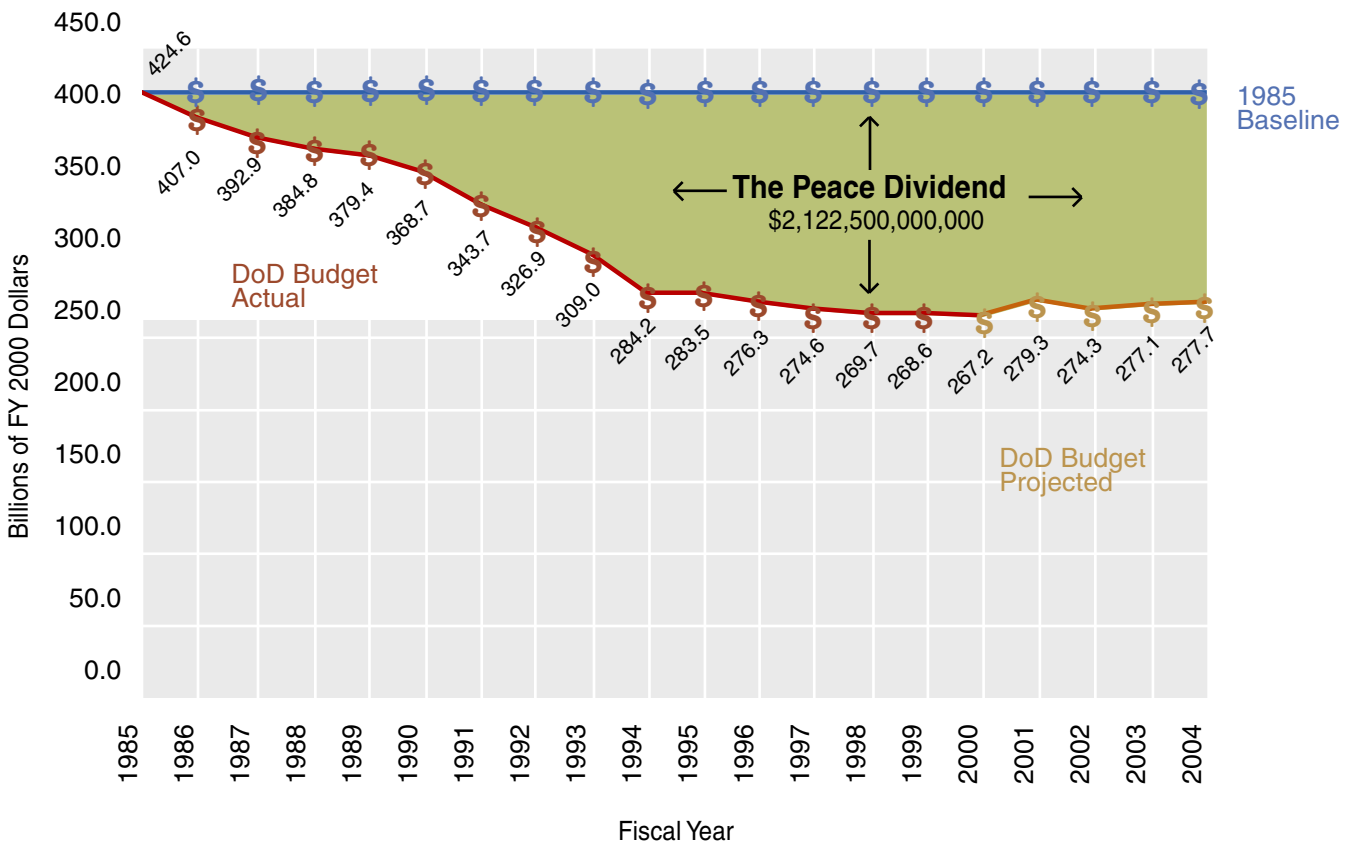


# The Chart Page

By Tamar A. Mehuron, Associate Editor

## The Peace Dividend: \$2 Trillion

Tracking the Decline of US Military Spending



Source: Congressional Research Service, Defense Budget for FY 2000: Data Summary.

*No one knew it at the time, but 1985 was the high-water mark of the Cold War. The Reagan Administration's defense buildup pushed DoD spending to the equivalent of \$424.6 billion, higher than it had been for some two decades. However, the year 1985 also saw the rise to power in the USSR of Mikhail Gorbachev. The new Soviet leader's reform policies and skillful public diplomacy almost immediately eased East-West tensions and undercut the willingness of Congress and the US public to back big defense increases, especially at a time of huge federal deficits.*

*In the very next year, Pentagon spending went into a slide that has yet to end. Actual and planned budgets for the 20-year period 1985–2004 total \$6.4 trillion (as calculated in Fiscal 2000 dollars). However, had the US maintained annual defense budgets at the 1985 level, spending would have totaled \$8.5 trillion. The difference in the two figures—sometimes known as “the peace dividend”—works out to about \$2.1 trillion.*