

# MILITARY EXPENDITURES AND SOCIAL SPENDING

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## INTRODUCTION

The military expenditures of states, especially those of fragile countries, are important to understanding security and stability. According to data compiled by SIPRI, many fragile developing economies are currently increasing their spending in the military and security sectors. This trend raises questions about the relationship between military spending and peace and security, on one hand, and whether military spending is effective, efficient and transparent, on the other. In fragile contexts, the reliability of military expenditure data does pose a methodological challenge for researchers. However, much information can still be gleaned from what military spending data does exist, despite its flaws. This brief considers the aforementioned questions as they relate to security and development in fragile contexts.

## FINDINGS

Military expenditure data is an important measure of the resources devoted to military security and can be a proxy indicator for other security and development targets. However, its usefulness is limited and depends on other contextual knowledge regarding, for instance, *what* the money is spent on and *how* spending is budgeted, managed, reported and overseen. Some areas of military spending may be veiled: In many cases, expenditures on arms are not included in official military expenditure data.

Governance of the security sector remains poor in many countries. This is especially true in fragile contexts where it may be easier for the military to evade oversight. Low levels of transparency in military budgets and actual expenditures are present in both developed and developing countries, and significant amounts of extra-budgetary and off-budget military spending are common. A lack of transparency in any area of public spending may facilitate corruption. In the case of military spending, it may contribute to waste or spending on goods and services that are ill-suited to the most pressing security needs.

Both developed and developing countries demonstrate irrational arms procurement decisions, those which do not reflect their actual security needs. For example, the Democratic Republic of the Congo purchased fighter jets for which it had no clear need, and Malaysia bought submarines that would not submerge.

Positive trends can be noted in some countries. In many countries, the increased capacity of institutions and improvements in civilian oversight achieved through, for example, ministries of finance or defence have improved accountability in the area of military expenditures.

Increases in military expenditures do not necessarily guarantee an improvement in security, especially in fragile situations. In fact, when misdirected, expanding military spending and arms procurement can lead to a loss of resources and the deterioration of internal stability. The latter is especially prevalent when in situations when the military acts in the interests of a particular faction or group. For this reason, when evaluating security threats and responses, it is important to consider for whom a proposed intervention or expenditure will provide security (e.g. the state, citizens, certain groups within the citizenry).

In some circumstances, excessive military expenditures reflect corruption, mismanagement or improper planning, which can result in a loss of public resources that could otherwise be invested in social and human development. To this end, the concept of national defence has been manipulated and misused in a variety of contexts.



There is often a significant correlation between increases in military spending and a lack of oversight. In many developing countries, excessive resources invested in arms procurement and/or national defence appears to have been diverted to meet the interest of military factions, especially among those that maintain a strong influence over the economy. For these reasons, increases in military budgets do not always contribute to improved security.

Excessive military expenditure can result in a loss of resources for development and humanitarian challenges. The latter contribute to human insecurity and are also frequently linked to national security threats. A focus on human security, rather than national security, might generate a very different military expenditure portfolio and help governments to determine the appropriate balance of investment in military versus social spending, as it relates to improving security.

Fundamental institutional reforms, such as the publication of detailed national defence budgets, the introduction of budgetary oversight systems by legislative bodies and independent auditors, and improved transparency in defence policy formation and budgeting, are necessary to improving the governance of military expenditure.

## **RECOMMENDATIONS**

### **1. In fragile contexts, institutional capacity building initiatives and military assistance programmes should aim to improve the governance and transparency of military expenditures.**

- Cooperation among security assistance partners is essential in fragile contexts and should be rooted in an agreement on the importance of governance as it relates to the planning, budgeting and control of military spending.
- Security assistance programs focused solely on training and equipment may not contribute to human security and may even be fuel insecurity by building up predatory forces that could then be used against the country's own people
- As military expenditures are directly related to a state's security and defence, establishing international norms around basic governance and transparency in military spending could promote such efforts, but would require considerable support from major powers.

### **2. Funders and technical assistance providers should invest in developing oversight and audit mechanisms for military expenditures in fragile contexts.**

- Capacity building for the control of military spending could be centred on the empowerment of existing domestic institutions and civilian oversight through legislative bodies or civil society actors.
- The development of domestic auditing systems could be supported by security sector reform and institutional capacity building programmes.

### **3. Human security considerations should figure prominently in budgeting and policy formation processes.**

### **4. Developed countries should 'lead by example' by exhibiting best practice in transparency and accountability.**