



1977

A Comparison of Defense and Welfare Spending in the United States and the United Kingdom, 1946-1976

James L. Clayton
University of Utah

Follow this and additional works at: <http://scholarworks.wmich.edu/jssw>

 Part of the [Peace and Conflict Studies Commons](#), and the [Social Work Commons](#)

Recommended Citation

Clayton, James L. (1977) "A Comparison of Defense and Welfare Spending in the United States and the United Kingdom, 1946-1976," *The Journal of Sociology & Social Welfare*: Vol. 4 : Iss. 3 , Article 10.
Available at: <http://scholarworks.wmich.edu/jssw/vol4/iss3/10>

This Article is brought to you for free and open access by the Social Work at ScholarWorks at WMU. For more information, please contact maira.bundza@wmich.edu.



A COMPARISON OF DEFENSE AND WELFARE SPENDING
IN THE UNITED STATES AND THE UNITED KINGDOM, 1946-1976

James L. Clayton
Professor of History
University of Utah

One of the most important and absorbing questions of our time is whether governments should extend or retrench their efforts toward assisting people who do not seem to be able to make it on their own. Those who believe that governments should expand their programs to help the needy argue that a compassionate and affluent society has both the ability and the responsibility to do so; those who believe that governments have already pushed too far and too fast argue that the advance of the welfare state must be halted. Closely related to this basic disagreement is the question whether society must sacrifice in one area in order to build in another, that is whether one government program must come at the expense of another. Those who argue that governments should do more for their less fortunate people tend to believe that high levels of defense spending are a hindrance to expanding welfare programs. Conversely, those who believe defense needs are under funded generally feel that welfare expenditures are a limitation on national security.

This essay focuses on this warfare-welfare dichotomy by measuring and comparing warfare and welfare expenditures over an extended period of time in two countries: The United States and the United Kingdom. The main object of this essay is to show the long-term trends of warfare and welfare spending in these two countries in order to determine 1) whether either or both are rising or falling, 2) whether welfare expenditures are inversely related to defense expenditures, and 3) whether the welfare-warfare experience in a foreign country comparable with the United States can offer important insights into our present predicaments and help us anticipate certain problems we might face in the future. The United Kingdom was chosen for comparison with the United States because its defense policies and expenditures have closely paralleled ours for the past 30 years and because American welfare expenditures have tended, usually with a lag of about 20 years, to follow those of Great Britain more than any other country. England is, moreover, our "Mother Country" in more ways than one, and Americans have readily related to such comparisons in the past. The base year 1946 was selected because United Kingdom welfare expenditures are available in a complete series only since that date and yet 30 years is a sufficient time frame to measure both long and short term trends.

I

There are a variety of ways of defining defense expenditures. Most analysts in America prefer to use the "national defense" expenditures account in the U.S. budget. This account includes Department of Defense (DoD) outlays, retirement pay for military personnel, military assistance to friendly nations, and atomic energy outlays.¹

This method slightly overstates our defense expenditures since some civilian programs of the Atomic Energy Commission (AEC) are included, as are funds for educating military personnel and their dependents overseas. It understates defense costs on the other hand by excluding war-related veterans' benefits, interest on war loans, and that unknown portion of our space program that is primarily military in nature. Since there is no way fiscally to break out AEC civilian programs, military dependent school costs, and war-caused vs. welfare-related veterans' benefits, efforts to expand on the U.S. budget concept, with one exception, have been largely unsuccessful and highly controversial.² That exception is the method used by the U.S. Arms Control and Disarmament Agency (USACDA) in its reports on world military expenditures.³ This agency uses NATO definitions of military spending which generally exclude civilian-type expenditures of the DoD but include military-related expenditures of other government agencies, military grants of the donor country, and military equipment credit purchases. On the average the USACDA defense data are slightly higher than U.S. budget defense data and are given in calendar rather than fiscal years. Both of these methods will be used in this essay.

Looking at the period since World War II it seems at first glance that defense expenditures in the United States have been rising rapidly. Allowing for a reasonable time period for World War II spending to have worked itself out of the budgetary process--say by 1950--it appears that defense spending has risen from \$12.4 billion in 1950 to an estimated \$101.1 billion for fiscal year 1977. This represents an increase of 715 percent in 27 years, most of which were years of international tension and fully half of which America was engaged in combat. Using 1950 as a base year considerably overestimates this recent expansion since it was the last year before the Korean War, but also underestimates this figure historically since the level of defense spending in 1950 was approximately four times higher than traditional defense expenditures during peacetime.⁴

A better way of measuring spending trends is in constant prices. On this basis defense spending in constant (1975) dollars rose from \$40 billion in 1950 to \$84 billion in fiscal 1977, or a little over two rather than seven times. Defense spending peaked at \$133 billion in 1969 and has been falling every year since until fiscal 1977 when a slight increase occurred. Defense spending has been fairly constant since the Korean War, fluctuating around \$100 billion, except for the Vietnam escalation. Then it went considerably higher, but in recent years defense outlays have fallen well below the average for the past two decades.

An even more accurate method of measurement is to compare defense expenditures as a percent of total federal outlays and GNP. In 1950 defense represented 29.1 percent of total federal spending; in 1977 defense had fallen to an estimated 25.6 percent.⁵ On this basis defense spending has not only been falling since 1968 but also has declined even from the pre-Korean War base year of 1950. As a percentage of total public spending (federal, state, and local) defense expenditures have fallen to their lowest level since 1940.⁶ Today (1976) defense represents about 15 percent of total government expenditures. In 1968 that figure was 29 percent and in 1953 it was 45 percent. On the other hand defense spending has risen since 1950 as

a percentage of GNP. In that year defense required 4.6 percent of our total goods and services; today defense requires 5.8 percent (See Tables 1 and 2).

Perhaps the most accurate and dispassionate way of measuring defense expenditures is to put these data in constant dollars and on a per capita basis. Both price and population inflation are rendered neutral in this way. In constant dollars America's defense effort is costing less today than at anytime since 1950, and with the exceptions of last year has fallen every year since the peak year of the Vietnam War.⁷ But on a per capita basis in constant (1958) dollars, defense spending in 1976 cost \$157 for each and every American, the lowest price tag since 1950 when defense cost \$110. During the Great Depression defense costs on this same basis were far less, about one-seventh what we pay today. Prior to World War I defense cost about one-fifteenth the current rate--even in constant dollars.⁸

From the above analysis it should be clear that in real terms the trends of defense spending in the United States in recent years is sharply downward, not upward, and currently defense outlays are at the lowest level they have been for the past 25 years. A variety of other data also support this conclusion.⁹ This conclusion is further born out by the most recent Arms Control and Disarmament Agency study. According to that agency U.S. military expenditures fell from 9.5 percent of GNP in 1967 to 6.2 in 1974, or from \$102 billion to \$77.9 billion in constant dollars.¹⁰ Since it is frequently assumed that defense spending is rising in the United States, and particularly at the expense of social welfare programs, it may be useful at this point to flip back to Chart 1 on page to fix this point visually in mind.

II

How one defines welfare spending in the United States is also a matter of considerable controversy. There are two generally accepted definitions of long standing, however, and both will be used here. The first and more important is the Social Security Administration's (SSA) "social welfare" concept which includes federal, state, and local public spending, and also includes welfare-related spending for all groups, not just for the very poor or those who are stigmatized in one way or another.¹¹ "Social welfare" reflects expenditures designed to help those Americans whose income falls below a certain minimum and seeks to establish minimum standards of health, education, and housing for everyone. Specifically, this definition includes expenditures for social insurance, public aid, publicly financed health and medical programs, veterans' benefits, public housing and education outlays, and a few other minor activities. A derivative of the social welfare definition is the "income support" category which only includes social insurance, veterans' benefits, and public assistance. Income support increased from \$17 billion in 1950 to \$103 billion in 1974 in constant (1974) dollars, or from 3.7 to 7.9 percent of GNP.¹²

Social welfare expenditures have risen as a percentage of GNP in almost every decade of this century. Prior to World War I they represented less than three percent of our GNP: during the 1920's they inched up to four percent; in the Great Depression they climbed to more than 10 percent, then fell somewhat during World War

II only to rise again during the 1950's. Since 1965 social welfare expenditures have risen exponentially and now stand in excess of 20 percent of GNP.¹³

Social welfare has also steadily increased its share of total public spending since 1950. In that year social welfare represented 38 percent of all government outlays; in 1975 that figure had risen to 58 percent. On a per capita basis in constant dollars social welfare spending had risen about 50-fold since the beginning of this century and about seven-fold since the New Deal. Since 1965 real per capita social welfare spending has shot up 128 percent, increasing by \$47 billion in fiscal 1975 alone. Despite a spending level in fiscal 1975 of \$287 billion these expenditures continue to grow at an exponential rate (19 percent in 1975) and show no sign of leveling off.

The second most common definition of welfare is the "income security" category and its "public assistance" derivative in the U.S. budget. Income security expenditures are designed to help those Americans whose income has been lost or impaired by retirement, disability, illness, unemployment, poverty, or death. Income security outlays have risen from \$30 to nearly \$140 billion in the past 10 years and these, too, are growing exponentially. Part of this category includes "public assistance" expenditures for the aged, disabled, blind, and families with dependent children. This category alone has risen from 4.1 billion in fiscal 1968 to an estimated \$23.6 billion in fiscal 1976, an increase of 476 percent in less than a decade.¹⁴ Finally, federal outlays for the poor are sometimes viewed as comprising welfare spending in this country. These outlays include cash benefits, food, housing, education, health and manpower training. In constant dollars these federal antipoverty outlays have steadily increased from less than \$10 billion to more than \$30 billion since 1960.¹⁵

All of these income security programs are limited to federal spending and, consequently, underrepresent welfare spending by the amount states and local governments spend. This difference is substantial. A better method is to use the "public welfare" method of the Census Bureau. This definition includes all public spending for those Americans who are blind, disabled or out of work, females with dependent children, and the poor who are either old or need medical care or both. These data are available since 1902 for selected years.¹⁶ On a per capita basis and in constant dollars public welfare expenditures rose from less than two dollars in 1902 to \$75 in 1973, or at about the same rate as social welfare expenditures for the same period. These data, along with social welfare expenditures, are tabulated as a percentage of GNP since 1965 in Table 2, and as a percentage of total public spending in Table 3. Table 4 compares defense and social welfare and public welfare spending in constant dollars per capita since 1965.

The above tables, and especially Table 4, clearly demonstrate that since 1946 and more particularly in recent years warfare spending in the United States has been trending downward and welfare spending has been increasing markedly. As a percentage of GNP defense spending has fallen generally from its Korean War peak, and has fallen 57 percent since 1968. An even sharper decline is evident when measured as a percentage of public spending. On a per capita basis in constant dollars, the drop

since 1968 is 70 percent. On the other hand, social welfare spending has risen steadily since 1946 as a percentage of GNP, except for the Korean War years, and has climbed 46 percent since 1968. The same pattern holds for public welfare spending. On a per capita basis in constant dollars social welfare climbed 123 percent between 1965 and 1975, and public welfare 188 percent between 1965 and 1973. Clearly, warfare and welfare spending have been moving in opposite directions during this generation.

There is no statistically significant correlation between military spending and either of the two welfare spending categories during the past 25 years, although there is a demonstrable negative relationship between warfare and welfare spending during World War II.¹⁷ On the contrary, it seems more likely that a substantial portion of our welfare revenues since the end of the Korean Conflict have come from declining defense budgets. Since most of the increases in government spending have come at the federal level and in the social welfare category, and since tax rates have not been raised significantly during the past 20 years, it stands to reason that rising welfare needs have benefitted from declining defense costs. Resistance to further defense cuts is hardening in the Congress, however, and a continued welfare windfall from further defense cuts seems less likely in the foreseeable future. The point that declining defense outlays have helped to fund rising welfare programs has also been argued by Roger Freeman in his insightful study, The Growth of American Government.¹⁸

III

The United Kingdom has traditionally spent a larger share of its resources on defense than has the United States. This is understandable since England became a world power two centuries before America did and given England's proximity to potential enemies and greater suffering as a result of war. During peace-time years in this century Britain has spent between two and three percent of her GNP on defense, an amount about twice comparable U.S. expenditures. During World War II Great Britain expended well over 60 percent of its GNP on that war; the United States less than 40 percent. World War II loosened the bonds of the British Empire, however, and reconstruction at home and the cost of British occupation troops in Germany caused a retrenchment in defense commitments. Nevertheless, the U.K. continued to spend a higher percentage of her GNP on defense than did the U.S. until the outbreak of the Korean Conflict. From 1952 until the present the U.S. has spent more of her GNP on defense, with substantially more during the Korean and Vietnam Conflicts. Today, both nations spend approximately the same percentage of their GNP's for defense. The same pattern holds true for defense spending as a percentage of total public spending (see Table 3).

Great Britain's steadily declining defense expenditures reflect a gradual erosion in her world position, the dismantling of her empire, basic changes in her defense policy as a result of these two factors, and growing economic limitations. By avoiding hasty demobilization of her armed forces following World War II she continued to play a major role in world affairs for a time, but her defense budgets

were a rising burden on her limited economy now committed to an ambitious program of socialization. As the Cold War diminished in intensity following the death of Stalin defense commitments were whittled down. As the years rolled by the primacy of economics and domestic issues became more and more evident. What began with a strong emphasis on costly nuclear weapons as a deterrent in the early years of the Cold War by 1956 had become a matter of relying on the United States' nuclear deterrent capabilities and a more limited commitment to NATO. Rising concern over sluggish growth, rising deficits, and the feared potential limits of the public-private mix helped cause this shift in emphasis. As with the United States, the basic problem of the United Kingdom in recent years has been to maintain her declining international influence with diminished defense budgets, rising domestic problems, and waning public resolve.¹⁹

In comparing U.S. and U.K. defense expenditures the most significant pattern seems to be that Britain decided earlier to diminish her role as a world power and accordingly cut her defense budgets earlier and more deeply than the United States. Since 1950 the British have halved their defense efforts as measured by total public spending; the United States has merely cut out all of the growth subsequent to 1950. On the other hand America's cuts since 1965 have been much deeper than Britain's, especially on a per capita basis (compare Tables 4 and 5). Still, even though the sacrifices for defense are roughly equivalent today, because America is considerably richer her actual defense dollar outlays are more than double those of the British. The disparity in wealth between the two countries is likely to maintain this inequality in outlays for years to come.

IV

The British social welfare programs are not exactly similar with American efforts, but they are sufficiently alike to be roughly comparable. Part of the difficulty lies in the fact that the English welfare state is much older than the American and has gone further down the road toward "cradle-to-grave" security, a term coined in the English Beveridge Report of 1942. A further difficulty is that Britain has much greater breadth of welfare coverage for only a slightly larger investment of her resources. Complete health insurance, family income allowances, thousands of voluntary organizations that are partly publicly financed, and a relatively larger influx of immigrants who need state assistance suggest some of the funding differences in the United Kingdom. Nevertheless, the British do use the term "social services" and that term includes programs that are essentially like those in our "social welfare" sector.²⁰ The two systems are therefore fiscally comparable. To be specific, British "social service" programs include all public (central and local) spending for: education; the national health services; personal services for the elderly, handicapped, mentally ill, and child care; school meals; social security benefits; veterans' benefits; and public housing subsidies.

In 1929 United Kingdom social services represented 8 percent of GNP compared with 3.9 percent of GNP for United States social welfare outlays.²¹ By 1950 these figures had risen to 13.7 and 8.9 percent respectively. In 1975 the United Kingdom spent £21.8 billion or 23.5 percent of her GNP on social services; the United States

spent \$287 billion or 20 percent of her GNP on social welfare.²² Today America spends much more per capita and a larger share of its public funds on education, veterans' benefits, and social insurance than do the British, but the British expend more on health services and public housing.²³ Although the mix is different the total social welfare effort in both countries is nearly the same.

The British, like the Americans, also define public welfare more narrowly. This is their "welfare services" account²⁴ in the national budget. It includes all public spending (central as well as local) for the aged, handicapped and homeless, child care, care of mothers and young children, mental health, and domestic health care. It also includes the cost of providing school meals at reduced prices to disadvantaged children and expectant mothers. In 1975 "welfare services" cost the British £1.1 billion or 1.0 percent of their GNP.

Table 2 compares U.S. and U.K. social welfare expenditures as a percent of GNP for recent decades. Social welfare programs were much more fully developed in Britain during the Great Depression than in the United States, particularly when one remembers that the depression was much more severe in America than England. Social welfare programs have also been growing much more rapidly in the U.S. since the inauguration of President Johnson's Great Society in 1965. Since that date U.S. social welfare expenditures have grown at an annual rate of 8 percent per annum. If this rate of increase continues, and there is no evidence that it is slackening off, the United States will surpass the United Kingdom, assuming their rate of increase remains constant, in social welfare expenditures as a percentage of GNP before the end of this decade.

United Kingdom military, social services, and public welfare expenditures in constant dollars and on a per capita basis are compared in Table 5. As was the case with comparable U.S. data, U.K. social service expenditures since 1965 have been rising, although not quite so sharply as in America (see Chart 1). Like defense outlays, U.S. per capita social welfare expenditures in constant dollars far outstrip U.K. efforts.

V

A number of fairly firm conclusions can be drawn from comparing defense and welfare spending in the United States and the United Kingdom during the past 30 years.

First, U.S. and U.K. defense spending data are clearly comparable over time, but welfare spending data are only roughly comparable. The two most commonly used welfare spending definitions--social welfare and public welfare--are however approximately the same for each country. Using these two categories can give fair comparisons of welfare commitments between the two nations.

Second, defense spending trends for the U.S. and the U.K. as a percentage of GNP closely parallel each other over the past three decades. Both show a gradual secular decline since the Korean War, but the U.K. started higher and has fallen

somewhat more. Today, each country sacrifices approximately the same amount of goods and services to defense.

Third, broadly related social welfare programs as measured by expenditure levels, although much more advanced in the U.K. in earlier decades, will be approximately equal by the end of this decade. This is largely because the rate of increase of welfare spending in the U.S. is faster than in the U.K.

Fourth, there is no statistically significant correlation between defense spending and welfare spending over time in either country. Both defense and welfare have a life of their own and neither grows primarily at the expense of the other. The cost of each comes essentially from changing the public-private mix to favor more government and fewer private undertakings, from increasing taxes, and from enlarged public deficits. The first of these three is the most important. More than any other single factor, social welfare spending is responsible for the growth of the government sector in both the United States and the United Kingdom since 1946. In England that sector now represents 60 percent of the total economy; in America almost 40 percent. In each the size of the government sector has occasioned intense political debate and possibly a diminished growth rate in recent years. Since much of this growth has been financed through deficits rather than by tax increases, the size of each country's deficits has mushroomed. In England especially public sector borrowing requirements measured as a percentage of GNP have almost tripled during the past 10 years. In both interest rates have been climbing, but to date the problems of governmental finance have been much more acute in the United Kingdom, partly because its debt burden is substantially higher than it is in the United States.

Fifth, the limits of declining defense budgets seem to have been reached in the U.S., but not in the U.K. Neither party in the U.S. is talking of continued defense cuts of the size of recent years and both are now voting for slight increases. In England the Labor Party is considering further cuts, however, possibly as much as twenty percent by the early 1980's.²⁵

Sixth, the limits of social welfare and public welfare spending, although intensely discussed on both sides of the Atlantic, have not yet been fixed. The need to halt the exponential trends of social welfare spending at some point is clearly recognized, more especially in Great Britain, but the decision to actually flatten or to reserve this trend has not been made. The Labor Party has decided in their most recent White Paper to cut both defense and welfare spending by 1980, but most observers doubt that the Labor Party will in fact cut their welfare budget in real terms.

Finally, both England and America are presently gambling that their long-term cuts in defense spending have not dangerously impaired their national security and that exponentially rising welfare spending will not overburden their economies. Whether England and America are right on these propositions will be one of the most important questions that either country will face in the coming years.

FOOTNOTES

1. See The United States Budget in Brief, Fiscal Year 1977, p. 22.
2. See the Joint Economic Committee's effort to expand these categories in The 1973 Joint Economic Committee Report...on the January 1973 Economic Report of the President, 93 Cong., 1st Sess., 1973, p. 72; and the critical comments of the DoD on this and other approaches in [Robert C. Moot], The Economics of Defense Spending, A Look at the Realities (Washington, D.C., 1972), chapters 1, 10, and 11.
3. See especially USACDA, World Military Expenditures and Arms Transfers, 1965-1974 (Washington, D.C., 1976).
4. Defense expenditures averaged about 1 percent of GNP during the 1920's and 1930's but 4.6 percent of GNP in 1950. The basic data are from 1975 Statistical Abstract, p. 314; and the United States Budget in Brief, Fiscal Year 1977, p. 67.
5. United States Budget in Brief, Fiscal Year 1977, p. 58.
6. See James Clayton, "The Fiscal Limits of the Warfare-Welfare State: Defense and Welfare Spending in the United States Since 1900," Western Political Quarterly, Table 3, forthcoming.
7. See 1975 Statistical Abstract, p. 314.
8. See Clayton, Table 4.
9. Other indicators of a falling defense emphasis since 1968 are a massive decline in military and civilian manpower and substantial percentage declines in employment in defense products industries, declining defense R&D as a percentage of total R&D, and declining defense purchases as a percentage of GNP.
10. See footnote 3, p. .
11. See 1975 Statistical Abstract, p. 280. For more recent data see the January 1976 issue of the Social Security Bulletin, p. 3.
12. Sar Levitan and Robert Taggart, The Promise of Greatness (Harvard University Press: Cambridge, 1976), p. 35.
13. See U.S. Bureau of the Census, Historical Statistics, Colonial Times to 1970 (Washington, D.C., 1976), p. 340.
14. The United States Budget in Brief, Fiscal Year 1977, p. 39.
15. Levitan, p. 196.

16. See Bureau of the Census, Historical Statistics on Governmental Finances, 1967 Census of Governments (Washington, D.C., 1967), p. 25 for data to 1967. For subsequent data see the Census Bureau's annual Governmental Finances in 1973-74 (Washington, D.C., 1975).
17. This point was made some time ago by Ida Merriam and Alfred Skolnik in their Social Welfare Expenditures under Public Programs in the United States, 1929-1966, HEW Research Report No. 25, 1968.
18. See The Growth of American Government (Hoover Institution Press: Stanford, California, 1975), p. 110.
19. For a survey of British defense policy from World War II to the mid 1960's see R. N. Rosecrance, Defense of the Realm (New York, 1968). For more current policy debates The Economist is an excellent source.
20. See the issues of Britain, An Official Handbook (London, published annually).
21. Cf. The British Economy, Key Statistics, 1900-1970, pp. 4 and 12; with U.S. Bureau of the Census, Historical Statistics, Colonial Times to 1970 (Washington, D.C., 1976), p. 340.
22. Cf. U.K. 1975 Annual Statistical Abstract, p. 54; and U.S. Social Security Bulletin, January, 1976, p. 3.
23. For other differences on a comparable basis see Charles Taylor and Michael Hudson, World Handbook of Political and Social Indicators, 2nd ed. (New Haven and London, 1972).
24. See U.K. 1975 Annual Statistical Abstract, p. 57.
25. The Economist, June 5, 1976, p. 18.

Table 1.

U.S. and U.K. Defense Expenditures as
a Percentage of GNP, 1946-1977

<u>Year</u>	<u>U.S.</u>	<u>U.K.</u>
1946	21.4	20.1
7	6.5	10.6
8	4.8	7.4
9	5.0	7.0
1950	4.9	7.1
1	7.2	8.7
2	13.1	10.7
3	14.0	10.6
4	12.9	9.8
5	10.6	8.9
6	9.8	8.6
7	9.9	8.0
8	10.1	7.4
9	9.9	7.2
1960	9.3	7.1
1	9.4	7.1
2	9.4	7.2
3	9.1	7.1
4	8.8	6.6
5	7.6	6.7
6	7.9	6.6
7	9.1	6.7
8	9.7	5.4
9	9.0	5.7
1970	8.4	4.8
1	7.7	5.0
2	7.2	5.2
3	6.2	4.9
4	5.8	5.2
5	5.8	5.4
6	5.8	5.4
7	5.5 est.	NA

Sources: R. N. Rosecrance, Defense of the Realm (New York, 1968) Appendix, Table 1; USACIA, World Military Expenditures and Arms Transfers, 1965-1974 (Washington, D.C., 1975), p. 50; 1975 U.K. Annual Abstract of Statistics, p. 326; U.S. Budget in Brief, Fiscal Year 1977, pp. 67 and 69, for U.S. defense and GNP spending data for FY 1977.

Table 2.

<u>U.S. and U.K. Welfare Expenditures as a Percentage of GNP, 1946-1975</u>			
<u>Year</u>	<u>U.S. Social Welfare Spending as a % of GNP</u>	<u>U.S. Public Welfare Spending as a % of GNP</u>	<u>U.K. Social Services Spending (including housing subsidies) as % of GNP</u>
1946	6.1	1.3	NA
7	7.8	NA	NA
8	7.6	.8	NA
9	8.1	NA	NA
1950	8.9	1.0	13.6
1	7.7	NA	13.1
2	7.6	.8	13.4
3	7.5	.8	13.4
4	8.2	.9	13.1
5	8.6	.8	13.5
6	8.6	.8	13.4
7	9.1	.8	13.5
8	10.3	.9	14.5
9	10.6	.9	14.9
1960	10.6	.9	14.9
1	11.5	.9	15.1
2	11.6	.9	15.5
3	11.6	.9	16.2
4	11.7	.9	16.0
5	11.8	.9	17.1
6	12.2	.9	19.7
7	12.9	1.2	20.4
8	13.8	1.3	21.4
9	14.1	1.6	22.1
1970	15.3	1.8	21.5
1	17.0	2.0	21.5
2	17.4	2.1	21.5
3	17.5	2.2	22.0
4	17.7	2.3	22.2
5	20.1	NA	23.5

Sources: Bureau of the Census, Historical Statistics, Colonial Times to 1970 (Washington, D.C., 1976), pp. 340 and 1120; Social Security Bulletin, January, 1976, p. 3; The British Economy, Key Statistics, 1900-1970 (London, 1971), pp. 4 and 12; 1975 U.K. Annual Abstract of Statistics (London, 1975), p. 54; and Governmental Finances in 1973-74, p. 15.

Table 3.

U.S. and U.K. Defense and Welfare Expenditures as
a Percentage of All Government Expenditures, 1946-1975

Year	U.S.			U.K.	
	Defense	Social Welfare	Public Welfare	Defense	Social Services
1946	53.4	16.1	1.3	43.6	NA
7					
8					
9					
1950	17.2	37.6	2.9	21.3	41.0
1					
2					
3					
4					
5	32.3	32.7	2.9	27.5	41.8
6					
7					
8					
9					
1960	27.3	38.0	3.0	21.6	44.2
1					
2					
3					
4					
5	23.5	42.4	3.1	14.9	42.9
6	23.9	43.4	3.1	14.4	43.1
7	25.9	42.4	3.7	13.8	41.1
8	27.1	43.2	4.0	12.8	42.4
9	25.0	44.7	4.8	11.6	44.4
1970	23.0	47.8	5.3	11.3	42.9
1	20.8	51.8	5.5	11.4	43.4
2	19.5	53.4	5.9	11.3	43.4
3	17.3	55.1	6.2	10.6	43.2
4	16.4	55.8	6.5	10.2	39.4
5 est.	17.5	58.4	NA	10.6	39.1

Sources: Bureau of the Census, Historical Statistics, Colonial Times to 1970 (Washington, D.C., 1976) pp. 340 and 1120; Social Security Bulletin, January 1976, p. 10; 1975 Statistical Abstract, pp. 250 and 314; 1975 Annual Abstract of Statistics, pp. 54 and 326; The British Economy, Key Statistics, 1900-1970, p. 12; R. N. Rosecrance, Defense of the Realm (N.Y., 1968), Appendix, Table 1.

Table 4.

U.S. Military, Social Welfare, and Public Welfare
Expenditures in Constant (1973) Dollars Per Capita, 1965-1976

<u>Year</u>	<u>MILEX Per Capita</u>	<u>SWEX Per Capita</u>	<u>PWEX Per Capita</u>
1965	372	509	26
6	437	535	28
7	498	614	36
8	506	675	40
9	483	721	54
1970	434	779	56
1	395	870	60
2	392	938	68
3	374	1,007	75
4	367	1,028	NA
5	363	1,134	NA
6	352	NA	NA

Notes: MILEX = Military Expenditures
SWEX = Social Welfare Expenditures
PWEX = Public Welfare Expenditures

1975-76 MILEX figures based on the percentage decline for defense spending in U.S. Budget in Brief, Fiscal Year 1977, p. 67.

[Conversion rates are based on consumer price index;] and 1974 Statistical Abstract, p. 275.]

Sources: U.S. Arms Control and Disarmament Agency. World Military Expenditures and Arms Transfers, 1965-1974 (Washington, D. C., 1976), p. 50; James Clayton, "The Fiscal Limits of the Warfare-Welfare State...", Western Political Quarterly, forthcoming, Table 8.

Table 5.

U.K. Military, Social Services, and Public Welfare
Expenditures in Constant Dollars Per Capita, 1965-1975

<u>Year</u>	<u>MILEX Per Capita</u>	<u>SSEX Per Capita</u>	<u>PWEX Per Capita</u>
1965	151	430	7
6	148	462	8
7	151	423	8
8	148	449	10
9	138	467	10
1970	136	475	15
1	143	542	19
2	154	539	19
3	154	578	26
4	163	588	38
1975	141	615	53

Notes: MILEX = Military Expenditures
SSEX = Social Services Expenditures
PWEX = Public Welfare Expenditures

Sources: U.K. 1975 Annual Abstract of Statistics (London, 1975), pp. 54, 57 and 326; International Financial Statistics, January, 1976, p. 390; and USACDA, World Military Expenditures and Arms Transfers, 1965-1974 (Washington, D. C., 1975), p. 50.

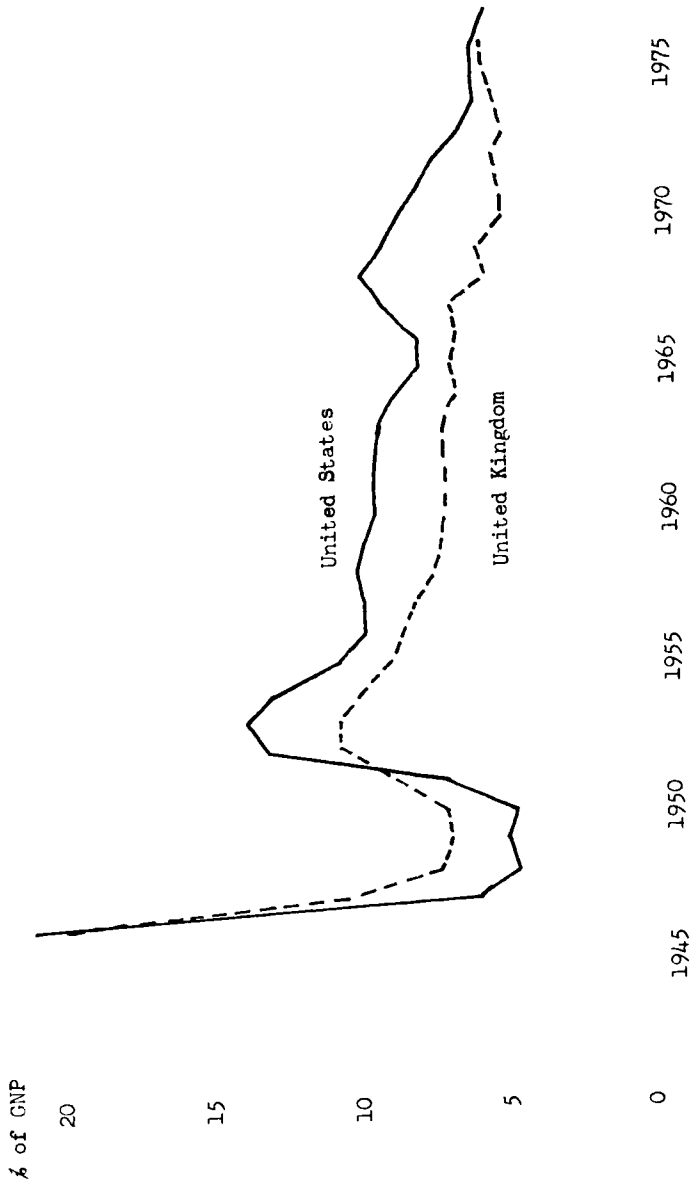


CHART 1 United States and United Kingdom defense expenditures as a percentage of GNP, 1946-1976

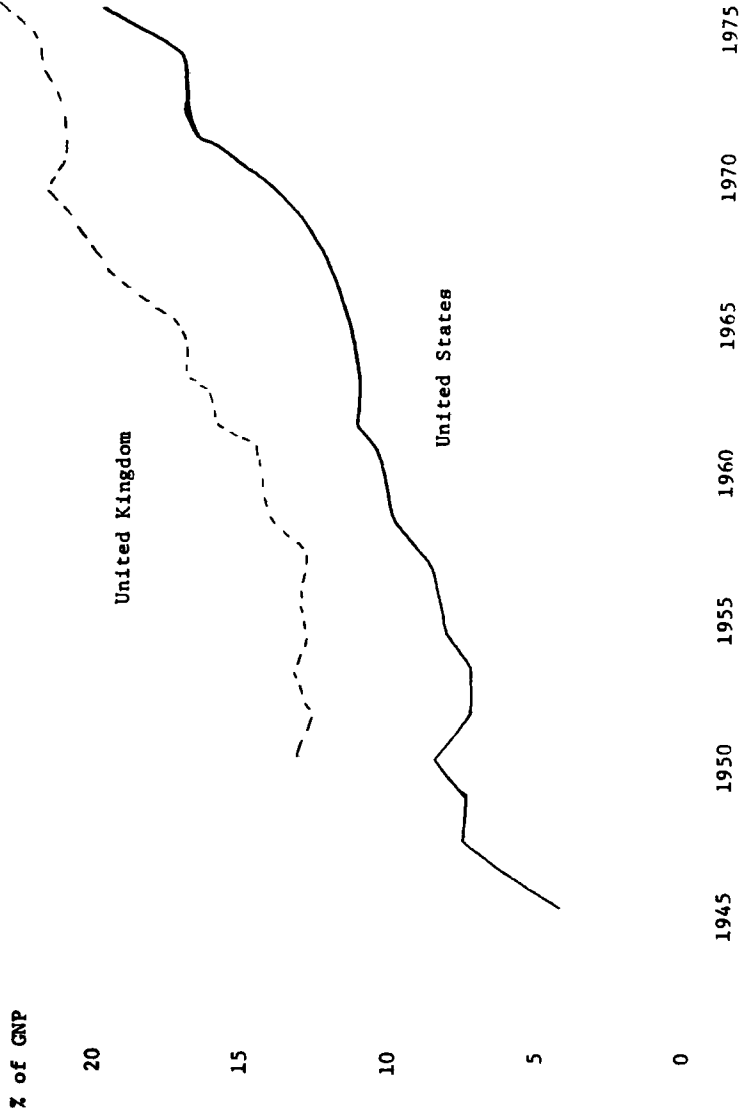


CHART 2 United States social welfare and United Kingdom social services expenditures as a percentage of GNP, 1945-1975.

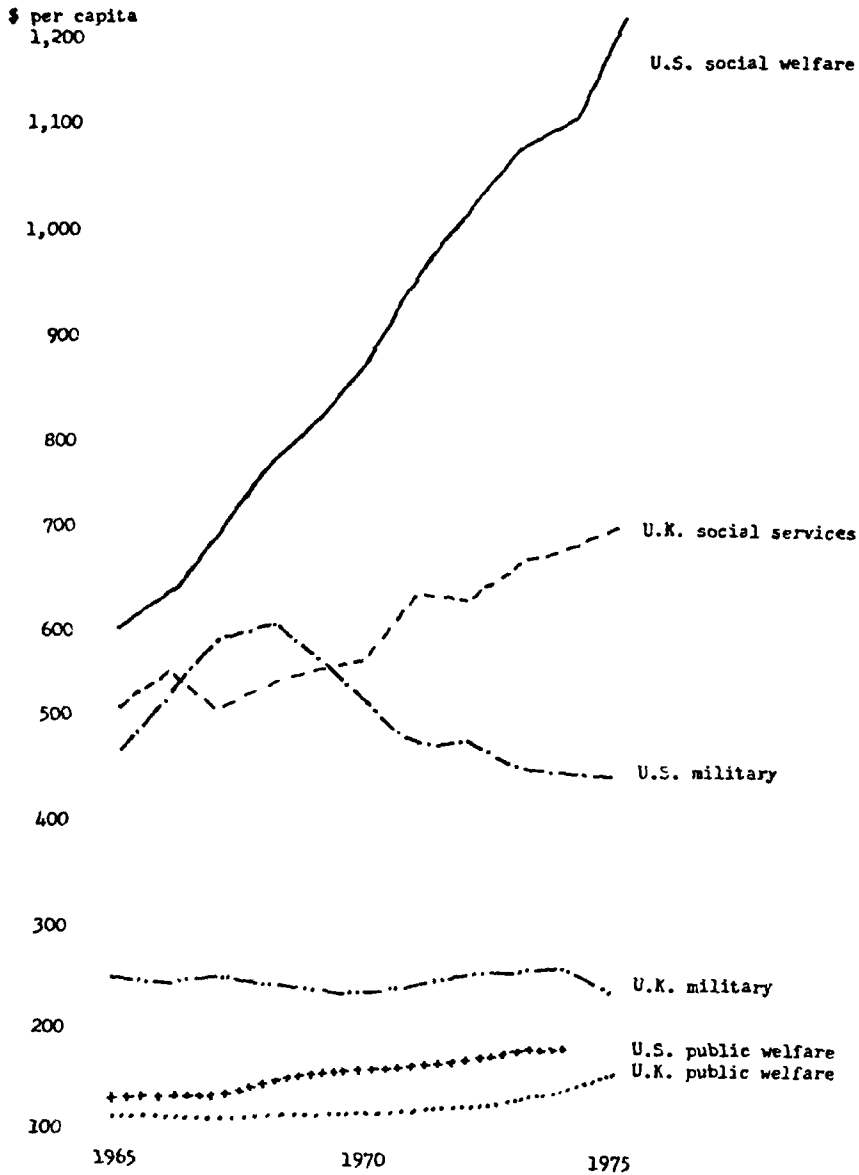


CHART 3 United States and United Kingdom warfare and welfare expenditures in constant dollars per capita, 1965-1975