

Fourth, the idea of *excessive military spending* is a marginal, not an absolute, one. For an economist, "excessive military spending" is defined as occurring when "the marginal improvement in national security associated with this expenditure is less than its economic cost," with economic cost being determined by how much "growth" or "well-being" could be obtained.³⁷ But although the last dollar spent on security in most states could probably be better spent on other things, the first dollar is absolutely essential to ensure minimal internal order and external protection. At what point between the first and last dollars security spending shifts from being "appropriate" to "excessive" is not, however, easy to determine, without a qualitative and quantitative assessment of the internal and external threat environment a state and its citizens face. And external interference in this process will not necessarily be welcome.

Fifth and finally, none of the large-scale studies statistical have provided any compelling logical reason for why one should expect to find a *generalizable, global relationship* between conflict, security expenditure and development. Not only is there considerable variation in economies between regions, and wide differences in regional conflict environments, but there are also different domestic (and historical) patterns of civil-military relations, and different expectations about what "security" might be and how much the state can or should provide. All of these issues strongly imply that a mechanistically-applied statistical analysis will have little or no policy relevance in particular regional or sub-regional contexts, unless it is viewed as a first step in the creation of better data, and as one part of a more qualitative and contextual policy assessment.

What can one do then, in light of these statistical and conceptual roadblocks, to make some sense of the conflict-security-development nexus? More importantly, can the available indicators be used in any fashion to inform multilateral and bilateral policy initiatives? One answer to these question is negative: that there is no utility in trying to make policy-relevant judgements and comparisons, since by even modest standards the available data cannot generate statistically meaningful results. This, however, implies that all policy judgements should be based strictly on impressionistic or qualitative assessments. But since even the qualitative judgements of policy-makers usually rest upon *some* interpretation of the available information, however poor it may be, it is still worth trying to assess how (or if) the available data can be sensibly used.

The first step of this report towards this goal requires a theory or "road map" of the linkages that appear to be important, coupled with an explanation of why particular indicators might be useful as "signals" of a situation that deserves to be examined more closely. The second step taken in this report is a regional and sub-regional analysis of selected regions that examines levels of military spending against the regional

³⁷ International Monetary Fund, *Unproductive Public Expenditure*, 22.