According to the Pentagon, the rapid growth of China’s military spending reflects its increasing assertiveness in the region. According to Beijing, US military spending is the real issue. What are the facts?

It has become an annual ritual. Recently, the US Department of Defense (DoD) usually released its report to Congress on China’s “military and security developments.” As before, the release of the report was followed by Beijing’s comment that it overstated the “so-called Chinese military threat.”

In the US, the Pentagon report is touted by the media as another reminder of China’s military assertiveness. In this narrative, China’s military spending is soaring, whereas in the West austerity policies are forcing drastic cuts. In the mainland, a parallel debate tends to focus on the ulterior motives of the US pivot to Asia.

But how valid is the narrative?

China’s spending growing fast in relative terms

As far as the Pentagon is concerned, China is pursuing a long-term, comprehensive military modernization, which seeks to boost its military capabilities in short-duration, high-intensity regional contingencies. A central aspect in the modernization, so it is argued, is preparing for potential conflict in the Taiwan Strait, and contingencies in the South and East China Seas.

More recently, the Pentagon has stressed China’s military investments “for a range of missions beyond China’s coast,” including sea lane security, counter-piracy, peacekeeping, and humanitarian assistance and disaster relief. Today, China and the US, the world’s two largest military powers, operate in intimate regional proximity.

According to data by the international research firm SIPRI, US military spending declined by 7.8 percent in real terms in 2013. Almost half of the fall is accounted for by the reduction of overseas military operations, mainly in Afghanistan and Iraq. Meanwhile, China’s spending increased by 7.4 percent in real terms in the past year.
In terms of *relative* growth, then, Chinese expenditures increased more than US spending shrank.

And yet, despite heightened tensions in the region, the data suggests that there have been no trend changes in Chinese military spending. Instead, the latter represents a long-term policy of rising military investment in line with economic growth.

**US spending overwhelming in *absolute* terms**

Now, let’s move from relative percentage points to absolute figures. In these terms, US military spending took a $44 billion nominal fall in 2013, to $640 billion. Meanwhile, Chinese expenditures grew to $188 billion, according to SIPRI. In terms of *absolute* growth, then, Chinese military expenditures represent less than 30 percent of those by the US.

Global military expenditures exceeded $1.7 trillion in 2013. Nevertheless, US military expenditures remain about the same as the next nine nations’ military expenditures—that is, the combined military spending of China, Russia, Saudi Arabia, France, UK, Germany, Japan, India and South Korea *altogether*.

Indeed. China’s military spending as a share of its economy is 2 percent; only half of that of the US (3.8%)—lower than in Germany, the UK, or France.

As share of the economy, Chinese military spending also lower than in many of its regional peers, including South Korea (2.8%), Cambodia (2.5%) and Vietnam (2.3%)—not to speak of regional heavy-spenders such as North Korea (25-33%), Myanmar (4.5%), and Singapore (3.4%).

But even these figures portray a flawed picture. Just as we understand living standards on the basis of the GDP relative to the *population*, military spending should be understood on a *per capita* basis.

In 2012, America’s population amounted to 314 million. So, America spent more than 2 billion in military expenditures per capita. In contrast, China’s population is over four times larger, about 1.35 billion in 2012. Consequently, its comparable figure was $140 million. On a per capita basis, then, Chinese military spending is barely 7 percent relative to that in the United States.

**The bottom line**

Compared to China, the relative growth of US military spending is stagnating, but its absolute military might remains overwhelming. On a per capita basis, America continues to invest in its military some 15 times more than China.

In view of global spending, US military expenditures account for 37 percent of the world total, even though American GDP is barely 22 percent of the world economy. In contrast, China invests in military spending as much as its share of the world economy would lead us to expect—about 11 percent.
Since its economic reforms, China has pursued military modernization. This effort has been a reflection of its rapid economic growth. In contrast, America’s military expenditures continue to be hugely disproportionate relative to its role in the world.

The secret of China’s growing military might is in the size of its population, not in its military assertiveness. In turn, the staying power of the US military is not in the size of its economy or its population, but in the massive military commitments, which are unsustainable.

What is not needed is a still new US rearmament program that former Vice President Cheney has advocated, but increasing defense co-operation between major advanced and large emerging economies—especially between Washington and Beijing.

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Comments