

MILITARY EXPENDITURE AND WORLD PEACE

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Abstract

Since the World War two the world appears to have peaceful and prosperous scenario. However, events like cold war, post-cold war and 9/11 have indelible implications on the socio-economic and developmental prospects of developing nations. Owing to, these entrenched issues of recent human history, military expenditures have overwhelmed developmental expenditures and the world is witness of deep-rooted poverty, hunger and increasing terrorism. There are facets of cogent factors of military expenditures in the world, potential enemy factor, increasing arms race in the world, war on terror, dictatorial rules and internal civil wars. This research papers will evaluate, the world military expenditure, and its impact of economic cost on developing nations.

Keywords: *Military Expenditure, Economy, Developing Nations, World Peace, Poverty*

Introduction

There are two points of view regarding military expenditures. There are some analysts who are of the view that military expenditures are prone to be necessary for political stability of a state and economic development of country; because internal and external security is linchpin for foreign direct investment and industrial growth. However, other analysts suggest that military expenditures are inimical to economic growth and development in a country. Military expenditures extract developmental expenditures and cumulative result is underdevelopment, poverty, unemployment, low economic growth and lack of industrial development.

Definition of Military Expenditure

According SIPRI (Stockholm International Peace Research Institute) the definition of military expenditure is as under

Where as possible, SIPRI military expenditure data includes all current and capital expenditure on

- The armed force including peace keeping forces.
- Ministry of defense and other related institutions concerned with the defence projects
- Paramilitary forces , their cost on training and equipment for helping the military in defense operations
- Military's space activities Such as
- Pensions and of the civil military expenditures
- Operation and maintenance
- Procurement
- Military research and development
- Military aid (in the military expenditure of the donor countries)

Source: www.sipri.org

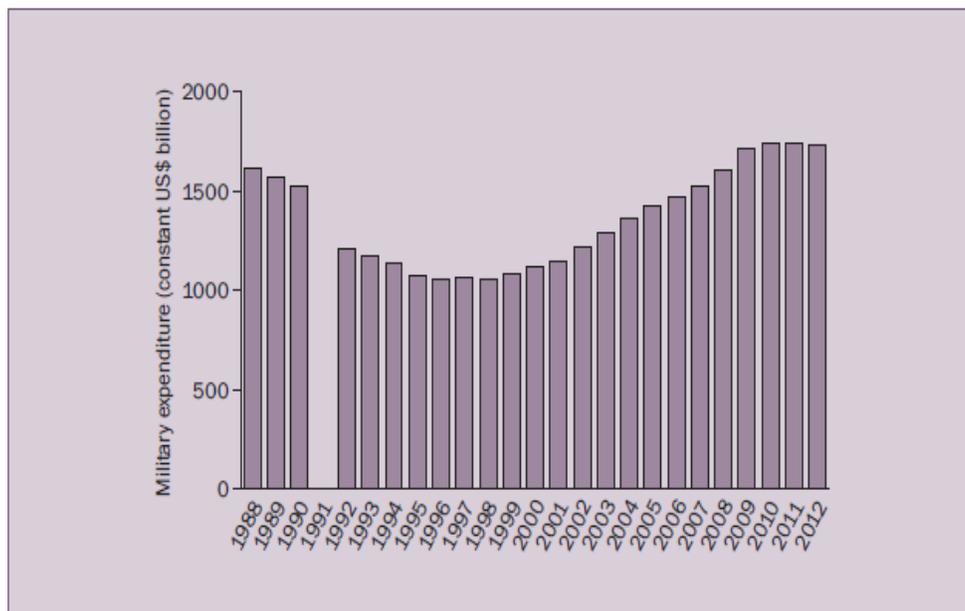
World Military Expenditure an overview

There are various determinants of military expenditure in the world as arms race among states, internal wars, State behavior or forms of government either the state is democratic or dictatorial one. For justifying increasing military expenditures and its spillover implications on the world and under developed nations certain reports have been used as *Global Defense Outlook 2014*, *SIPRI 2014*, *Global Peace Index 2014*; *Democracy Index 2012*, *UN report on Military Expenditure 2014*, reports of Transparency International “*The Transparency of National Budgets 2011*, *Global Peace Index 2014*.”

The crucial cause of increasing military expenditure is unstable conditions of Middle East region; especially the civil wars in Syria and Iraq that has engulfed the security of close regions of Middle East. Another factor is conflict over Ukraine where Russia remerged as power to counter both European states and America. Last but not the least long war against terror has put the security and stability of whole world at stake. According to *Global Peace Index 2015*,

worldwide violence costs 13.4 percent of GDP. The report further evaluates economic cost of the violence in the world in the year 2014 is US\$ 14.3 trillion (Global Peace Index2015: www.economicsandpeace.org)

The first decade of the 21st century appears to be the most violent decade of recent human history. The military expenditures after the defeat of Soviet Union during the 1990s manifest decline in military expenditure but since the event of the 9/11 military expenditure got drastic increase. From 2010 to 2013 military expenditures remained historically high. The above figure project military expenditures in the world since 1988 to 2012.



Source: *Note:* The totals are based on the data on 172 states in the SIPRI Military Expenditure Database, <<http://www.sipri.org/databases/milex/>>.

Major Determinants of Military Expenditures:

1. Arms Race

One of the major determinants of military expenditures in the world is factor of arms race, arms between Germany and the allied forces during the World War two, arms race between the Soviet Union and United States of America that has put the security of the world at stake. Furthermore the arms race between the Arab states and Israel and the arms race between India and Pakistan which has made

the world dangerous place. According to Global Defence outlook 2014, fifty nations of the world are spending 29 percent of their GDP on their defence.

Arms race is the capability of a nation to possess more sophisticated weapons to counter its opponent. Arms race is based on action and reaction phenomenon. This concept was first introduced by Richardson in 1960.

There are so many research have been conducted on arms race that shows that military spending is regional public bad having intractable impacts on cross border. "One percent increases in military conflicts by the states leads to three percent increase in military spending. The following figure shows country wise military spending" (William Nordhaus, John R. O Neal, Bruce Russett December 15, 2010)

Rank		Country	Spending, 2012 (\$ b.)	Change (%)		Spending as a share of GDP (%) ^a	
2012	2011			2011-12	2003-12	2012	2003
1	1	USA	682	-6.0	32	4.4	3.7
2	2	China	[166]	7.8	175	[2.0]	[2.1]
3	3	Russia	[90.7]	16	113	[4.4]	[4.3]
4	4	UK	60.8	-0.8	4.9	2.5	2.5
5	6	Japan	59.3	-0.6	-3.6	1.0	1.0
6	5	France	58.9	-0.3	-3.3	2.3	2.6
7	8	Saudi Arabia	56.7	12	111	8.9	8.7
8	7	India	46.1	-0.8	65	2.5	2.8
9	9	Germany	[45.8]	0.9	-1.5	[1.4]	1.4
10	11	Italy	[34.0]	-5.2	-19	1.7	2.0
11	10	Brazil	33.1	-0.5	56	[1.5]	1.5
12	12	South Korea	31.7	1.9	44	2.7	2.5
13	13	Australia	26.2	-4.0	29	1.7	1.9
14	14	Canada	[22.5]	-3.9	36	[1.3]	1.1
15	15	Turkey ^b	[18.2]	1.2	-2.1	2.3	3.4
World total			1 753	-0.5	35	2.5	2.4

[] = SIPRI estimate.

Economic Factors of military spending

Economic factor is also an important determinant of military spending in the world. Military spending is extracting public spending which cause long term economic instability and is burden on economy. It hampered public development as low education standard due lack of funds. High military spending creates low spending on health and low employment opportunities and case inflation in a country. On average every country is spending 3.4 percent of its GDP; but it varies from country and the region it can be increase from 0.1 percent 46 percent.

“According to Paul Collier and Anke Hoefle an international war increases military spending by 2.5 percent of GDP and a civil war increases military spending by 1.3 percent of GDP” (Anke Hoefle: 2002)

GLOBAL VIOLENCE CONTAINMENT COSTS	
The costs of violence containment from military expenditure, homicides and internal security are significant.	
VIOLENCETYPE	TOTAL DIRECT COST (US\$ BILLION)
Military expenditure	\$2,535
Homicides	\$720
Internal security	\$625
Violent crime	\$325
Private security	\$315
Incarceration	\$185
GDP losses from conflict	\$130
Deaths from internal conflict	\$30
Fear	\$25
Terrorism	\$10
UN peacekeeping	\$5
IDPs and refugees	\$2
Deaths from external conflict	\$1
Total (direct only)	\$4,908
TOTAL (INCLUDING 1 FOR 1 PEACE MULTIPLIER)	\$9,816

Source: Global Peace Index 2014.

2. Regime Type

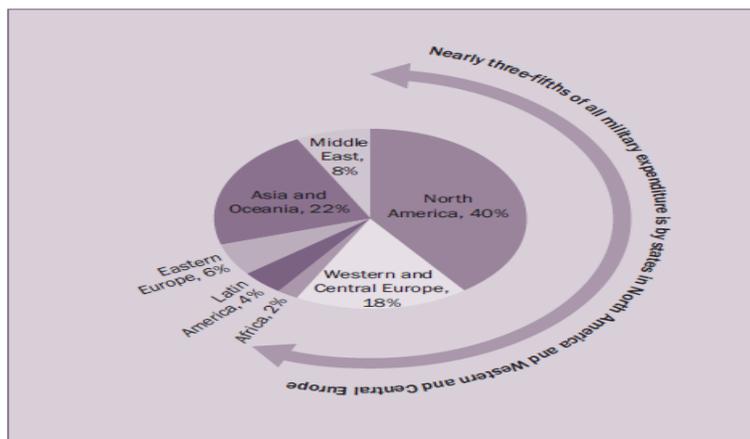
According to democratic peace theory the democratic countries rarely got to war. Since the dictatorial rules in the world tried sort out their issues by force conflict always emerged during the dictatorial rules in the world. There are various examples of the fact as Hitler in Germany, Mussolini in Italy infect one of the major cause of the World war two was the dictatorial rule in European continent. “Military dictatorships have higher military spending that is 2 percent additional of GDP” (Paul Collier: 2006)

The explicit example is Pakistan; whenever military governments’ come into power Pakistan goes for war with India. Since European nations have adopted the democratic types of governments the region after the World War has seen hardly any major war in the region.

3. Political instability cause of conflict

Yet another factor of war and violence is unstable political conditions of a state. It has been observed that socio economically weak states also cause conflict in the state. Geopolitically, fragile states are more prone to internal wars and security challenges that enhance military spending. This situation provides an opportunity to external powers to change the regime of the country. In addition it is regionally bad. Because internal conflicts especially ethnic conflicts of a country is engulfed the whole region into war. In recent history it has been observed in the Middle East where internal conflicts in Egypt, Syria and Iraq have ceased the whole region in wave of ethnic, religious and political conflicts and this situation have enhanced military expenditures of all the countries in the region.

On the other hand internal security situation in Afghanistan and Pakistan have deteriorated security of the South Asian region. Considerable increase in military expenditure in the region is due to increasing terrorism. By overhauling increasing military spending in the world; large part of military spending is by the North American region that is 40 percent of the whole military spending. After North America Asia and Oceanic countries are spending 22 percent on military; Middle East 8 percent and African nations 2 percent of the world military spending.

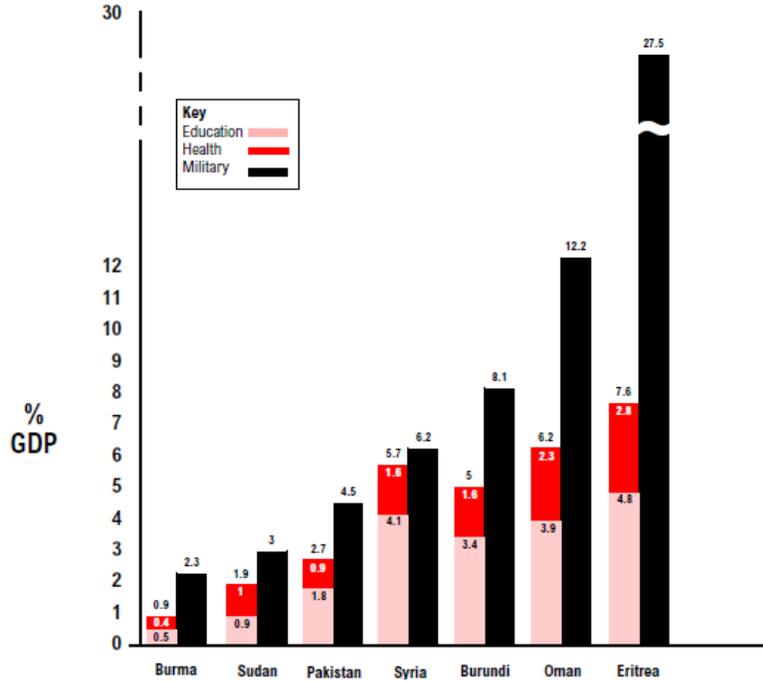


Source: SIPRI 2012.

Military Spending and Economic Growth

According to SIPRI report 2014, military spending has been increased 45 percent since 1998 in real scene that is 2.5 percent of world GDP. Security reason is linchpin for the increasing military spending. It is matter of great scrutiny that either military spending is affecting economic growth or it is better for the welfare of the state. Theoretical understanding suggests some empirical results regarding military spending. According to neoclassical approach of military spending, military spending is publically good because it enhances security, that improve economic growth, and it establishes amicable relations between the civil and military. This approach is largely criticized by (Smith: 1977) and others on the basis, military spending accrue developmental expenditure and created economic turndown in a state. For example take the example of India and Pakistan who are historical archrival states; India since 1998 to 2013 has increased in defence budget that is currently \$35 billion and Pakistan in its budget of 2015 has shown defence budget \$ 7.98 billion. The population of both the states is under extreme poverty and states are underdeveloped. "According to the world Bank report estimate of poverty in the region is 571 million people survive less than \$1.25 per day (Shuja Nawaz and Mohan Guruswamy: 2014)

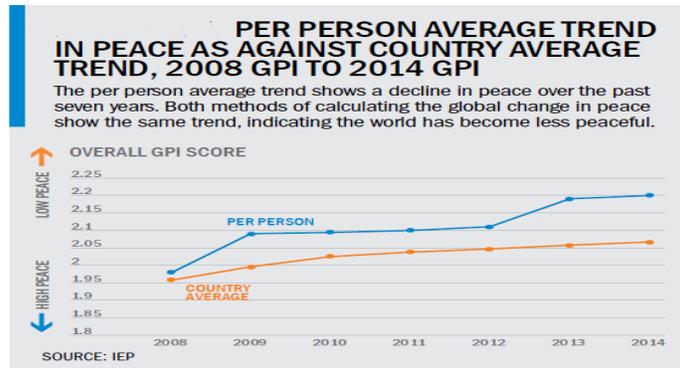
There are great deals of countries which are spending more on defence than on public. The people in under developed countries are living in desperate conditions due to, endogenous and exogenous security reasons; these countries are prone to spend on their security issues. The under developed nations are spending on arms import from the developed nations according to one report five members of security council are delivering 9 percent of arms to these countries. "The under developed countries as Pakistan, Syria, Burma, Sudan, Burundi are spending more on defence than on education and health (Guns or Growth? Control Arms Campaign: 2004, www.oxfam.org.)



Source: Human Development Report, UNDP 2003.

Has World Become More or Less Peaceful Due to Increase of Military Expenditure?

Since the beginning of 21st century world has become more dangerous place to live. Sophisticated nuclear and other lethal weapons have worsened the situation. It is hard to measure the devastation of events like 9/11 and unrest in the Middle East. But Per person peace is measured by the Global peace index in



comprehensive way.

The above calculation shows in the above figure decline in peace since the last seven years. It also evaluates that has become less peaceful at the beginning of this decade. This trend in peace proves that undue increasing in arms export to the developing nations has put world peace at stake. Furthermore, safety and security of the nuclear weapons is become intractable issue for the super power states in general and for world peace in particular.

Conclusion

There are facets of issues pertaining to military spending in the world. The most outstanding issue is huge burden of military spending on economies of developing countries. These countries are spending their precious resources on military spending and cumulative implications of the spending are hunger, poverty and lack of opportunities for the people of third world nations. Another issue is how to tackle the conflict among nations because these conflicts are cogent factor of military spending. Yet another issue regarding military spending is the role of international institutions like United Nations. Today the world is become desperate to consolidate peace in the third world regions. Until the outstanding issues like Kashmir, Palestine and crises in the Middle East are settle down the peace in the world will remain a distant dream.

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