

New study confirms military spending helps states survive poor economy

June 17 2010

States in which defense spending is high are better equipped to withstand the effects of an economic downturn than others, according to a new study led by University of Alabama at Birmingham (UAB) Assistant Professor of Sociology Casey Borch, Ph.D.

The study, published this week in the June issue of the journal *Social Forces*, confirms that states with high levels of defense spending have lower poverty rates, less income inequality, lower unemployment and higher median family income. It also demonstrates that the U.S. economy is increasingly dependent on military spending.

"Politicians always have assumed that military spending helps the economy, but there have been very few studies to prove that it's true. No studies have examined the effects of military spending on as many measures of economic well-being at the state level as our study," said Borch, who teaches in the UAB Department of Sociology and Social Work.

For this study, Borch and his team examined data taken from 49 states during the post-Vietnam War era, from 1977 to 2004, to determine the role of military spending in a peacetime economy. The time span coincided with a 30-year decline in and dependence on manufacturing in the United States, Borch said. The researchers reviewed spending on defense contracts and military personnel and compared it to changes in economic indicators over time — poverty and unemployment rates, median family income and [income disparities](#).

The researchers also adjusted for variables such as the dominant political party in a state, strength of labor unions, number of Fortune 500 companies, gross state product (GSP) from manufacturing and proportion of military and non-military federal spending.

The researchers found, for example, that an increase in a state's dependence on military spending, from 5 to 10 percent of its total GSP, increased employment about 1 percent — despite nationwide declines in manufacturing — and a \$14,000 per household increase in median family income. In addition, the Gini Index, a measure of income distribution across a population, fell about 6 percent. Poverty rates fell about 2 percent.

Data in the study showed that decreased military spending coincided with times of economic hardship in the states. For example, the 1990s were marked by slowdowns in military spending, and many state economies dependent on military spending suffered higher unemployment, slow economic growth and widening income inequality, Borch said.

"For some cities and states, military spending is an incredibly important part of the local economy," said Borch. "For example, in places like Virginia, which has military bases and a shipbuilding center, there is an enormous amount of military spending, and Huntsville, Ala., is the third most dependent metropolitan statistical area in the country. Other states like Montana and Idaho enjoy less. Therefore, you have politicians and community leaders who work to get military spending funneled into their states because it helps the state economy."

The United States ranks No. 1 in the world for military spending, said Borch. Russia ranks second, with a military budget about seven times smaller than the United States.

"Former U.S. President Dwight Eisenhower warned us against what he called the military industrial complex — the takeover of the economic system by military contractors and the military in general," Borch said. "This study shouldn't be read as advocating for more military spending to ensure economic well-being of individuals. But it points to a stubborn reality of the modern United States — that the economic system that Eisenhower warned us about has become reality, and we have become increasingly dependent on military spending."

Provided by University of Alabama at Birmingham

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