors drive the defense budget to increase and compare it to other countries. GDP is a tool of measurement used by nations to figure out how much they can afford to spend on defense budgets. On the other hand, GDP does not act as a proper guide as to how much the U.S. actually should be spending. Accordingly, America’s GDP is about seven times larger today in contrast to what it was in 1950. Sharp makes a great example by arguing that governments viewing defense spending as a historically low percentage of GDP, thus implementing it should be increased, is comparable to a landlord arguing that a tenant’s rent should be increased if they receive a pay raise. GDP should serve as a reference to “stimulate discussion relative to the affordability of increased defense spending in a challenging security environment. If the American economy doubles in size, should American taxpayers be required to double the Pentagon’s budget as well? Should future generations spend three times more on defense just because they are three times wealthier?” Sharp advises that the answer is no because of the following, “If GDP decreases, would the U.S. military be supportive of a parallel reduction in its budget? China currently devotes more of its GDP to defense than the U.S., but the U.S. spends more in absolute terms and gets better performance out of its investment due to a more modernized economy, as well as retaining a clear advantage in military power. Therefore, GDP is not an accurate variable to focus on when deciding how much money a nation can spend on military expenditure. However, it is important to consider when comparing how international countries budget their defense spending in contrast to the U.S. In the following section, I will focus on how other countries decide to appropriate their defense budgets through examining the affiliated factors.

there will always be a secured budget and additional appropriated funding, can be viewed as irresponsible and risky. They explain that the idea behind increasing production of defense to drive a jeopardized economy may have worked for the U.S. post-World War I, however, that is not the case in each scenario. In their research, Borsch and Wallace and their colleagues examine the causes of increased defense spending in connection with Keynesianism. Their data compared and contrasted 18 capitalist countries and found that higher defense spending did decrease unemployment, which is consistent with Keynesian theory, however, it was also discovered that increased defense expenditure impedes economic growth. Therefore, Military Keynesianism can reinforce and simultaneously hinder a nation’s economy by spending more on defense capabilities.11

With reference to the end of the Cold War, long-term centralization of power within the executive branch was becoming prominent. Therefore, this furthers that Keynesianism and the post-Cold War era added to the centralization of the executive branch power, which has contributed to defining threats that favors bureaucracies whom have control over intelligence resources. Accordingly, the Defense Department controls 80 percent of intelligence spending; therefore, it is able to exert a significant amount of influence over the threat definition and recommendations for allocated resources to respond to such threats.12 The Keynesian dynamic adopted by governments cannot be placed completely at fault for the augmentation in defense spending because it solely focuses on the U.S. obtaining political and military control worldwide. In addition, it


12 Cox, 16.
centers on the military sector of the defense budget rather than all departments of defense. Therefore, the Keynesian School of Thought cannot be substantiated to be the sole explanation behind the rise of defense spending in the U.S. However, it does add to the Punctuated Equilibrium Theory (PET) by maintaining that executive policymaking power is a large influence on the federal budget, which I will explain in the next section regarding PET. The following sub-section analyzes the Military Industrial Complex (MIC), which provides framework with reference to patterns of military spending and the strength of the MIC influence.

2.2 Military Industrial Complex

Authors Paul Dunne and Nan Tian introduce an interesting notion further looking into the Keynesian approach. In the eyes of the state, increased military spending can result in increased capacity, profits, investment, as well as growth. However, Dunne and Tian have noted a particular scheme comprised of a powerful interest group which is orchestrated by individuals, firms, and organizations whom directly benefit from increasing defense spending. This group composed of powerful interest is referenced as the military industrial complex (MIC). There are more key actors involved in the MIC whom benefit from military spending such as military contractors, defense and intelligence bureaucracies, congressional representatives, senators, and policy-planning organizations.13

Author Ronald Cox references his perspective on the MIC in his article “The Military-Industrial Complex and US Military Spending After 9/11. He focuses on the elite power theory that the military-industrial complex holds, as well as owes a huge debt.\(^\text{14}\)

He notes that C. Wright Mills, a professor of U.S. academic history, theorized about the influence of corporate interests within the political process. Mills emphasized a sequence of interests that connected the growth of large-scale bureaucracies, such as the Defense Department, with firms that profited from military procurement. Networks of interests benefitting from military spending has made it difficult to change the embedded priorities of a military allocation system that profited from perceptions of threats to the security of the U.S.\(^\text{15}\)

As mentioned aforehand, there is pressure put on members under executive power, such as the President, to heighten military budgets even without proper justification or impending threat. The pressure placed to increase military budgets is unjustifiable without presenting a clear and eminent threat to the U.S. As Keynesianism has proven, ever since WWII, U.S. policymaking has heightened the influence of the military-industrial complex by centralizing authority for decision making in the executive branch, as well as producing an array of bureaucracies whose success is justified by the presence of an external threat. Cox provides us with an insightful notion that spending decisions are the product of a complex set of negotiations between powerful political and

\(^{14}\) Cox, 1. Elite power theorists working in the C. Wright Mills tradition have long argued that the constellation of interests comprising the military-industrial complex have helped determine, shape and refine the definition of “national interest” in order to maximize profits and to protect access to resources. This school acknowledges that the military-industrial complex does not define “national interest” in a vacuum but is forced to compete with other powerful corporate interest groups over how to define “national interest.”

\(^{15}\) Cox, 1.
economic actors. Therefore, to reiterate, the MIC increases military expenditure by implementing pressure on the state when there is no threat identified to justify such expenditure. The MIC is a significant causal factor in U.S. military spending by having the duty to identify the “threat definition” used by policymakers and its relationship to the levels of U.S. military spending, especially after events such as 9/11.

It is crucial to analyze the corporations and bureaucracies whom work together to identify threats to the U.S. national security because they may be seeking to maximize their access to government revenues and tax dollars. This is a major conflict of interest added into the mix. The MIC furthers the PET theory that executive officials, as well as members of the MIC, are entities who directly use defense budgets and additional funding to their personal advantage. The balance of institutional and economic power is in favor of the MIC, to the point where corporate, executive branch, Congressional and bureaucratic allies are linked to patronage regarding the maintenance of high levels of military spending. Military Keynesianism centers on military expenditures, as well as the MIC, rather than all departments of defense. Therefore, the Keynesian School of Thought cannot be the appropriate explanation behind the rise of defense spending in the U.S. On the other hand, the MIC provides substantial clarity that supports the PET theory and maintains the notion that executive policymaking power is largely responsible.

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16 Cox, 1.


18 Cox, 14.

19 Cox, 3.

20 Cox, 17.
2.3 Punctuated Equilibrium Theory

Over the past 25 years, Punctuated Equilibrium Theory (PET) has helped explain budget outcomes in the U.S. and worldwide.\(^{21}\) According to Sharp, U.S. defense budgeting conforms with Punctuated Equilibrium Theory’s conception of policymaking. In Sharp’s article, *Wars, Presidents, and Punctuated Equilibriums in US Defense Spending*, PET is an information processing theory of decision-making that illustrates policymaking as a grand scheme. PET explains that rational decision-makers in charge of defense budgets do not have the time, information, nor cognitive capacity to solve all budget issues (Sharp 371).\(^{22}\) Therefore, the decision makers controlling defense budgets may delegate such responsibility to other forms of authority. PET infers that there is an interaction between two components during decision-making, that is, policymaker attention and policy subsystem structures which include legislators, agencies, etc. Accordingly, the interaction between these two elements causes defense budgets to snowball from one equilibrium to another within a short amount of time (Sharp 373).\(^{23}\)

Sharp further informs us that there are distinct circumstances that will “punctuate” the U.S. defense spending equilibrium, thus, causing a large affect to defense budgets. A punctuation can be understood as a component or event that may cause a substantial increase or decrease in the defense budget for definitive reasons. Sharp indicates that a defense spending punctuation materializes, for example, when the U.S. enters or


withdraws from a war, or there is a presidential transition in the works. Furthermore, a punctuation will not occur if a war policy shift, a presidential transition, or both, does not take place first.

I would like to elaborate further on PET punctuations to defense budgets and how they could manifest as a result of wartime or changeover of presidency. Accordingly, a nation preparing for war will cause punctuations to their prepared defense budget as a result of the need for necessary equipment and personnel. Depending on the circumstances, the costs to obtain ammunition, fuel, medical supplies, intelligence, and vehicles can enlarge the budget substantially (Sharp 375). It is possible to produce budgets ahead of time in order to prepare for a military emergency or crisis. However, such a scenario also leaves a window of opportunity for executive officials to invest in items that are not directly affiliated with wartime operations. An example would be advocates of robust conventional deterrence whom have a say of what is included in the defense budget. These advocates might encourage utilizing defense funding as a way to upgrade our government’s defense equipment in exchange for high-tech weapons (Sharp 375). The notion of increasing defense expenditure to upgrade a nation’s armed forces in

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order to prepare for war is advantageous, should there be such a need for modernization. On the other hand, if there is no need for modernizing weapons to the highest extent, or if the weapons have little to no function in war, then the concept is completely ambiguous.  

During a U.S. presidential election and transition, there are several aspects involved that would cause a punctuation in defense spending to surface. For example, during election campaigns, there are promises made and proposals introduced in order to help a candidate seem more attractive, especially when involving defense strategy or security. People want to feel safe in their country and may lean towards the candidate that offers the utmost level of protection. In particular, should there be a visible threat in the international environment, candidates will use this to their advantage to promote increasing the government’s defense expenditure in order to persevere against such threat. However, such commitments made may not be as clear cut once a candidate has entered into office post-election.

After entering office, a new president may have too much on their plate to address every matter, therefore, they recruit political appointees to oversee policymaking. These appointees have the power to reshape the policy subsystem structure while simultaneously satisfying the president’s priorities, as well as their own. Such issue illustrates a conflict of interest and also leaves room for biased decision making. The original proposals that the presidential candidate had previously given his/her word on,


can easily change upon entering office as a result of undue influence or personal motivation.30

The explanation provided by Sharp in his article, *Wars, Presidents, Punctuated Equilibriums in US Defense Spending* and *Tying US Defense Spending to GDP: Bad Logic, Bad Policy*, substantiates a plausible explanation for dramatically increased and appropriated defense budgets. PET identifies that a new presidency’s policymaking in the U.S. or the U.S. entering war would uphold the reasoning for dramatic changes in the defense budget. However, it is important to note that the U.S. has not been involved in any major wars in the last few years. It is understood that the U.S. experienced major warfare during the 20th century due to the War on Terror beginning 2001. However, defense expenditure minimized after the Obama Administration and has risen once again since President Trump entered office. Thus, as mentioned, since the U.S. has not experienced any major wars in most recent years, what is the reasoning for requested additional funding for the U.S. Defense Budget each year thereafter?

I have been enticed to believe that PET obtains logic which proves that direct executive authority uses their power in policymaking in order to maximize defense expenditure to their benefit. Since there is currently no immediate threat to the U.S., why is the president requesting additional funding towards the defense budget? Is there in fact an amount of pressure being placed on the president to maintain inflated defense budgets? The issue to be concerned about in this section is the lack of transparency by executive power in order to justify that all funding is directly appropriated for necessary defense equipment and armed forces.

In addition to Sharp’s articles, there is supplemental research to support his theory behind dramatically increased defense spending due to executive policymaking. In Heo and Bohte’s article, *Who Pays for National Defense? Financing Defense Programs in the United States*, the authors present the argument that there is indeed manipulation of defense spending in order to pursue personal motives. Moreover, it is not limited to election periods because they propose that "It is reasonable to expect that the president would be willing to tweak the economy in order to heighten his public image. It is critical for the president to leave a positive influence within Congress in order to obtain public approval and pass legislation."\(^\text{31}\) This demonstrates an area of concern because it is fair to say that U.S. presidents can disguise their biased or ulterior motives as beneficial and monumentous actions to boost the economy. Their motivation to drive defense budgets higher may not always derive from a place of concern nor integrity. This research further supports the argument of PET, which can directly explain the drive for increased defense budgets.

Heo and Bohte provide additional support to PET by presenting a significant element of policymaking within the federal budget. In their journal article, *Who Pays for National Defense? Financing Defense Programs in the United States, 1947—2007*, it is demonstrated that presidents utilize defense spending to their advantage in multiple ways. For example, increasing funding for defense purposes is used to reduce unemployment so that presidents can gain approval and heighten their chances for reelection in the near

future. Although, defense spending is beneficial in aiding to reduce unemployment, those who actually benefit are direct hires of the Department of Defense, as well as firms and industries that produce military goods and services. Furthermore, a noteworthy insight regarding defense spending is that it is the largest discretionary spending fund for presidents to use at their complete discretion.\textsuperscript{32} From my perspective and the information presented on this theory, it would not be false to assume that PET is the root explanation for increased defense spending as a result of abused policymaking power.

3. \textbf{International Defense Spending}

Defense expenditure is an important element for international countries and their economies in relation to levels of security. In order for a country or nation to be able to address internal and external threats, they must have a substantial defense system set in place to stand firm against intimidating forces. For example, in developing countries, they may be limited to certain levels of armed production capabilities.\textsuperscript{33} Countries worldwide are diverse in their reasoning for increasing their armed forces, defense expenditure, and arms exporting.

In contrast to the U.S., each country has a different logic as to why they agree on increased funding for defense in order to maintain security. For example, in Central America and the Caribbean, military spending continued to grow rapidly in 2013 in the


wake of continuing drug cartel-related violence.\textsuperscript{34} The same year, Ghana more than doubled its military spending from $109 million in 2012 to $306 million in 2013. According to the budget statement, the budget will allow continued modernization of the armed forces, which are heavily involved in international peacekeeping operations.\textsuperscript{35} The reasons for the country of Algeria’s increased defense spending was due its desire for the threat of terrorism, the powerful role of the military, regional power status, and the availability of oil funds (Perlo-Freeman et al. 4). Referencing the PET theory, power struggle is at the center for the upsurge in defense expenditure in this region. Other countries, such as Ecuador, Kazakhstan, Namibia, Paraguay and Swaziland, enjoy essentially peaceful security environments, therefore, they do not focus on increasing their defense expenditure as a necessary element.\textsuperscript{36}

The largest increases of military spending in 2013 were in Iraq and Bahrain as a result of the purchases of arms used to suppress domestic unrest and troubled relations with Iran. In most recent years, increases in Iraq defense systems connected to building capacity and armaments of the Iraqi armed forces in order to improve the security of citizens, access to services, as well as protection of oil production and exports. China, which is now the world’s second-largest military spender, allotted $250 billion to its


military in 2018, rising for the 24th consecutive year and almost ten times larger than the budget in 1994.\textsuperscript{37}

After examining the various reasons for countries to proliferate, security threats and competition hold a substantial impact regarding changes in military expenditure.\textsuperscript{38} These factors are constant in analyzing international defense spending. There are international competitor states that possess the capacity to be able to diminish the U.S. Department of Defense’s military technological advantages. Competitors such as Korea, China, and Russia have maintained their objective to increase defense expenditure to succeed beyond the frontier of warfare proficiency. The increasing innovation of technologically advanced weaponry has given the U.S. no other choice to but to persevere against such powerful countries.\textsuperscript{39} The notion of a great power competition has become the predominant challenge that jeopardizes the U.S. national security and can be the justified factor to proliferate. Great power competition means new advancements for force, design, posture, and warfighting.\textsuperscript{40}

Korea has become the new nuclear threat that is currently thriving in the international arms competition. Accordingly, under the Trump Administration there is apparent on-going friction with the advances of North Korea’s nuclear program and U.S.


\textsuperscript{39} United States Department of Defense, “Defense Budget Overview: Fiscal Year 2020 Budget Request”, 46.

In addition to there being friction with the U.S., there is also tension in other sub-regions of Korea. In the Korean Peninsula, there is an ongoing altercation between North Korea and South Korea. Between China and Japan, there is hostility over the claims of the East China Sea. These tensions and hostility help governments to continue to find justification to mobilize, modernize their military capabilities, and heighten military spending. While North Korea has depicted their willingness to consider a less aggressive stance to its neighbors, their overall actions continue despite the United Nation’s censure and sanctions.

China is considered a strategic competitor because of its constant escalated funding for defense capabilities. China uses predatory economics to intimidate its competitors while militarizing features in the South China Sea. They follow the strict policy of linking growth in military spending with economic growth. From 2009-2018, China’s defense spending expenditures grew by 83% under President Xi Jinping’s power. “No one has ever presided over anywhere close to this level of Chinese military development in Chinese history before Xi,” notes Andrew Erickson, a professor at the US Naval War College.

The spending between America and China has boosted in exchange for the

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primacy in Asia. The boost reflected the Trump administration’s prospect of great power competition with Russia and China, which consisted of requiring pricier weapons.\textsuperscript{45}

Insofar, China has led us to believe that it possesses one of the largest militaries in the world and is presenting itself as a powerful combatant to the United States.\textsuperscript{46} Although, there is recognition that China is advancing its armed forces, it is currently not an eminent threat to the U.S. The U.S. state of national security would have to in fact be in danger in order for the government to dramatically increase defense capabilities. It is reasonable to say that the U.S. would address countries such as China as a threat, when actually they are just competing against the U.S. capabilities to see who the superpower country will be. Keynesianism, a permanent war economy theory, would be a more applicable theory for measuring variables of threats and competition as the driving factors that lead defense expenditure. Threats and competition are important factors to consider when examining U.S. defense budgeting, however, those two elements cannot prove PET theory, nor amount to be the cause for the $740 billion budget request of 2021.

4. \textit{2020-2021 Fiscal Year Budget Request}

A large portion of the defense budget is determined by the president because they are given a substantial amount of control over it. The president has a large influence which brings us to the question of whether the president or Congress uses defense spending to stimulate economic growth. The more funding there is, the more room there is to spend and waste unnecessary money. Military spending is currently the second-largest item in the federal budget as the figure amounts to more than the $705 billion


outlined by the Department of Defense.\textsuperscript{47} The Fiscal Year (FY) 2020 budget has financed the largest research and development request in the past 70 years in order to focus on technologies necessary for a top tier fight.\textsuperscript{48}

On February 10, 2020, President Donald J. Trump sent Congress a proposed FY 2021 Budget Request of $740.5 billion for national security. Of that amount, $705.4 billion is allocated to the Department of Defense. This budget focuses on priorities of nuclear deterrence recapitalization, homeland missile defense, air, land, sea, space and cyber domains.\textsuperscript{49} The Department of Defense is concerned that the U.S. technological and capability advantages are diminishing, thus the push for further investments in areas that advance the U.S. in terms of competition. In order for the U.S. to assert itself as superior in the international system, it requires sufficient funding to do so.\textsuperscript{50}

In previous budgets such as, FY 2017, the budget requested additional resources to arrest near-term readiness atrophy. In 2018, the FY budget began to restore readiness and filled the holes in military forces resulting from sustained operational commitments and budgetary instability. In 2019, the FY budget sought to restore readiness and filled holes in the military forces. In FY 2020, the fiscal year budget requested prioritization of


innovation and modernization in order to strengthen the country’s competitive advantage.\textsuperscript{51}

The Department of Defense’s (DoD) budget has increased from $384 billion to $502 billion between the years of 2000-2014. The 2019 Future Years Defense Program (FYDP), which comprises the Department of Defense’s budget request submitted to Congress, anticipates that base-budget levels will average about $650 billion per year between 2019-2023.\textsuperscript{52} The DoD is comprised of personnel that are given the responsibility to maintain U.S. defense objectives such as magnify the U.S. lethality, sustain preparedness, and efficiently manage active military personnel and contracted services. Thus, the DoD requires the government’s additional capital resources and skills to provide for the Nation’s defense.\textsuperscript{53} It is the Department’s responsibility to sustain efforts to avoid current threats such as Iran, North Korea, and violent extremist threats towards the United States.\textsuperscript{54} This subsection regarding the budget adds support to the PET theory to explain inflated defense budgets in the U.S. because it regards and confirms the amount of power the executive has over the budget. In addition, there are multiple factors, such as perceived threats and influence by departments to increase the budget to build up armed forces. Undue influence, personal motivations, and threats to


the economy are all aspects that have effect on the budget request, which further reassures the executive power of policymaking, as mentioned in PET theory.

4.1 The Budget Control Act of 1974

The 1974 Congressional Budget & Impoundment Act (CBA) is utilized to concentrate on Congress' budget authority. In addition, it maintains the regulations to reduce the President's authority, set institutional changes, and help Congress regain power over budget processing. The 1974 CBA controls the budget by dividing the withholding of funds. The withholding of funds is meant for rescissions, deferrals, required rescissions to be approved by Congress, etc. It is interesting that the CBA is sought to reduce the president’s authority over the budget, as if there were prior events that led to necessary downsizing in the president’s power.

The 1974 Congressional Budget & Impoundment Act was inspired and created as a result of former President Richard Nixon's refusal to disburse $12 billions of appropriated funds through executive power. It was stated that President Nixon had “fears” about budget deficit, thus, claiming it would cause higher inflation. Therefore, it would not be unreasonable to assume that when the U.S. is facing a major deficit, it may influence the president or other forms of executive power to increase the funding for the defense. Additionally, this Act was also passed as a result of the Pentagon’s reprogramming of funding for which Congress had previously disapproved. There had been underlying secrecy going on within the budget and its appropriated funding. Subsequent to Nixon's impoundment, Congress officially passed the 1974 Congressional Budget and

55 "1974 Congressional Budget and Impoundment Control Act", 2.
Impoundment Act over Nixon’s veto.\footnote{56 “1974 Congressional Budget and Impoundment Control Act.” https://bancroft.berkeley.edu/. \textit{The Regents of the University of California} (2011) 1-2. https://bancroft.berkeley.edu/ROHO/projects/debt/budgetcontrolact.html.} Lack of transparency and hidden secrecy regarding defense budgets and its appropriated spending are not an unprecedented issue. It is important to note this Act regarding defense spending because there has been evidence in the abuse of policymaking power through the use of the defense budget.

\textbf{5. Future Outlooks of U.S. Defense Expenditure}

Increased costs in some areas of support have in-fact improved efficiency in the defense sector. Enlarged support has aided in meeting military needs, expanding productivity, and decreasing costs in other fields. For example, the growth in funding for the Department of Defense’s communications infrastructure and science and technology programs have improved DoD’s overall combat capability in the face of new threats. Increased investment in tools and machinery can be put to blame for the increases in spending on maintenance and other support activities.\footnote{57 Gregg, Aaron and Jeff Stein. “U.S. Military Spending Set to Increase for Fifth Consecutive Year, Nearing Levels During Height of Iraq War.” \textit{The Washington Post}. WP Company (April 2019) https://www.washingtonpost.com/us-policy/2019/04/18/us-military-spending-set-increase-fifth-consecutive-year-nearing-levels-during-height-iraq-war/.}

The Congressional Budget Office has obtained projections and estimates which reveal that defense expenditure after 2024 will be overwhelmingly faster than the rate of inflation. Within the CBO’s findings, the main factors prompting rises in the Department of Defense’s budget are financing the costs of compensation for military personnel, operation and maintenance, as well as acquisition of weapon systems in order to measure up to the department’s modernization goals and objectives.\footnote{58 Congressional Budget Office, “Long-Term Implications of the 2020 Future Years Defense Program”, 2.} It is considerable that the
DOD faces difficulties in being able to be efficient in spending. According to the Congressional Budget Office (CBO), the Department of Defense lacks market-based incentives that could resolve issues regarding minimization of budgets. The personnel that the government trusts with control of the federal budget, specifically, the defense budget aspects, should be anything but inefficient in budget planning. Those whom decide how much money and what should be appropriated as necessary for the defense budget, are clearly not equipped to handle such responsibility if the CBO themselves are accusing the DoD of lacking important economic incentive. Furthering the backing to the PET theory, it is clear that executive power and policy subsystems directly have a large effect on defense expenditure. Therefore, it is not critical to find out what drives the budget, but who.

6. Conclusion

It is important to research U.S. increased defense spending because it now holds the largest defense expenditure. The future issues of increased defense spending can lead to further deficit and lack of transparency if it is not addressed. In examining the conclusions of Professors’ Borch and Wallace, they conclude that state actors evidently use military spending as a fiscal policy to avoid economic recession. Moreover, Military Keynesianism does function as a successful instrument for accomplishing economic outcomes while also obtaining support for state manager entities. The findings set forth in Borsch and Wallace’s article, Military Keynesianism In the Post-Vietnam War Era: A

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60 Wallace et al. “Military Keynesianism In the Post-Vietnam War Era: A View from the American States” 238.
View from the American States, of the Keynesian dynamic to explain defense spending, does not fully account for the main cause of increases in the U.S. defense budgets. In my perspective and the information presented on PET theory, I assert that PET is the most plausible logic for increased defense budgets due to direct executive influence.

Keynesianism and Punctuated Equilibrium Theory are independent from one another; however, the variable of economy was a constant between the two theories. Moreover, I am in complete agreeance with author Travis Sharp in his reporting of Punctuated Equilibrium Theory as the underlying cause of increased defense spending. The claims in his article, Wars, Presidents, and Punctuated Equilibriums in US Defense Spending, provide substance that presidents and other forms of influence have used defense expenditure as a grand scheme to fulfill personal motivations. The personal motivations can also be linked to their commitment to boost the U.S. economy in order to heighten their reputation and their Administration’s stature. As mentioned, each president has the drive and goal to make decisions within their administration that will publicize them as a benefactor to Congress, the U.S. government, and the American people.61

There is a sustained pressure placed on each president who enters office, that is, to be superior and surpass the expectations from the previous Administration. As stated in Heo and Bohte’s article, Who Pays for National Defense? Financing Defense Programs in the United States, “It is critical for the president to leave a positive influence within Congress in order to obtain public approval and pass legislation.”62

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In referencing President Trump’s introduction speech in beginning of the Fiscal Year 2021 Budget Request, he states “Over the past 3 years, my Administration has worked tirelessly to restore America’s economic strength. We have ended the war on American workers and stopped the assault on American industry, launching an economic boom the likes of which we have never seen before.” From my standpoint, the president focuses on the nation of the U.S. based on its economy. I understand the budget request regarding defense spending affects the federal budget, however, in his introductory speech for the FY 2021 budget request document, President Trump places his concerns on the economy and its well-being. The FY 2021 Budget outlines that heightened defense capabilities requires necessary resources for the United States to maintain and expand economic interests.

I presume that the Trump Administration is defined by the improvements it has made for the U.S. economy and will push boundaries to maintain their reputation which has been continuously publicized. In the FY 2021 Budget Request, President Trump constantly brings attention to the economic obstacles and expectations faced by the U.S., which has been surpassed under his executive command. The FY 2021 budget notes that un-employment is decreasing because the number of Americans working today has surpassed any other amount is U.S. history. In Heo and Bohte’s journal article, Who Pays for National Defense? Financing Defense Programs in the United States, 1947—2007, the authors explain that presidents utilize defense spending to reduce unemployment in order to enhance their job approval and reelection potential.

Additionally, presidents increase defense expenditure to stimulate the economy because it is the largest discretionary spending fund for presidents to use at their disposition.\textsuperscript{64}

This is additional information to, once again, validate that there is a relationship between policymaking and defense spending in the U.S. Policymakers, the MIC, and other beneficiaries use their internal pressure and take advantage to drive an increase in the U.S. defense budget. Throughout this paper, the PET perspective provides a great deal of insight and clarity as to why and how there is appropriated increased funding to the defense budget. The research on PET helped me come the conclusion of the ultimate and responsible elements for increased defense expenditure, which are policymakers and policymaking subsystems. The United States should focus on the premise of defense spending, as author Travis Sharp referenced aforehand, “As threats evolve, funding should evolve along with them. In short, defense spending should be determined according to a threat-based analysis and budgetary survival of the fittest.”\textsuperscript{65} The takeaway from this is, if the U.S. focused on the referenced premise, there would be lack of secrecy, more transparency, and quite possibly more stabilization within composing the defense budget.


Bibliography


