

WAR & PEACE

Economics of the Army, Navy, Air Force and Marines

AFTER A FEW WEEKS OF CLASS, ANY ECONOMICS 101 student should be able to demonstrate that the lowest cost way to provide a military force is our current “volunteer” or free-market army, a system we have employed since 1973.

Why? Because only those whose opportunity cost is at or below the established market wage rate, plus those who are extremely patriotic, will enlist. By contrast, drafting LeBron James may appear cheaper on the Pentagon’s budget by paying him a draftee’s salary, but that entails—to him and to the economy—an implicit tax of several million dollars a year (that is, what he would have earned, and would now be forgoing, as a member of the NBA Miami Heat).

In addition, a volunteer force is more likely to have higher morale as well as lower turnover and training costs because these recruits want to be involved in defending the nation rather than serving grudgingly because they were taken away from family, friends and other preferred options

But that unassailable logic fails to take into account other important factors. First, there may be some inherent value in public service for an individual and for society. On the “plus” side of that ledger one has examples of low-paid, or unpaid, “internships”—serving in the Peace Corps, coaching a youth soccer team, or being a Mormon missionary. Second, high schools, and even colleges, occasionally require a modicum of “volunteer” activity or service to graduate. And oftentimes a felon’s sentence may include incarceration, financial restitution and specified hours of community service. Thus there is implicitly a notion of equity, shared sacrifice, or the larger community’s stake in providing those opportunities, instituting requirements, and meting out punishments, not just how we can accomplish a given chore in the least-cost manner.

Our Conscription History

From colonial times to the Civil war, able-bodied males were required to enroll in the militia. The Enrollment Act in the early 1860s, our first national conscription, provided for a military draft, though northern soldiers could furnish (and compensate) a substitute to avoid serving themselves. The Selective Service Act of 1917, on the eve of our entry into World War I, provided for conscription.

The Selective Training and Service Act of 1940 represented the first peacetime conscription in U.S. history. Young men ages 21-36 were liable for military duty via a lottery system, though men up to age 65 also had to register. Protests over the Vietnam War led President Nixon to abolish the draft and move to an all-volunteer military force in 1973. Over the last several decades there has been a worldwide trend away from conscription and “universal military training”. More recent U.S. military campaigns—Operation Desert Storm in 1991, Iraq and Afghanistan in this century—have been conducted entirely with free-market personnel.

BY ALLEN R. SANDERSON



That Pesky 47%

During the 2012 presidential campaign, Mitt Romney was surreptitiously recorded remarking that 47 percent of the population wouldn’t vote for him because they didn’t pay taxes and were welfare recipients.

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Leaving aside his slight math deficiencies and tone-deaf manner, he was not exactly wrong. If am not wealthy myself, then taxing more heavily those who are holds a certain appeal for me. The same is more or less true when it comes to the well-heeled’s annoyance at having to pay for food stamps and other public welfare programs they are

unlikely to use: Trim that Medicaid budget!

What does this have to do with national defense? Plenty. Nowadays fewer and fewer of us, including U.S. presidents, have military backgrounds and wartime perspectives to draw upon. And our troops come disproportionately from lower-income, less-educated, and minority households in the South and West.

If I have no intention of joining the army myself, nor in our increasingly self-isolating, diverging society am I likely to know anyone who did, I might be more inclined to favor invading another country and sacrificing American lives. I would pay a very small personal price for my hawkish stance.

However, if I had to be in a lottery—that is, run the risk of having my number drawn, or, if age or some other factor—including conscientious objections—rendered me incapable of serving, I could still have to pay an annual penalty of, say, \$10,000, I might well reconsider supporting military intervention.

E Pluribus Unum?

A major contemporary concern in this country is the increasing inequality of income, as well as the increasing socioeconomic segmentation, in our society. Restoring some version of military conscription or exposure would be one small counterweight. □