

The Trouble With Numbers: Military Spending in Developing Countries

In the development process, public sector resources are generally scarce. Their allocation is one of the key factors that determine the pace and distribution of economic progress, and whether that progress can be maintained in the long term. As such, there is normally a trade-off in terms of the impact on economic development between public sector resources that are devoted to military and/or security purposes and those that are devoted to the efficient provision of other necessary social services.

The trade-off between military and other social services spending, however, is not linear. Putting aside all other social factors and considering only the economic implications, there is a certain minimum level of national security that is essential for conducting business, just as there is a need for a legal system that is capable of at least enforcing commercial contracts. Once that minimum level of national security is in place, the potential trade-off between military spending and economic advancement begins. The identification of an "acceptable" level of military spending (something above the minimum level) beyond which further spending is judged "excessive" (and leads to a reduction in economic development prospects), has become an issue of debate within the development community.

In order to address the issue, this Commentary points out weaknesses and gaps in the currently available data on military spending, and identifies which indicators might be useful for international analyses and comparisons. The Commentary concludes that, without exception, any proclamation that a particular country is spending excessively on its military, and is consequently jeopardizing its economic development, should be based on the available data as well as an extensive subjective, non-numeric evaluation. Even if comparable cross-country data were available, there would be no objective numeric criteria that could be applied across all countries to determine acceptable levels of military spending. Consequently, a country-specific analysis is required in order to provide a context within which the military operates and interacts with other institutions both domestically and internationally.

The Data

There is no single measure of military spending, or ratio of military spending in relation to another statistic, that provides both an accurate description of the military's influence in an economy and a means for international comparison. There