

driven principally by the increasing wealth of the region, large investments in state-of-the-art weapons and capabilities does increase concern about the impact on regional stability, the destructiveness of any potential conflict, and the possible negative economic and societal consequences of this spending.

Spending as a percentage of GNP is illustrated by Figure 33, which ranks states according to their overall level of resources devoted to the military. Some important caveats are in order, however, since the level of transparency and comparability of the region's military spending is very low. As one analyst has noted, "large proportions of actual military expenditure (especially when related to internal security and paramilitary forces) may be secreted in other areas of government spending."<sup>7</sup> This is especially problematic for Indonesia and Thailand, making their relatively low scores in Figure 33 suspect. Notwithstanding this, the regional "norm" would probably be between three and four percent of GNP devoted to the military, with a median of four percent. This figure is significantly higher than that of the African or Latin American regions examined in this report. In any case, the regional outlier appears to be Laos, which is spending roughly eight percent of its GNP on the armed forces. Given that it is among the poorest countries in the world (with a GNP per capita of only about \$280), this level of expenditure can be probably deemed *prima facie* excessive, especially in contrast with neighbouring (and perhaps even poorer) states such as Vietnam and Cambodia.

Military and social expenditure data is difficult to obtain for this region, but the available figures are charted in Figure 34, and they present some interesting features. Of the eight states for which information is available, only two, Indonesia and Papua New Guinea, score better than a 1:2.0 ratio of military to social welfare spending. Unfortunately, the huge disparities of wealth (as measured by GNP/capita) in the region make straightforward comparisons of resource allocation impossible. At the bottom, data for the poorest states in the region (Laos, Cambodia and Vietnam) is unavailable, but there are good indirect reasons to believe that their ratios are far worse than even 1:1.0.<sup>8</sup> At the top, relatively wealthy states such as Taiwan, Singapore or Brunei (not shown on Figure 34), may have "poor" military/social welfare spending ratios (1:0.9, 1:0.9 and 1:1.1 respectively), but in absolute terms, they spend far above the regional norm on health and education, and hence their military spending does not create obvious societal hardships or tradeoffs.

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<sup>7</sup> Tim Huxley, quoted in Amitav Acharya, *Governance and Security in Southeast Asia: Assessing the Impact of Defence Spending*, Eastern Asia Policy Papers 9 (Toronto: Joint Centre for Asia Pacific Studies, 1995), 8.

<sup>8</sup> Laos, for example, would have to spend more per capita on health and education than Indonesia (which is almost three times as well off) in order to reach a 1:1.0 ratio; Vietnam's 1994 public health spending per capita of two dollars would require that it spend nine dollars per capita on public education to reach a similar level.