



U.S. Far Outpaces China in Military Spending

Despite recent claims to the contrary by advocates of higher Pentagon budgets, U.S. military spending far outpaces that of China. According to the authoritative Stockholm International Peace Research Institute (SIPRI), in 2020 the United States spent three times as much on its military as China did—and that doesn’t even account for over \$400 billion in additional spending by major U.S. allies.

Military Spending, 2020¹

U.S.	\$778 billion
NATO allies	\$323 billion
China	\$252 billion
Other major U.S. allies*	\$134 billion

* Australia, Japan, South Korea, and Taiwan

Here Are the Facts

Assured Superiority: The U.S. Military is Significantly More Capable

While the United States outpaces China in military spending, the best measure of military investment is what a nation gets for its money. On this scale, the U.S. far outpaces China, with many more modern tactical aircraft, a nuclear stockpile 18 times as large, and a more capable Navy.² China has more ships, but they are far less capable than their U.S. counterparts.³ Naval power is not about bean counting; it’s about combat capability. The capacity of U.S. allies in Asia further bolsters the U.S. edge. And much of China’s military is devoted to internal security and border defenses, not power projection or a potential conflict with the United States.⁴

¹ Stockholm International Peace Research Institute, “World military spending rises to almost \$2 trillion in 2020,” April 26, 2021, <https://www.sipri.org/media/press-release/2021/world-military-spending-rises-almost-2-trillion-2020>.

² John Isaacs, “China Is Not the New Soviet Union,” Center for Arms Control and Non-Proliferation, April 8, 2021, <https://armscontrolcenter.org/china-is-not-the-new-soviet-union/>.

³ Geoff Ziezulewicz, “China’s navy has more ships than the US. Does that matter?” *Navy Times*, April 19, 2021, <https://www.navytimes.com/news/your-navy/2021/04/12/chinas-navy-has-more-ships-than-the-us-does-that-matter/>.

⁴ John Grady, “Panel: Many U.S. Defense Spending Trends Based on What’s Happening in China, Russia,” *USNI News*, February 26, 2021, <https://news.usni.org/2021/02/26/panel-many-u-s-defense-spending-trends-based-on-whats-happening-in-china-russia>.

Higher U.S. Military Personnel Costs = Better Military Personnel

Chairman of the Joint Chiefs of Staff General Mark Milley, Senate Armed Services Committee Ranking Member James Inhofe (R-OK), and other proponents of increasing the Pentagon budget recalculate spending comparisons based on the idea that the U.S. spends more on labor and military personnel than China does. If China spent at U.S. levels on these items, the argument goes, its military budget would look much higher.⁵ There are two major problems with this approach. First, the method being used, known as purchasing power parity, compares the spending power of different currencies for consumer goods, not specialized military products. That methodology can also include extrapolated statistical estimates, which can introduce unreliability into budget comparisons.⁶ Applying this methodology to China's military budget is a misuse of that approach. Second, and perhaps most importantly, **the fact that U.S. military personnel are better paid and better trained than their Chinese counterparts is a positive thing**, not a sign of a spending gap.⁷

We Should Not Underestimate U.S. Economic Power and Innovation

Another argument often used to exaggerate Chinese military expenditures is the fact that the Chinese military has investments in civilian technology firms developing technologies with military applications.⁸ But the U.S. military also benefits from America's civilian technology base, and could do so even more with the right procurement and weapons development policies. Ultimately, the greatest challenge from China is economic, not military.

There Are Better Ways to Spend

If the United States made better choices about what to buy—reducing expenditures on expensive, fragile, and less than fully effective systems in favor of simpler, more reliable weapons—its combat capability advantage would stretch even further. The best approach for assuring U.S. and global security is for the U.S. and China is to cooperate on urgent challenges like curbing climate change. America should nurture its own domestic economy, infrastructure, and technology base—not necessarily as a “competition” with China, but because it is valuable in its own right.

Additional Resources

- [Sustainable Defense: A Pentagon Spending Plan for 2021 and Beyond](#) (William D. Hartung, Center for International Policy)
- [Inflating China Threat to Balloon Pentagon Budget](#) (Dan Grazier, Project On Government Oversight)

⁵ Lawrence Korb, “China Is Not Outspending US On Defense; ’22 Budget Is Enough,” *Breaking Defense*, June 7, 2021, <https://breakingdefense.com/2021/06/china-is-not-outspending-us-on-defense-22-budget-is-enough/>.

⁶ Stockholm International Peace Research Institute, “Frequently asked questions,” <https://www.sipri.org/databases/milex/frequently-asked-questions#PPP> (accessed July 16, 2021).

⁷ David Frum, “China Is a Paper Dragon,” *Atlantic*, May 3, 2021, <https://www.theatlantic.com/ideas/archive/2021/05/china-paper-dragon/618778/>.

⁸ Department of Defense, *Military and Security Developments Involving the People's Republic of China 2020*, 18, <https://media.defense.gov/2020/Sep/01/2002488689/-1/-1/2020-DOD-CHINA-MILITARY-POWER-REPORT-FINAL.PDF>.