

## **Military Spending Trends and Civil Society**

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I appreciate the opportunity to present the SIPRI data on military expenditure to this distinguished audience. I also like to thank the organizers for inviting me to this event. When Colin Archer called to tell me about the plan to launch a campaign about military spending, I thought this was very interesting. It is a rather long time since there was a consolidated effort to question the levels of military spending, in spite of the fact that military spending has grown considerably during the past 10-year period, and that world military spending is higher today than during the last spending peak during the cold war in 1987-88.

The **Global Day of Action on Military Spending** brings attention to the amount of government financial resources that is spent on the military sector, and relates this to major challenges facing the planet, such as poverty, hunger, lack of education, bad health, poor health care, and threats and challenges to our environment. Activities to address these major challenges are competing with the military sector for the same budgetary resources.

The idea to try to shift public resources from military activities to activities and policies that meet urgent human needs is not new. In the 1970s, there was a major initiative within the United Nations suggesting that government should agree to reduce military budgets and shift resources to development.

That was during the cold war. Any agreement depended on agreement between the super powers, and they had difficulties to agree on this, basically because of lack of trust on each other. The outcome after many years of discussion was to create a system for all UN members to report their military spending in a standardized manner to the UN. And in 1980, the UN Secretary General made the first request to governments to submit a filled in Reporting Instrument on Military Expenditure.

The purpose of this activity was originally to provide a base line of military spending, for future agreed reductions. However, this was never followed by any agreement on reductions, and the instrument soon lost its link to that ultimate goal. Instead, the major purpose of the reporting became transparency—in order to relieve tension and build trust between countries, and so it has remained until today.<sup>1</sup> However, few countries report. Over the past 5 years the number of reporting states has dropped from 69 to 48 out of the 192 UN member states requested to report.

Today, the conditions for an initiative to shift resources from military spending are rather different from during the cold war. The security environment is different, the types of conflict are different, the defence and security policies are different, and the global relationships are different.

In addition, a major difference is that while in the 1970s it was governments who initiated the call for reduced military spending, today it is civil society organizations.

### **SIPRI Data on Military Expenditure**

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<sup>1</sup> Today, the rationale for the instrument is formulated as ‘a better flow of objective information on military matters can help to relieve international tension and is therefore an important contribution to conflict prevention’ and that transparency in military issues is an essential element for building trust among countries.

I am here to provide a briefing of the level and trend in military spending, based on the data released yesterday by the Stockholm International Peace Research Institute (SIPRI), where I am based.

I will end by presenting some thoughts about the potential for shifting public resources from military spending to spending on urgent human and environmental needs as identified by the Global Day of Action on Military Spending campaign.

### **Trends in military spending**

World military spending in 2010 is estimated at 1,630 billion US dollars.

This corresponds to 2.6 % of world GDP and 236 \$/capita. This may not sound much. However, there are countries so poor that the value of their entire national production (GDP) corresponds to 200 \$/capita, which puts the per capita military spending into perspective.

The increase in world military spending in 2010 (over 2009) was 1.3 % in real terms. This is the slowest real increase since the surge of military spending began after 2001, and actually since 1998.

Looking at the longer-term post-cold war trend, after the end of the Cold War, it was believed that military expenditure would fall dramatically, and result in a major so-called 'peace dividend', which could be used to satisfy other needs, whether through budgetary allocations for economic or social development or increased economic growth through other means.

Initially, military spending also came down, primarily in the countries that had participated in the East and West arms race. However, during the second half of the 1990s the decline levelled off and turned into an increase, and after 2001 there was a sharp increase in world military spending. Between 2001 and 2009, the average annual increase was 5.1%.

As a result of the strong increase in world military spending since 2001, the overall level is today 9% higher (in real terms) than during 1988, which was the last peak spending year of the cold war.

The 2010 increase in world military spending is due primarily to the increase in the USA, which accounts for 43% of the world total. US military spending increased by \$19.6 billion in 2010, an increase almost as large as the total increase in world military spending, of \$20.6 billion.

However, in relative terms (rate of change), the largest increases were in South America (5.8%) and Africa (5.2%). At the other end, we have Europe, with a fall of 2.8%, and between these, North America (+2.8%), Middle East (2.5%), Central America & the Caribbean (1.9%), and Asia & Oceania (1.4%).

There are several reasons for the slowdown in military spending in 2010. The most important of these is probably the economic recession ensuing the global financial and economic crisis. This is particularly true for Europe, where governments now are addressing soaring budget deficits, having previously enacted stimulus packages in 2009. In Asia, most economies did not experience recession in 2009, but economic growth slowed down, and the rate of increase in their military spending was adjusted accordingly.

The strong increase in South American military spending is intriguing, considering the lack of serious security threats and challenges to that region. Our expert on South America has identified the following factors behind this increase:

- Strong economic growth in recent years;
- A major military modernization programme in the major spender country, Brazil, which accounts for 53% of South American military expenditure and 80% of the 2010 increase.
- The use of armed forces for internal security purposes (Colombia and Peru)
- Increasing costs of military personnel.

Africa is the other region with a major increase in 2010: by 5.2% in real terms, of which 5.6 % in North Africa and 4.9% in sub-Saharan Africa. This is part of a longer term increasing trend in Africa. Over the past 10 years the increase has been 64%.

The bulk of the 2010 increase is accounted for by four of the continent's 5 top spenders: Angola, Algeria, Morocco and Nigeria (while spending in the fifth, South Africa, fell slightly in real terms). Three of these four countries are major oil-producers, with increased revenues from oil and gas, which facilitates rising military spending. Among other African countries, the picture is mixed, with some countries exhibiting even larger increases, while others experienced significant cuts.

### **The distribution of military spending**

As already mentioned, the United States accounts for 43 % of the global total and this weight gives it a strong impact on the global trend.

The US increase in 2010 is almost entirely due to an increase in spending on overseas contingency operations (OCO), i.e. the military activities in Afghanistan and Iraq, conflicts inherited from the previous administration of George W Bush. However, the rate of increase in US military spending in 2010, of 2,8% in real terms, was considerably lower than the annual average of 7.4 % between 2001 and 2009.

As a result of the strong increases in US military spending since 2001, the share of US GDP devoted to the military—the 'military burden'—has increased sharply since 2001, from 3.1% in 2001 to an estimated 4.8% in 2010, which is likely to be the highest military burden outside the Middle East in 2010, based on IMF projections of GDP.

Even in the face of efforts to bring down the soaring budget deficit in the US, military spending continues to receive privileged treatment. The US federal budget announcement for fiscal year 2012 included a 5-year freeze on non-security-related discretionary spending, but made exceptions for military spending and other security spending such as intelligence and Homeland Security.

Other than the US, the Top 10 spenders in the world include 3 Asian countries (China, Japan and India—in that order), 4 West European countries (UK, France, Germany and Italy—again in that order), and Russia and Saudi Arabia.

China is the second largest spender in the world, accounting for 7% of the total. The SIPRI figure for China is higher than the official figure, since China is known to not include in its official figure all the items that are included in the SIPRI definition of military spending.

Chinese military spending increased by 3.8% in 2010, which was well below its previous long-term trend of some 13.7% per year. The Chinese Government explicitly linked this slowdown in 2010 to the decline in its economic growth in the preceding year.

Together, the Top 10 account for 75% of the world total. Thus, all other countries together accounted for 25% of world military spending.

On a regional basis, the three major spenders are North America (45% of the world total), Europe (23%), and Asia & Oceania (19%). The Middle East share is 7% and the remaining two regions, Latin America and Africa account for only 4 and 2% respectively.

Finally, the distribution of world military spending between industrial and non-industrial countries can be indicated by the combined share of the 34 OECD countries in world military spending, which was 71.5% in 2010. Thus, the 129 non-industrial included in the world total accounted for 28.5%.

### **Efforts to reduce military spending**

I began by referring to previous efforts to reduce military expenditure with the aim to shift some of that money towards other purposes. I was also saying that the conditions for this type of initiatives have changed since then. I wanted to end by coming back to this and to comment on some of these conditions.

During the cold war, the main share of world military expenditure was spent by the two military blocs and in particular by the two super powers. The main efforts to do something about the increasing levels of military spending took place within the framework of arms control and disarmament talks between the two super powers. Much of that activity was going on here in Geneva.'

Today, the picture is rather different. The super power rivalry is over, but military spending is up above the level during the peak years of the cold war. Most of this spending are made in the Global North, while most of the active security problems, in terms of violent activities take place in the Global South.

Second, armed conflicts and violent activities take place mostly within countries, rather than between countries. One of the questions raised by this is whether the most effective and appropriate response is made by the armed forces or the police.

Third, international peace missions most likely account for a considerable share of military spending, at least for some countries, although the amount is not known and difficult to assess.

Fourth, globalisation. The increased and more rapid transnational flows of goods and people and the global interdependence that this creates, as well as the increasing awareness of the consequences of a globalising world system is a change that should work in favour of transfers from military to non-military purposes.

Finally, today civil society has a much more active role. And civil society has a role to play in shaping defence and security policies as well as in monitoring the implementation of these.

The development of defence and security policies has been left too much to experts. They have been considered too complex for the non-experts and non-professionals, i.e. for the citizens, i.e. for those who are to be protected by the defence and security institutions; i.e. those in whose interest defence and security policies are developed.

This is true in particular in developing countries, where in many cases not even the parliamentarians are informed about policies and developments in the security sector, and often not even feel that they have a right to have a say on these. However, this is changing. In many countries, parliamentarians have become much more active.

Now it is the turn for civil society. At SIPRI, we see this in one of our projects, supporting civil society organizations across sub-Saharan Africa. We are working together with the overall purpose to make them better prepared to engage with stakeholders in the security sector on important security sector matters, to assume an active role in shaping security policies as well as to have a role in the oversight of the security sector reform processes going on in many of these countries.

An important call in that context is to demystify security, to not let security be a domain exclusively for the experts, and not exclusively for military and security experts. We hope that this attitude will gradually spread to a broader base of civil society organizations across the world. Hopefully, movements like the Global Day of Action on Military Spending can contribute towards that goal.

Thank you.