IDA in some fashion to policies towards military spending has been the subject of various bilateral and multilateral initiatives, most notably in the OECD Development Assistance Committee discussions, and in the foreign aid policies of Japan, Canada and several Nordic states.[1] International lending and economic restructuring have been the concern of the World Bank and the International Monetary Fund (IMF), with the former assisting in demobilization and retraining programs, and the latter concentrating on reducing "unproductive" public sector spending.

In addressing this question, the first important issue is: to what extent are states that might be excessive military spenders also heavily indebted or dependent on development assistance? Figures 37 and 38 provide some indication of the weakness of any general relationship, and they deserve fairly close scrutiny. Figure 37 charts levels of external debt as a percentage of GNP against military spending as a percentage of GNP, with highly indebted states in the top part of the graph, and high military spenders on the right hand side.[2] Once again, the absence of any general relationship is striking. Virtually none of the highest military spenders are also heavily indebted (using a indebtedness threshold of 100 percent of GNP), with the exceptions of Sudan, Iraq and Angola. Conversely, the high-spending states such as North Korea or Oman are not likely to be susceptible to international pressure.

This does not, however, mean that external debt may not represent a useful policy instrument in particular cases, for at least three reasons. First, as the above case studies have indicated, the importance of the regional context for assessing levels of military spending means that several potentially excessive spenders may not appear on the right hand side of the graph, although they may carrying an excessive burden within a regional context. This would possibly be the case for states such as Nicaragua, Congo, and Mauritania, all of which are labelled as being heavily indebted, and for which levels of military spending near or above five percent of GNP (or even below, in the case of Nicaragua) can still represent a heavy burden on the economy and society, especially in their respective regional contexts.

Second, several states that have very low levels of military spending but which are heavily indebted (more than 100 percent of GNP) may still deserve close scrutiny in order to determine if their regional or internal threat environment would permit (or be enhanced by) a reduction of military spending to even lower levels. Here the examples of Zambia, Sierra Leone or Liberia would be pertinent: none face obvious high

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1 Specific study projects have also been recently launched within the DAC to examine data and analysis for specific states. For an overview of earlier efforts, see Nicole Ball, *Pressing for Peace: Can Aid Induce Reform* (Washington: Overseas Development Council, 1992).

2 Figures for external debt are drawn from the World Bank, *World Development Report, 1995*. Some missing values for military expenditures and external debt have been filled in from other sources, including the IISS, *Military Balance* and the Central Intelligence Agency, *World Factbook 1995*.