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THE MILITARY COST OF SECURING ENERGY

by

Anita Dancs

Assistant Professor, Western New England College

with

Mary Orisich, Research Associate, National Priorities Project
Suzanne Smith, Research Director, National Priorities Project

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National Priorities Project (NPP) is a 501(c)(3) research organization that analyzes and clarifies federal data so that people can understand and influence how their tax dollars are spent. Located in Northampton, MA, since 1983, NPP focuses on the impact of federal spending and other policies at the national, state, congressional district and local levels.

www.nationalpriorities.org ♦ info@nationalpriorities.org ♦ 413.584.9556

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Executive Summary

Let our position be absolutely clear: An attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force.

-President Jimmy Carter, Third State of the Union Address, 1978

The United States requires freedom of action in the global commons and strategic access to important regions of the world to meet our national security needs. The well being of the global economy is contingent on ready access to energy resources...current trends indicate an increasing reliance on petroleum products from areas of instability in the coming years, not reduced reliance. The United States will continue to foster access to and flow of energy resources vital to the world economy.

-Department of Defense, National Defense Strategy, 2008

High gas prices and a prolonged war in Iraq have made energy security a key issue in the Presidential elections. Despite the rise in gas prices, what Americans pay at the pump does not reflect the true costs of filling up their cars and trucks. Each year, the U.S. military commits resources to securing access to and safeguarding the transport of oil and other energy supplies. These costs do not show up in the market valuation of gasoline, heating fuel or other end uses, but are paid for instead by American tax dollars.

Knowing the military costs of securing energy is important for a few reasons. For one, U.S. soldiers' well-being is put at risk in the pursuit of securing energy. Secondly, the tax dollars spent on enhanced military activities have opportunity costs; in other words, the same tax dollars could be spent on improving education, repairing bridges, or addressing other needs, even other national security needs. Third, since the market price does not indicate the true cost of production and consumption, it results in market failure and overconsumption of energy. If the market price reflected the true cost, the quantity demanded by consumers would decrease, leading to more conservation, and making renewable, non-polluting energy alternatives more viable. In short, the true price of energy supplies would facilitate a transition away from fossil fuels, lead to greater energy independence and lessen the impact on the environment.

While energy security is a vital national interest and has been incorporated into military objectives and strategies over the past half century, the task of putting a dollar amount on the proportion of military resources devoted to defending energy resources is complex. The link between military strategy

and budgeting is not readily apparent and military resources are multi-purpose with respect to missions and strategies.

Still, this is not the first analysis of its kind. Researchers from conservative and liberal perspectives as well as government organizations have published studies over the past twenty-five years. Previous studies are based on outdated military budget breakdowns, or focus solely on Persian Gulf oil. As national security strategy increasingly stresses diversifying energy supplies across regions and types of energy, we have modeled our study on the global pursuit of all energy supplies.

We employ two different methodologies to estimate the range of possible military expenditures for securing access to energy supplies for fiscal year 2009. Our results are based on a range of primary materials including the Department of Defense budget materials, unclassified military strategy documents, and posture statements and other testimony by Department of Defense officials. We also estimated the dollar amount without including the costs of the Iraq War, and then with a portion of the cost of the war. Our findings are:

	Peacetime	w/ Iraq War
Method 1	\$97.0 billion	\$208.9 billion
Method 2	\$103.5 billion	\$215.4 billion

This report is released in the context of the National Priorities Project's work on energy, the goal of which is to issue a rigorous analysis of the link between U.S. military strategy and the global pursuit of energy, and to propose alternative policies including increased funding for the development of renewable energy.

The implications of this study are clear: If we are to decrease our global military footprint and reduce the potential for future conflict, we must decrease our dependence on non-renewable energy supplies. This must coincide with a national campaign for a significant and sustained investment in clean, renewable energy and conservation. Not only will this reduce our military budget, but will also decrease our nation's contribution to climate change.

The complete project of the National Priorities Project can be found at http://www.nationalpriorities.org/Energy_Security.