



Myths and Facts About National Defense

Myth: Defense spending is half of the federal budget.

FACT: Defense spending in 2024 was 12.5 percent of federal outlays for the year. More was spent on Social Security, Medicare, and net interest on the debt, individually, than on defense.¹ The idea that defense spending is half the federal budget stems from it representing around half of discretionary spending. But discretionary spending is only around 27 percent of all federal outlays (including net interest). Entitlement and interest spending make up the rest of the budget.

Myth: Defense spending is growing more rapidly than other federal spending.

FACT: The Congressional Budget Office projects defense spending will fall from 3.0 percent of the economy to 2.4 percent in 2034.² Defense spending as a share of GDP has been on a long-term downward trend since the end of World War II. During the Cold War, defense spending was around 9 percent of GDP until the end of the Vietnam War, then around 5 percent during the 1980s, and is now on pace to fall to under 3 percent. Adjusting for inflation, growth in entitlement and interest costs means they will far outpace defense spending over the next decade.

Myth: China spends almost as much on defense as the United States.

FACT: The People's Republic of China (PRC) has increased its defense spending by over 700 percent since 2000, but it still spends less on defense than the United States.³ In 2023, the PRC's inflation-adjusted public defense budget was \$220 billion; the United States spent \$820 billion.⁴ China has been building coastal ships with a focus on Taiwan and the South China Sea. America maintains a "blue water" navy that can project force anywhere in the world. America also maintains a global network of alliances, logistics hubs, and power-projection capabilities that China has yet to replicate.

Myth: China's military has caught up to that of the United States.

FACT: While China maintains a larger overall force of active-duty soldiers (2.0 million) compared to the United States (1.3 million active duty), America retains a far greater global military capacity.⁵ China has more ships than the United States, around 370 "multi-mission ships and submarines" compared to America's 300 ships, but the tonnage of the US Navy is around 4.1 million tons, while that of the PLA Navy is around 2.9 million tons.⁶ The United States operates over 13,000 military aircraft compared to China's approximately 3,300.⁷ In addition, America retains an edge on fifth-generation fighters and bombers.

Myth: All US defense spending is spent on active-duty troops.

FACT: US defense spending is split among several categories. In fiscal year 2024, the Department of Defense spent 38 percent (\$338 billion) on operations, 22 percent (\$192 billion) on military personnel, 17 percent (\$152 billion) on procurement, 16 percent (\$138 billion) on R&D, and 7 percent (\$59 billion) on other categories including military construction and atomic energy defense.⁸ The Department of Veterans Affairs provides healthcare, disability compensation, and other benefits for veterans. It spent around \$325 billion in fiscal year 2024.

Myth: None of the NATO members are meeting their defense spending targets of 2 percent of GDP per year.

FACT: In 2014, only three of the 32 member nations of NATO met their pledge of spending 2 percent of their GDP on defense. The average was 1.4 percent. Starting in 2025, however, all NATO members are expected to meet their commitment.⁹ Several, including Poland and the Baltic states, are already spending far more, reflecting Europe's recognition of renewed Russian aggression. In response to Russia's militancy and demands from the United States, NATO countries have set out even more ambitious long-run spending targets.

ENDNOTES

¹ Congressional Budget Office (CBO), *The Budget and Economic Outlook: 2025 to 2035*, January 2025: <https://www.cbo.gov/system/files/2025-01/60870-Outlook-2025.pdf>

² CBO, *Budget and Economic Outlook*.

³ Michael J. Boskin, John N. Rader, and Kiran Sridhar, "The Geopolitical, Military, and Fiscal Context for Defense Budget Reform," chapter 1 in *Defense Budgeting for a Safer World: The Experts Speak*, eds. Michael J. Boskin, John N. Rader, and Kiran Sridhar (Hoover Institution Press, 2023), https://www.hoover.org/sites/default/files/research/docs/6-Boskin_DefenseBudgeting_ch1.pdf.

⁴ For China's spending, see US Department of Defense (DoD), *Military and Security Developments Involving the People's Republic of China 2024: Annual Report to Congress*, December 2024, <https://media.defense.gov/2024/Dec/18/2003615520/-1/-1/0/MILITARY-AND-SECURITY-DEVELOPMENTS-INVOLVING-THE-PEOPLES-REPUBLIC-OF-CHINA-2024.PDF>. For America's spending, see the Office of Management and Budget (OMB) Historical Tables, Table 3.1, "Outlays by Superfunction and Function: 1940-2024," <https://www.whitehouse.gov/omb/information-resources/budget/historical-tables/>.

⁵ DoD, *Military and Security Developments*.

⁶ "Navy Fleet by Tonnage by Country (2025)," Global Firepower, accessed October 28, 2025, <https://www.globalfirepower.com/navy-force-by-tonnage.php>.

⁷ DoD, *Military and Security Developments*.

⁸ OMB Historical Tables, Table 3.1.

⁹ NATO, "Defense Expenditures and NATO's 5% Commitment," August 27, 2025, https://www.nato.int/cps/en/natohq/topics_49198.htm



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