

# New analysis of government data shows that military spending is a weak job engine compared to other investments

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Given the recent focus on the federal defense budget, Robert Pollin and Heidi Garrett-Peltier, of the Political Economy Research Institute at the University of Massachusetts Amherst, have revisited their assessment of the employment-creation potential of military spending. As in the previous editions of their study, they find unequivocally that government spending on the military is a far weaker engine of job growth than are investments in clean energy, health care, or education, and is even weaker than spending the same amount on household consumption.

Since mid-2011, the impact of military [spending](#) on [job creation](#) has been discussed as a component of the broader debate on how to reduce the [federal government](#)'s fiscal deficit. This study, "The U.S. Employment Effects of Military and Domestic Spending Priorities: 2011 Update," clarifies that debate.

Congressional debates on deficit reduction have highlighted the assertion that large cuts in the military budget would produce negative impacts on [jobs](#) in the U.S. economy. The Pentagon itself suggested that military cuts in the range of \$1 trillion over the next decade would add one percentage point to the U.S. unemployment rate. But whether or not this particular forecast is accurate, the most important question is not the absolute number of jobs that are created by spending a given amount. It is rather whether spending that money on the military creates a greater or lesser number of jobs *relative to spending the same amount on alternative*

*public purposes*, such as education, [health care](#) or a [clean-energy](#) economy, or having consumers spend that amount of money any way they choose.

As Pollin and Garrett-Peltier show, in comparison to alternative uses of funds, spending on the military is a poor source of job creation. They find that \$1 billion spent on the military will generate about 11,200 jobs. By contrast, spending those funds on alternative purposes would create 15,100 jobs for household consumption, 16,800 jobs for clean energy, 17,200 jobs for healthcare, and 26,700 jobs for education.

As the report's lead author, Robert Pollin explains, "Our research, based on U.S. Commerce Department survey data, demonstrates that spending on a clean-energy economy, health care, and [education](#) are all substantially more effective than military spending as a source of job creation in the U.S. economy. These alternative areas of spending within the U.S. economy produce between 50 percent and 140 percent more jobs than if the same amount of money were spent by the Pentagon. We also find that these alternatives generate more employment opportunities in all job categories -- high-paying jobs for high-credentialed workers as well as jobs requiring lower credentials."

The study is an updated version of two previous reports published in 2007 and 2009. For this version, the authors have updated all the employment estimates, using the most recent figures from the U.S. Department of Commerce, Bureau of Labor Statistics and other sources. The basic findings have not changed, though some of the detailed results vary.

The Political Economy Research Institute (PERI) is an economic policy research organization closely affiliated with the University of Massachusetts Amherst. PERI conducts academic research that is directly engaged with crucial economic policy issues, and that has a

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Provided by University of Massachusetts Amherst

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