

THE GEOPOLITICS OF MILITARY SPENDING

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In April 2014, the Stockholm International Peace Research Institute (SIPRI) published its latest bulletin on Trends in World Military Expenditure – 2013. The bulletin shows that global military spending has been decreasing for the second year in a row; registering a minus 0.4 percent in 2012 and a minus 1.9 percent in 2013. Nevertheless, such decrease was mostly driven by western countries (North America, Europe and Oceania), while other regions have registered a remarkable increase in defense spending.

In the rank of the countries with highest military expenditures, the United States remain on the top, with approximately \$ 640 billion allocated in 2013. This figure represents a 7.8 percent drop from 2012 and it is mostly due to the disengagement in overseas military operations in Afghanistan and Iraq.

The second position in the rank is occupied by China, who allocated about \$ 188 billion in 2013, according to SIPRI's estimates. This means China is continuing its military build up by increasing the budget of approximately 7.4 percent per year. According to SIPRI, this is more the sign of a long term policy than a response to raising territorial disputes in the East and South China Sea.

Russia occupies the third position with estimated \$ 87.8 billion spent in 2013. With respect to 2012, Russia increased the budget by 4.8 percent and this trend is likely to continue at least till 2020. Moscow, in fact, is engaged in a long-term process of modernization of its military equipment. The State Armaments Plan has allocated \$

705 billion for the period 2011-2020 to replace the 70 percent of military assets with new ones.

The fourth place in the rank is probably the most surprising one. Saudi Arabia has indeed replaced France as the fourth country with the highest military budget. With an increase by 14 percent, the Kingdom has climbed the rank from the seventh position occupied in 2012. As a share of GDP, Saudi Arabia has allocated the 9.3 percent in 2013, by far the highest of the top 15 countries. This numbers are quite impressive, above all if we compare them with those in the top three: United States (3.8), China (2.0), Russia (4.1). This remarkable increase can be explained with the Saudi's raising concerns over Iran, above all following Washington's softer stance on the nuclear issue.

As concerns Europe, the overall situation is quite gloomy. The economic crisis has been strongly affecting the military budgets since 2009, and the trend is likely to continue due persistent austerity measures put in place by several European governments. As an average, European countries have been cutting defense budget by 10 percent; this was particularly true for Austria, Belgium, Greece, Ireland, Italy, the Netherlands and the UK. The only exceptions were Poland, France and Germany. The latter even increased the budget by 2 percent, while France managed to maintain it stable, mostly due to its engagement in of out-of-area operations.

Following this outlook, what conclusions can we draw? First of all, it is important to state once again the strong linkage between economy and military affairs. As noted above, the large part of defense budget cuts in Europe and North America were caused by austerity measures. This phenomenon was particularly felt in Europe, where most of the countries have always been struggling to comply with the 2 percent rule set by NATO. Secondly, different shares of military spending highlight the hotspots of geopolitical troubles. In this regard, it is no coincidence that the highest raise in military budgets was registered in North Africa (9.6 percent), followed by Sub-Saharan Africa (7.3 percent) and South East Asia (5 percent).

In all this, Europe risks paying the highest price. It is opinion of many defense analysts that due to persistent cuts, European countries will not be able to perform

out-of-area operations as in past decades (e.g. Afghanistan and Iraq). Even to establish a no-fly zone in Libya in 2011, NATO member states had to rely on US support. According to former SACEUR commander James Starvidis: “if defense spending continues to decline, NATO may not be able to replicate its success in Libya in another decade”. This statement was later reinforced by Secretary General Anders Fogh Rasmussen when he said that: “if European defense spending cuts continues, Europe’s ability to be a stabilizing force even in its neighborhood will rapidly disappear”. In others words, Europe risks not being able to defense its core interests when, and if, at stake.

However, a light at the end of tunnel might appear if European states would decide to push the Polling & Sharing even further. Improving coordination and inter-exchangeability of military assets may represent the key to rebalance the situation. The core problem, in fact, is not a lack of financial resources *per se*, but how these money are spent. As an aggregate, Western and Central European countries spend about \$ 312 billion, which makes Europe the second investor in military assets after the United States (\$ 640 billion) and before China (\$ 188 billion). The very question that remains to be answered, though, is always the same: how much sovereignty are we willing to give up? Apparently, European statesmen are not ready yet to answer this question.

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