March 4, 1992

WHAT GEORGE BUSH IS NOT BEING TOLD ABOUT FEDERAL SPENDING

INTRODUCTION

I believe government is too big and it costs too much.

—George Bush, February 12, 1992[1]

Few taxpayers would disagree with George Bush's contention that the federal government is demanding far too much of America's resources. But what few taxpayers know, and Bush seems to be among them, is that federal domestic spending has grown more under his watch than under any other Administration. Office of Management and Budget Director Richard Darman apparently has failed to make Bush aware of the magnitude of this spending growth. And because of the policy blunders of Bush's economic advisors, above all the blunder of the 1990 budget agreement, federal domestic spending is growing at record levels and already has consumed the often-promised "peace dividend."

Taxpayers should be wary of the tax and budget plans now being debated on Capitol Hill, Bush's included. None of these plans addresses the real fiscal crisis facing America: profligate spending. Any tax and budget plan that ignores the rampant growth in federal domestic spending should be declared irresponsible.

Competing Budget Plans. The Administration claims that its budget plan will control the overall growth of federal spending while, over the next five years, redirecting $25 billion in additional defense cuts to a modest tax cut for middle-America. The Democrat plan is reported to make even stiffer cuts in defense spending over the next five years while redirecting most of these savings to new domestic spending. Democrats are undecided as yet whether to use the remainder of these defense savings for middle-class tax relief or for deficit reduction.

1 Quoted in Ann Devroy, "President Formally Enters Race," *The Washington Post*, February 13, 1992.

Yet both the White House and congressional leaders are playing fast and loose with the facts. Both plans leave unchecked the explosive growth of domestic spending.

HEAD IN THE SAND BUDGETING

For two years the White House has refused to face the facts about the explosion of federal spending. To justify its economically suicidal decision to raise taxes in fall 1990 at the onset of the recession, the White House had to claim that the budget agreement at least "cut spending." This was not true then. It has been less true every month since then. The budget agreement accelerated rather that restrained new spending. Trapped in layer upon layer of misinformation about actual spending growth, the White House has ended up deceiving itself.

Here are a few basic facts about Bush's domestic spending record about which the President himself is presumably unaware. The statistics and figures used below deal only with the growth in "core" or "structural" domestic spending. Thus they exclude the one-time costs of the savings and loan (S&L) bailout and net interest costs on the federal debt.[2] Therefore, these one-time costs cannot be used to explain away the explosion in spending.

Fact: When he signed the October 1990 budget agreement, Bush agreed to raise taxes in exchange for "serious controls on spending." But the first two fiscal years of the 1990 budget agreement, 1991 and 1992, marked the third and second largest one-year increases respectively in domestic spending in history after adjusting for inflation.

Fact: If the Administration's proposed current budget is enacted, inflation adjusted annual domestic spending in fiscal 1993 will be $169 billion higher than the last Reagan budget four years ago. Worse yet, this increase is 70 percent higher than the twelve-year, $99 billion increase in real annual domestic spending that occurred under Jimmy Carter and Ronald Reagan.

Fact: During the entire twelve years under Presidents Carter and Reagan domestic spending rose a total of 17 percent after adjusting for inflation. By contrast, Bush will increase domestic spending by 24.5 percent in just four years in office.

Fact: Bush has reversed the course of the Reagan revolution. Under Reagan, domestic spending was cut from 14.8 percent of gross domestic product (GDP) in fiscal 1981 to 12.2 percent in fiscal 1989. Under Bush, domestic spending has soared from that 12.2 percent of GDP in fiscal 1989 to 14.6 percent in fiscal 1993. Under current Office of Management and Budget (OMB) projections, domestic spending will remain well over 14 percent of GDP through fiscal 1997.

Fact: The "peace dividend" already has been spent. The Bush budget projects a two percentage point decline in defense spending as a share of GDP between fiscal 1989 and 1997. Domestic spending, however, is projected to increase by two percentage points as a share of GDP during the same period, spending the peace dividend dollar-for-dollar.

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2 "Structural Domestic Spending" is computed by subtracting the following spending categories from Total Federal Outlays: National Defense, Net Interest, International, and Deposit Insurance.

Fact: According to current budget projections, the total eight-year increase in domestic spending above the inflation rate will be $1.3 trillion under Bush from fiscal years 1989 to 1997. By contrast, the cumulative eight-year spending increase above inflation under Ronald Reagan was $58 billion.

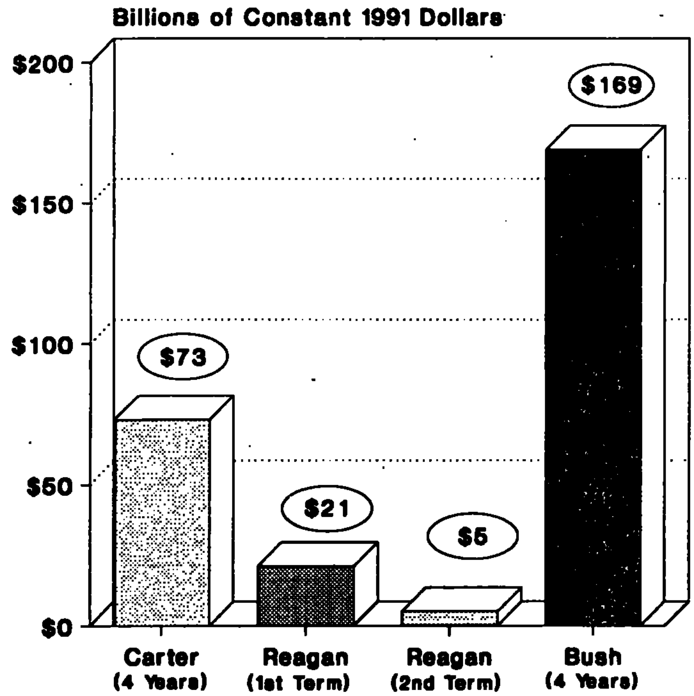
UNPRECEDENTED SPENDING BINGE

Under Bush, White House domestic policy has been a continuing disaster. The worst debacle was his acceptance, at the advice of Darman, of the huge 1990 tax increase which effectively endorsed an unprecedented increase in domestic spending.

The fairest way to measure the Administration's spending habits compared to those of previous Administrations is to focus on "core domestic spending." This is spending on domestic programs excluding interest payments on the debt and the costs and revenues associated with the S&L bailout. Core domestic spending best reflects the underlying growth in the size of government; S&L costs and revenues are excluded because they represent a short-term, one-time expense which is unconnected to long-term governmental growth trends.

Chart 1

Increase in Annual Domestic Spending During Presidential Term



Note: Increase represents difference in spending between last year of term and the last year of previous president. Excludes S&L bailout and net interest costs.

Heritage DataChart

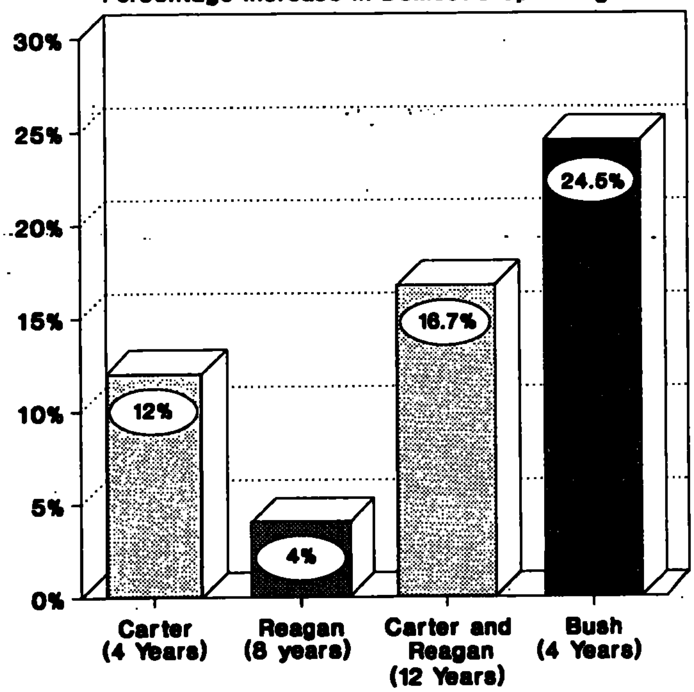
The figures below have been calculated from the Administration's own data in *The Supplement to the FY1993 Budget.* All figures have been adjusted for inflation into 1991 constant dollars using OMB's own deflators.[3] Spending figures for future years include spending

3 Herein the terms "constant" or "real" refer to figures adjusted for inflation and the terms "current" or "nominal" refer to figures not adjusted for inflation. Unless otherwise noted all spending figures are in constant 1991 dollars.

changes proposed in Bush's fiscal 1993 budget but not yet enacted by Congress.[4]

Chart 2
The Bush Binge: Domestic Spending Has Grown More Than Under Carter, Reagan Combined

Percentage Increase in Domestic Spending



Note: Increase represents overall increase in domestic spending over full term of presidency, in constant 1991 dollars. Excludes S&L bailout and net interest costs.

Heritage DataChart

Budget Fiasco. When he signed the October 1990 budget agreement, Bush claimed that he agreed to raise taxes in exchange for "serious controls on spending." But less than one year after the ink was dry, Bush signed bills that hiked domestic spending by $74 billion after adjusting for inflation; this is the second largest single-year increase in U.S. history. Obviously, the 1990 budget agreement did not cut or even slow domestic spending as Bush and congressional lawmakers promised, and as Bush, apparently, still believes that it does. Instead it dramatically increased spending growth when compared to spending rates that occured under the previous rules governed by the Gramm-Rudman-Hollings Act.

As a consequence of the 1990 agreement, inflation-adjusted domestic spending will increase more in the first four years under Bush than in any other four-year period in U.S. history. As Chart 1 shows, the historical comparison of domestic spending growth under Bush with the spending rates of other Presidents is striking. In constant dollars, Reagan hiked annual domestic spending by only $26 billion in eight years, from $663 billion in fiscal 1981 to $689 billion in fiscal 1989. By contrast, at the end of Bush's fourth year in office annual domestic spending will be $169 billion higher than when Reagan left office. Bush thus has increased domestic spending six times as much in four years as Reagan did in eight.

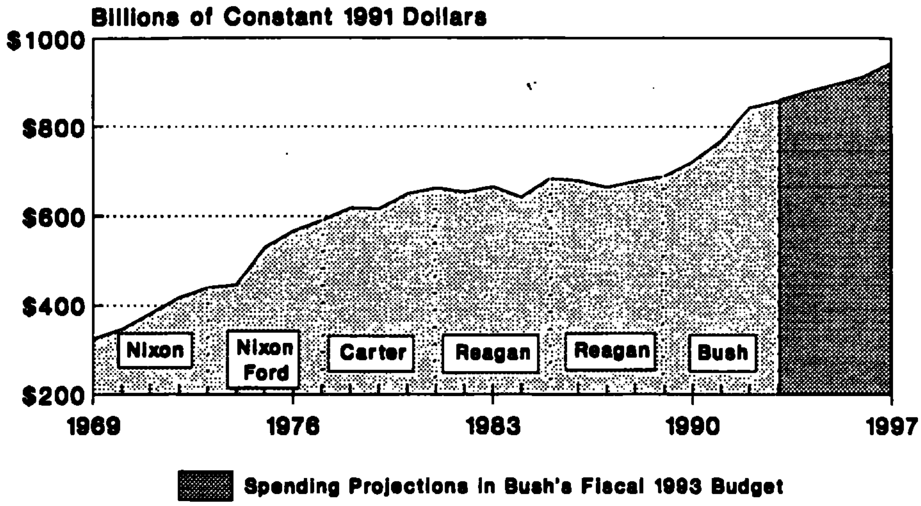
4 For more information on the specific OMB data tables used to compute the figures in this paper, see the Appendix.

SPENDING INCREASES EXCEED CARTER AND REAGAN COMBINED

During the twelve years under Presidents Carter and Reagan domestic spending rose by a total of 17 percent after adjusting for inflation. By contrast, as Chart 2 shows, in

Chart 3

Back to Spending as Usual: Domestic Spending by Presidential Term

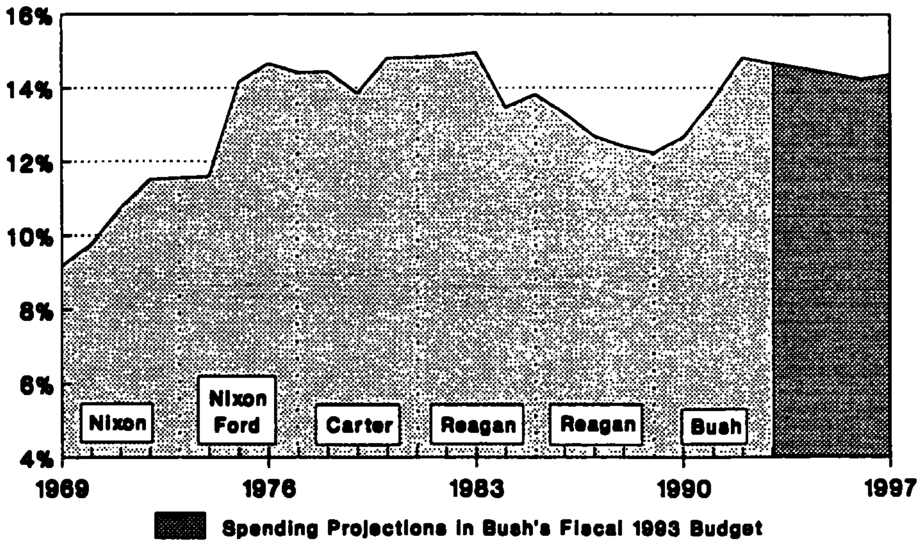


Note: Domestic spending totals exclude interest payments on the national debt and S&L bailout costs.

Heritage DataChart

Chart 4

Reversing the Reagan Revolution: Domestic Spending as a Share of GDP



Note: GDP = Gross Domestic Product. Domestic spending excludes S&L bailout and net interest costs.

Heritage DataChart

Bush's first four years in office, real domestic spending has increased by 24.5 percent. Measured either as a percentage increase or in constant dollars, domestic spending will increase more in four years under Bush than in the previous twelve years under Democrat and Republican presidents.

True, according to the future spending rates projected in the President's current budget proposal, spending will not increase as rapidly between fiscal years 1993 and 1997 as it did during Bush's first four years in office. But even if Bush is re-elected and spending rises at the rates projected in his current budget, real domestic spending will have increased by 37 percent by the end of his eight years in office. This is more than twice the combined rate that Carter and Reagan achieved in twelve years. Bush, moreover, routinely has acquiesced to congressional pressure to hike domestic spending more than was proposed in his own budgets. Thus in reality, domestic spending is likely to increase more rapidly over the next four years than the President projects.

Reversing the Reagan Revolution. Throughout the liberal heyday of the 1970s, domestic spending grew at frantic pace. In the 1980s Ronald Reagan called a halt to this spending explosion. Although Reagan was unable actually to cut total domestic spending, he did reduce the rate of growth significantly. Under Bush domestic spending quickly has returned to the explosive growth rates that characterized the liberal, free-spending 1970s, as Chart 3 shows. The special interests again dominate, and Washington is back to business as usual. According to the figures presented in Bush's own budget, which are likely to be an underestimate, real domestic spending growth between fiscal 1989 and fiscal 1997 will exceed any eight-year period in U.S. history.

DOMESTIC SPENDING AS A SHARE OF THE NATIONAL ECONOMY

Another way of looking at spending growth is to examine the total share of the economy's resources consumed by domestic spending programs; i.e., domestic spending as a percent of gross domestic product (GDP), as shown in Chart 4.

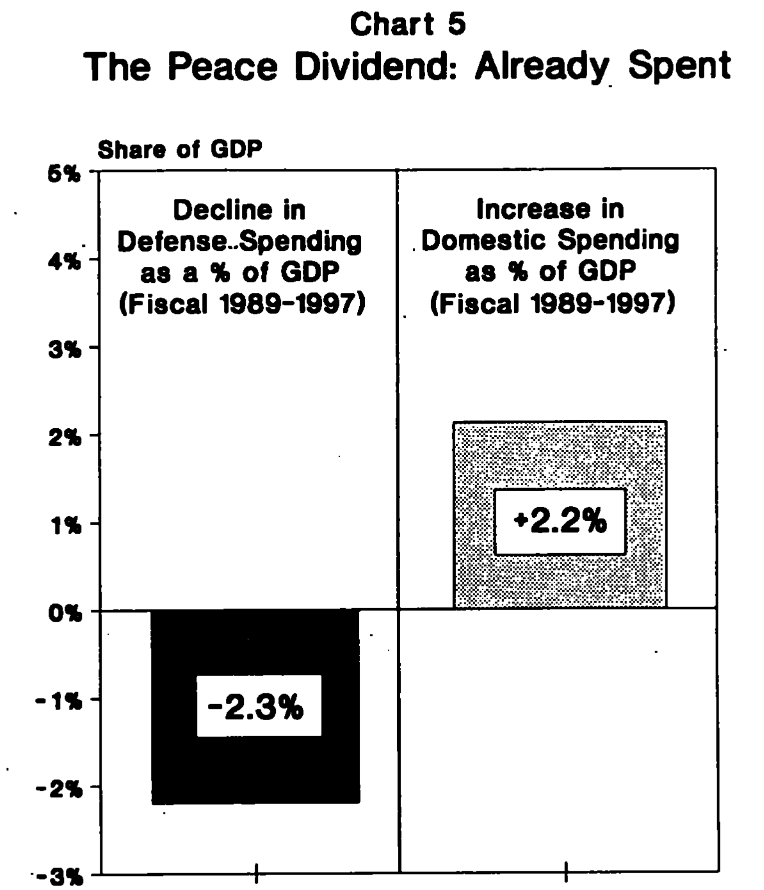
Under Reagan domestic spending was cut from 14.8 percent of GDP in fiscal 1981 to 12.2 percent in fiscal 1989. If the spending trends established under Reagan had been continued under Bush, domestic spending would have fallen to 11.5 percent of GDP by fiscal 1997. As a percentage of GDP this level would have marked the same commitment of national resources to domestic spending as in fiscal 1974.

Under Bush's watch, however, domestic spending has soared from 12.2 percent of GDP in fiscal 1989 to 14.6 percent in fiscal 1993. Under current OMB projections domestic spending will remain well over 14 percent of GDP through fiscal 1997.

Bush thus dramatically has reversed the course of fiscal responsibility established by Reagan. In his first four years alone Bush will have effectively erased nearly all of the gains in slimming government achieved by Reagan.

THE PEACE DIVIDEND HAS ALREADY BEEN SPENT

Another secret of the 1990 budget agreement is that it spends the "peace dividend." The hijacking of the "peace dividend" by Washington special interests can be seen clearly by looking at domestic and defense spending as a percentage of GDP. According to the projections in the President's budget, defense spending will fall from 5.9 percent of GDP in fiscal 1989 to 3.6 percent of GDP in fiscal 1997—a decrease of 2.3 percent of gross domestic product. By fiscal 1997 defense spending as a share of GDP will be at its lowest point since before World War II.



Note: GDP = Gross Domestic Product. Domestic spending excludes the S&L bailout and net interest costs.

Heritage DataChart

During this same period, domestic spending will increase from 12.2 percent of GDP to 14.4 percent of GDP—an increase of around 2.2 percent of GDP. Thus as Chart 5 shows, the savings from the "peace dividend" will be diverted to increasing domestic spending as a share of GDP.

The situation is even worse when these changes are compared in constant dollars rather than as a percentage of GDP. According to the President's fiscal 1993 budget real annual defense spending will fall by over $90 billion dollars from fiscal 1989 to fiscal 1997. Over the same eight years annual domestic spending will increase by some $254 billion in real terms.[5] Not

5 At first glance, these two methods of analysis may seem contradictory. That is, the disparity in constant dollar changes between domestic spending ($254 billion) and defense spending ($92 billion) during this period, appear not to support the equal two percentage point change in GDP for both domestic (up two percentage points) and defense spending (down two percentage points). The disparity can be explained as follows. (All figures are in 1991 constant dollars.) The $254 billion constant dollar increase in annual domestic spending has two parts. First, a portion of this figure, $114 billion, represents the increase in spending which would occur if domestic spending grew at the same rate as the economy between 1989 and 1997. The remaining $140 billion represents the added spending which increased domestic spending as a share of GDP. The decrease in annual defense spending as a share of GDP through 1997 also has two parts. To keep pace with the growth in the economy, an increase of $54 billion in defense spending would be needed during this period. Obviously it will not be spent. Instead real annual defense spending will fall by $92 billion. Thus the total decrease in spending below the amount needed to keep pace with the economy will be $146 billion per year. Annual defense spending's fall as a share of the economy ($146 billion by 1997) thus nearly matches domestic spending's gain in the economy ($140 billion).

one dollar of these defense cuts will be used for deficit reduction; not one dollar will be returned to Americans as tax relief. Instead every $1.00 of defense cuts is scheduled to be matched by $2.76 of new domestic spending.

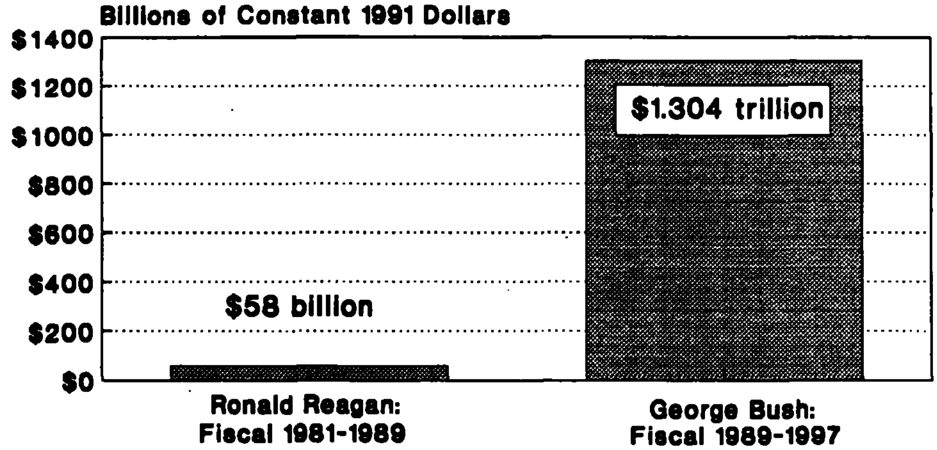
The actual, if not intended, effect of both the 1990 budget agreement and Bush's proposed fiscal 1993 budget is a massive diversion of defense resources directly into new domestic spending. And now liberals would like to "break the firewall" between defense and domestic spending.[6] This would permit them to cut defense spending even more to pay for even greater increases in domestic spending. But few taxpayers and journalists understand that the peace dividend has already been spent once and that the liberals are now pushing for spending it a second time.

THE LEGACY OF TWO PRESIDENTS

A final way of examining spending growth is the total spending increase above the rate of inflation during a President's term. This can be done by determining what the spending levels would have been if spending had grown no faster than the rate of general inflation, and then determining how much actual spending exceeded these levels.

As Chart 6 shows, adding together all eight years of the Reagan Administration, domestic spending exceeded inflation by $58 billion. If the four years of Bush Adminis-

Chart 6
Total Eight Year Growth in Domestic Spending Above Inflation



Note: All figures are in constant 1991 dollars. The figures represent the total eight-year increase in domestic spending. Bush figures include future spending levels proposed in the President's FY 1993 budget, and exclude S&L bailout and net interest costs.

Heritage DataChart

6 The firewall provision of the 1990 budget agreement separates defense and domestic spending. This rule prevents new spending cuts in one category from being used for new spending increases in the other.

tration spending are added to the proposed spending levels through fiscal 1997, domestic spending will exceed inflation by $1.3 trillion. Thus Bush is promising to increase domestic spending 22 times more than did Ronald Reagan.

HOW OMB OBSCURES PROFLIGATE SPENDING

The recent behavior of White House budget advisors indicates a determined effort to obscure this record explosion of domestic spending. OMB officials, such as Director Richard Darman, routinely rely on five techniques to hide or avoid reality.

1) **OMB officials consistently emphasize the relatively flat future growth rate in total federal spending over the next five years.** Indeed over the five-year period, total spending will increase on average by 2.8 percent per year in nominal terms. However, this slow growth can be explained almost entirely by real cuts in defense spending during the same period. According to Bush's proposed fiscal 1993 budget, defense spending will fall in real terms from roughly $274 billion in fiscal 1993 to about $239 billion in fiscal 1997—a real cut of nearly $60 billion. Naturally, as defense shrinks as a share of all spending, domestic spending can grow by an equal or greater amount of this cut without greatly raising the overall level of total federal spending.

2) **OMB consistently uses the highly fluctuating costs—and eventual asset sale revenues—of the S&L bailout to hide the true increase in domestic spending.** At first these costs are very high, and act to raise the total level of domestic spending growth. But as the bailout nears completion, the costs fall, and so too does the rate of overall domestic spending. Uninitiated taxpayers, and some journalists, thus never know that the short-term rise and fall of the S&L costs mask the fact that core domestic spending is soaring.

   Then, of course, as the government sells the assets that it acquired when it took over many failed financial institutions, OMB uses these "profits" to conceal, or "offset," increases in domestic spending. Rather than counting asset sales as revenues, OMB counts them as "negative outlays" or "offsetting receipts," thereby artificially reducing future domestic spending figures. From fiscal 1994 to fiscal 1997 OMB uses over $100 billion of these receipts to hide real increases in domestic spending.

3) **OMB is likely to blame its record spending growth on the recession.** This argument fails because the recession cannot explain why domestic spending will remain over 14 percent of GDP through fiscal 1997. This trend is clear evidence that structural domestic spending was fattened during Bush's first four years in office. During the recession ten years ago, domestic spending also topped 14 percent of GDP but quickly declined as a share of GDP as the economy boomed and fewer people needed government assistance.

4) **OMB officials claim that they have fixed all of these problems in the future.** This is simply another attempt to focus the public's attention on the flat fu-

ture growth rate of total federal spending. But OMB cannot have fixed these problems in the future for the simple reason that annual domestic spending will grow in real terms by an additional $85 billion between fiscal 1993 and fiscal 1997. This four-year spending hike is more than three times greater than Reagan's eight-year increase.

5) **OMB claims that these high spending rates are due solely to runaway entitlement growth.** Indeed, the costs of a few entitlement programs are exploding. Yet this does not explain why domestic discretionary spending is at higher real levels today than were ever achieved under Jimmy Carter.[7]

AN HONEST PLAN TO FIX THE PROBLEM

If the Administration's spending rates continue through fiscal 1997, the amount that must be raised through taxes or borrowing to pay for this spending averages nearly $3,000 per American household. American families no longer can afford such dishonesty and gimmicks. To prevent this, the Bush Administration can back a plan that will end this spending binge and return the savings to the taxpayers. Such a plan is The Heritage Foundation's "Prosperity Plan for America."[8]

The Prosperity Plan cuts the rampant growth of domestic spending and especially wasteful spending and links the savings to family tax relief. This is what is called "waste dividend."[9] This pro-family spending control measure is then joined with a growth tax cut package which would unleash economic growth, spurring investment and job creation, and thus raise the real wages of American workers.

The mechanics of the plan are quite easy for every taxpayer to understand. In fiscal 1993, the plan would not allow total domestic spending to grow more than $20 billion above fiscal 1992 levels. In the first year, this measure will free up a $28 billion waste dividend for immediate tax relief. In future years, the plan places total domestic spending, discretionary and entitlements, under a single, or unified, spending cap.

The annual growth rate for this cap should be set will below the 6 percent annual growth rate of domestic spending projected by OMB through fiscal 1997. The best level for this spending cap is 4 percent per year, slightly above the inflation rate, but it should be set no higher than 5 percent per year. Such a cap would require no cuts in benefits for major entitlement programs. Congress will, however, have to eliminate wasteful programs or reform inefficient programs. This is the "waste dividend."

Once created, the waste dividend should be linked directly to tax relief for American working families, in the form of a tax credit for every child. For example, a 5 percent

7 For more information on how the Administration has taken advantage of taxpayers' ignorance of the difference between budget authority and budget outlays to claim it has cut domestic discretionary spending, see: Scott A. Hodge, "The Bush Budget: Audit #1, Real Increases, Phantom Cuts," Heritage Foundation *Executive Memorandum* No. 322, February 10, 1992.

8 Scott A. Hodge, ed., *A Prosperity Plan for America—Fiscal 1993* (Washington, D.C.: The Heritage Foundation, 1992).

9 This term was first coined by Tom Schatz, Acting President of Citizens Against Government Waste.

spending cap can save enough money to provide a $1,000 tax cut for every school-aged child and a $1,500 tax cut for every pre-school child. A credit of this level would lower the typical family's tax burden to roughly the same level it was in fiscal 1975. Such a tax cut for families would be fairer than any other plan in Washington, because it takes pork barrel and wasteful spending away from special interests and returns it to working families.

A 5 percent cap that gives a dollar in tax relief for every dollar cut in future spending is deficit neutral. However, a spending cap set a 4 percent per year would save enough money to pay for these tax credits and commit nearly $100 billion of additional savings toward deficit reduction by fiscal 1997.

Growth Measures. This plan must be linked to a tax cut package that will stimulate investment and economic growth which, in turn, raises the real wages of American workers. Growth measures such as cutting the capital gains tax rate and indexing it to inflation, expanding individual retirement accounts (IRAs), and accelerating the depreciation of capital investments are fair to working families because these policies raise workers' real wages over time. These measures are doubly fair when combined with the family tax credit, since not only will families see their real wages increase, but they will now be able to keep more of what they earn.

CONCLUSION

The greatest paradox of the Bush Presidency is not that George Bush broke his solemn pledge to the electorate not to raise taxes. It is not even that his tax increase was the greatest first-year tax hike in American history. Rather, it is that he got nothing in exchange for breaking his promise. In signing the 1990 budget agreement, with a single stroke of the pen, Bush both increased taxes and unleashed the greatest domestic spending explosion in American history.

In the past four years plus the next projected four, Bush proposes to increase domestic spending by $1.3 trillion above the rate of inflation. Washington has become almost impervious to the real needs of the American people, a taxing and spending machine running at full throttle without a pilot. Budget Director Darman apparently has failed to supply the President with accurate statistics and analysis of the true budget and spending situation. Thus, rather than leading, Bush has become lost within the system.

Bush could begin to show leadership by publicly acknowledging that the 1990 budget agreement was an unprecedented economic and political debacle. He should then remove the White House staff who promoted the deal, and take immediate steps to control spending and provide significant tax relief to American families. He should not accept any budget plan that does not put an end to Washington's profligate spending.

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APPENDIX

Even for the most diligent taxpayer or journalist, the federal budget can be daunting. For the interested reader, Heritage scholars have untangled this document and condensed it into two attached tables. Each table displays respectively domestic and defense spending in current dollars, inflation-adjusted dollars, and spending as a percentage of gross domestic product (GDP). GDP figures are in current dollars.

For those wishing greater detail, the following data set was compiled from the *Budget of the United States Government, Fiscal Year 1993, Supplement, February 1992:*

Table 3.1 (Part Five, pp. 37-42). Used to obtain data on Total Federal Outlays, National Defense Outlays and Net Interest Outlays.

Table 8.1 (Part Five, p. 97). Used to obtain data on International Outlays and Deposit Insurance Outlays.

Table 1.3 (Part Five, p. 17). Used to obtain the Constant Dollar (fiscal1987), composite deflator. This was then computed into constant (fiscal 1991) dollars.

Domestic Spending was computed by subtracting the following from Total Federal Outlays:

National Defense, Net Interest, International, and Deposit Insurance.

Domestic Spending by Fiscal Year: 1949-1997
(billions)

Fiscal Year	Gross Domestic Product (GDP)	Domestic Spending in Current Dollars	Domestic Spending in Constant 1991 Dollars	Domestic Spending as Percent of GDP
1949	$262.40	$15.11	$104.66	5.76%
1950	265.50	19.36	134.02	7.29
1951	313.20	13.65	100.70	4.36
1952	340.30	14.21	99.48	4.18
1953	363.40	16.04	105.75	4.41
1954	367.40	15.19	97.53	4.13
1955	383.90	18.65	115.83	4.86
1956	415.20	20.64	121.89	4.97
1957	437.20	22.65	128.24	5.18
1958	447.10	26.63	142.29	5.96
1959	478.70	34.18	173.81	7.14
1960	505.90	34.14	169.94	6.75
1961	516.90	38.31	188.70	7.41
1962	554.30	42.50	205.64	7.67
1963	585.00	45.37	210.54	7.76
1964	626.50	51.38	234.09	8.20
1965	671.40	54.71	244.07	8.15
1966	738.60	62.44	271.97	8.45
1967	791.30	70.89	300.44	8.96
1968	849.80	80.72	327.61	9.50
1969	925.60	84.96	324.37	9.18
1970	985.60	96.07	345.83	9.75
1971	1051.60	113.06	380.92	10.75
1972	1145.80	132.04	416.96	11.52
1973	1278.00	147.68	439.27	11.56
1974	1403.30	162.97	445.81	11.61
1975	1511.00	213.89	529.65	14.16
1976	1704.00	249.79	566.84	14.66
1977	1919.70	276.87	590.64	14.42
1978	2156.40	311.30	618.71	14.44
1979	2431.90	337.11	616.65	13.86
1980	2644.50	392.02	650.35	14.82
1981	2964.70	439.76	662.82	14.83
1982	3124.90	464.61	654.08	14.87
1983	3317.00	496.26	666.24	14.96
1984	3696.70	497.81	642.76	13.47
1985	3970.90	548.95	684.27	13.82
1986	4219.60	561.72	679.83	13.31
1987	4453.30	564.97	665.65	12.69
1988	4810.00	596.70	678.54	12.41
1989	5170.10	632.75	689.33	12.24
1990	5459.50	691.02	721.58	12.66
1991	5626.60	769.18	769.18	13.67
1992	5865.00	869.11	842.99	14.82
1993	6231.60	913.91	858.05	14.67
1994	6632.80	964.70	877.35	14.54
1995	7056.10	1016.61	895.06	14.41
1996	7498.90	1069.03	911.51	14.26
1997	7955.50	1142.49	943.43	14.36

Defense Spending by Fiscal Year: 1949-1997

(billions)

Fiscal Year	Gross Domestic Product (GDP)	Defense Spending in Current Dollars	Defense Spending in Constant 1991 Dollars	Defense Spending as Percent of GDP
1949	$262.40	$13.15	$91.08	5.01%
1950	265.50	13.72	94.98	5.17
1951	313.20	23.56	173.82	7.52
1952	340.30	46.08	322.59	13.54
1953	363.40	52.80	348.12	14.53
1954	367.40	49.26	316.28	13.41
1955	383.90	42.72	265.33	11.13
1956	415.20	42.52	251.11	10.24
1957	437.20	45.43	257.21	10.39
1958	447.10	46.81	250.12	10.47
1959	478.70	49.01	249.22	10.24
1960	505.90	48.13	239.57	9.51
1961	516.90	49.60	244.31	9.60
1962	554.30	52.34	253.25	9.44
1963	585.00	53.40	247.80	9.13
1964	626.50	54.75	249.44	8.74
1965	671.40	50.62	225.83	7.54
1966	738.60	58.11	253.11	7.87
1967	791.30	71.41	302.64	9.02
1968	849.80	81.92	332.48	9.64
1969	925.60	82.49	314.94	8.91
1970	985.60	81.69	294.06	8.29
1971	1051.60	78.87	265.73	7.50
1972	1145.80	79.17	250.01	6.91
1973	1278.00	76.68	228.08	6.00
1974	1403.30	79.34	217.04	5.65
1975	1511.00	86.50	214.20	5.72
1976	1704.00	89.49	203.08	5.25
1977	1919.70	97.24	207.44	5.07
1978	2156.40	104.49	207.68	4.85
1979	2431.90	116.34	212.81	4.78
1980	2644.50	133.99	222.29	5.07
1981	2964.70	157.51	237.40	5.31
1982	3124.90	185.30	260.87	5.93
1983	3317.00	209.90	281.80	6.33
1984	3696.70	227.41	293.63	6.15
1985	3970.90	252.74	315.04	6.36
1986	4219.60	273.37	330.85	6.48
1987	4453.30	281.99	332.24	6.33
1988	4810.00	290.36	330.18	6.04
1989	5170.10	303.55	330.69	5.87
1990	5459.50	299.33	312.57	5.48
1991	5626.60	273.29	273.29	4.86
1992	5865.00	307.30	298.07	5.24
1993	6231.60	291.35	273.54	4.68
1994	6632.80	283.39	257.73	4.27
1995	7056.00	283.16	249.30	4.01
1996	7498.90	286.26	244.08	3.82
1997	7955.50	289.27	238.87	3.64