

several different indices of the resources it devotes to the military, but this is may be in large part explained by the regional insecurities and threats it faces.

One could also expect to uncover states or regions (such as Central America) that devote relatively low amounts of resources to the military (in terms of percentage of GNP), but which are still prone to acute insecurities. In this case, the level of inter-state conflict appears low (and hence regional "arms racing" does not appear important), but the domestic consequences of military spending may be much more important (endemic civil conflict and a difficult transition to representative rule). Conversely, there may be little relationship in a particular region between levels of expenditure and authoritarian rule, in which case policies to advance a democratic transition ought not to focus extensively on security expenditures, but perhaps on other factors, such as fostering reforms within civil society.

The fourth stage of the process requires the identification of possible instruments of policy change that are available to the international community. To date, attention has focused more on positive inducements than sanctions, but even this requires that the international community have some leverage relationship with the state or states in question. In order to assess this question, the last section of this report examines two other statistical indicators: the public debt and foreign aid position of various states and regions. It has already been noted that the list of possible outlier states does not appear at first glance to line up easily with major international foreign aid recipients or debtors. A more fine-grained analysis is needed, however, if only to avoid the situation where the only states who are systematically pressured to lower security expenditures are those over whom the international financial community has leverage. This could lead to the paradoxical situation where such pressure actually exacerbates regional and internal insecurities!

Finally, the information can be used to engage in a bilateral and multilateral policy dialogue, at the regional, bilateral, and multilateral levels. Again, it cannot be stressed too strongly that the goal is to provide the tools and information for catalyzing the dialogue, in a fashion analogous to confidence- and security-building processes. It presumes that, except in extreme cases, a cooperative approach will be undertaken, and that a certain degree of willingness to participate in regional confidence-building is present. With all but the most extreme hard-line, authoritarian or threatened regimes, this is not an unreasonable assumption, since one hallmark of the post-Cold War order has been the publicly-expressed desire of the majority of states to find ways to reduce their level of security expenditure without jeopardizing either external or regime security. Identifying what some of the necessary preconditions are for such progress is a central goal of this report.