

***SADC - Promoting development by containing
defence budgets and freezing military
expenditure***

by
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Introduction

In a United Nations report on Africa released in April 1998, UN Secretary-General Kofi Annan called on all African nations to freeze defence expenditure for a period of ten years. Concerned at the increasing number of armed conflicts in Africa, Annan also urged African governments to reduce defence expenditure to below 1,5 percent of annual gross domestic product (GDP). Annan's suggestion was based on UN findings in a report entitled *The Causes of Conflict and Promotion of Durable Peace and Sustainable Development in Africa*. The report identified continuing conflict in Africa as a major threat to peace and prosperity on the continent. Secretary-General Annan called for the reduction of military budgets and greater efforts to promote transparency and confidence-building along with the conclusion of non-aggression pacts as steps towards increased stability. The advancement of joint military training exercises, harmonizing of regional defence policies and active participation in the UN Arms Register, were also proposed as mechanisms for reducing inter-state tensions and the consequent need for excessive military expenditure. According to the UN, since 1970 over 30 wars have been fought in Africa accounting for more than half of all war-related deaths world-wide and the concomitant displacement of 8 million civilians. Annan pointed out that the consequences of those conflicts have thwarted Africa's efforts to ensure long-term stability and economic prosperity.

New Partnership for African Development NEPAD

More recently, President Thabo Mbeki has through the *New Partnership for African Development* (NEPAD) initiative stressed the importance of reducing armed conflict in Africa as the first precondition for meaningful economic activity. NEPAD confirms the impossibility of building both democratic governance and economic well-being under conditions of wide-spread intra and inter-state conflict. Consequently, Africa's main short-term priority is to end ongoing conflicts, demobilise and disarm combatants and resettle refugees within a framework of sustainable peace. The longer term objective is to prevent further violence through strengthening Africa's capacity for the prevention, mediation and resolution of conflict. Africa's economic revival requires a continent-wide commitment to financing for development and the mobilisation of resources for poverty eradication, human development, the building of new infrastructure, an increase in agricultural output and the diversification of production with an emphasis on exports. In this context, elevated defence expenditures are increasingly problematic, given the need to redirect scarce resources to urgent developmental requirements.

Arms Sales to Sub-Saharan Africa

The most recent edition of the International Institute for Security Studies' (IISS) annual report entitled the *Military Balance 2001/2002* confirms an increase in military expenditure within Sub-Saharan Africa by a factor of 4 percent in real term during 2000, from \$9 billion in 1999 to \$9,4 billion (in constant 2000 dollars). Furthermore, the IISS reported at least 60 000 deaths world-wide directly caused by armed conflict with 50 percent in Sub-Saharan Africa, the most deadly conflict being in the Democratic Republic of Congo (DRC). Total arms sales to Sub-Saharan Africa over the last few years remain difficult to accurately quantify as the majority of these transactions include small arms and ammunition. Light weapons are supplied by manufacturers in the region as well as external sources. Moreover, there is a significant trade in second-hand weaponry from past conflicts which involves deliveries to non-state actors in the region. The most significant deliveries to Sub-Saharan countries over the last few years include Russian MiG-23 combat aircraft, Mi-17 helicopters and heavy artillery systems to Angola; Austrian SK-105 light tanks to Botswana

along with 13 F-5 fighters from Canada; 36 *Scorpion* light tanks and 12 105mm L118 guns from Britain and 155mm towed artillery from Israel. The South African armed forces boosted their capability by taking delivery of a number of locally manufactured systems such as 12 *Rooivalk* attack helicopters; 586 *Mamba* APCs, 19 *Rooikat* armored cars; *Raptor 1* stand-off glide bombs. The US provided 5 C-130 transport aircraft to the South African Air Force.

Over the last few years, South Africa has exported military equipment to Congo-Brazzaville, Togo, Eritrea, the DRC, Uganda and Rwanda. Illicit transportation by private South African suppliers to rebel forces in Burundi and Angola were also reported. The Angolan government received most of its supplies from Russia, while UNITA's key suppliers were to be found in Eastern Europe, with transit routs via a number of African countries, especially Togo. According to the IISS, Zimbabwe Defence Industries supplied large quantities of weaponry to the government of the DRC and was also reported to have supplied Uganda and the Sudan People's Liberation Army (SPLA). Chad has been reported to be a key channel for the People Republic of China's (PRC) arms transfers to the Sudan, DRC and the Central African Republic (CAR). Tanzania has also featured as a conduit for Chinese arms to Burundi, as well as to Hutu rebels from Rwanda and Burundi based in Kenya. According to the Stockholm International Peace Research Institute (SIPRI) the main suppliers of weapons to Africa over the period 1996 to 2000 in order of quantities supplied include Russia, USA, France, UK and Germany.

African Military Expenditures

In 1998 global military expenditures reached the lowest level since the termination of the Cold War. However, since then it has increased totaling approximately \$798 billion in 2000 with a world average of \$130 per capita. As a percentage of world gross domestic product (GDP), SIPRI estimates that military expenditure accounted for 2,5 percent in 2000. Thus despite an improved security environment in many parts of the world, as well as the distinctive mid 1990s post-Cold War trend reflecting a steady decline in military spending, increases in defence budgets have become a common feature since 1998. The total global increase in defence expenditure since 1998 is estimated to be approximately 5 percent in real terms. Although increases have occurred in all regions, Africa has been especially prominent where military expenditures have expanded by almost 30 percent from \$10,1 billion in 1998 to \$13,8 billion in 2000 (at constant 1998 prices). Spending in a number of African countries has had a significant impact on this trend : Algeria and South Africa increased defence budgets considerably; Ethiopia, Sudan and Zimbabwe raised their military budgets significantly; increases in Kenya and Tanzania were small, but important. At the same time, accurate information on the military expenditure of many African countries that are at war is not available, but suggest an even higher overall increase in military expenditure for the continent.

The drivers for increased military expenditure in Africa include involvement in conflict, restructuring and modernisation. The African states and non-state actors participating in conflicts have increased military expenditures to achieve battlefield objectives. The government of DRC, along with the other participants in this conflict, especially Angola and Zimbabwe have increased expenditures and weapons procurements to advance military objectives. Defence restructuring is country-specific but usually includes rationalisation, instituting civil control and professionalisation. The process of modernisation includes the purchase of new weapons systems, usually requiring a significant increase in defence budgets. The drivers of enlarged military expenditure forced a 20 percent increase in continental defence expenditure during 1991-2000 (at constant 1998 prices). Expenditure increases in sub-Saharan Africa were far lower than in north Africa, but indicate an approximate 6 percent increase over the period 1991-2000. Concurrently SADC defence expenditures (Table 1) indicate a general regional trend towards reduced expenditure in the mid-1990s, but an increase in defence budgets from 1997/98 onwards. South Africa and Angola dominate regional defence expenditure with Zimbabwe, Botswana, Tanzania, Namibia and Mozambique posting significant but far lower military budgets.

Despite the urgent demand for accelerated spending on infrastructure and poverty alleviation in Southern Africa, Southern African Development Community (SADC) member countries, with a few exceptions, are not containing defence expenditures to Kofi Annan's recommended 1.5 percent of GDP and trends suggest that many do not intend to respond positively to the UN Secretary-General's plea for a ten year freeze on military expenditure (Table 2).

As Table 2 indicates, (based on available data) only Malawi, Mauritius and Tanzania fall below Annan's 1,5 percent of GDP defence expenditure limit. In 1999, South Africa was within the limit, but the 2002/03 defence budget has seen a 15 percent increase raising South Africa's overall expenditure to 1,7 percent of GDP. Zambia and Swaziland are close to 1,5 percent of GDP, but the rest of the SADC members are clearly out of line with the suggested limit.

Military Expenditure and Development

John Kenneth Galbraith, the seasoned peace campaigner, has pointed out that in "poor countries the military's claim on resources is the greatest economic scandal and the greatest political tragedy of our time." (*Disarmament*, UNO, 1996). In the developing world, soldiers claim resources for military use at great cost to the needs of society and the essentials for economic development. Arms sales to developing countries simply perpetuate the narrow, simplistic Cold War mentality which reduces inter-state interaction to a military competition. Moreover, weapons transfers to the developing countries do little to advance security, but rather promote insecurity and amplify threat perceptions.

Studies of the economic effects of military spending in developing countries vary depending on methodological differences, theoretical frameworks and empirical sampling. Among the various schools of thought on this issue, neoclassical, Keynesian, institutionalist and the underconsumptionist approach, only the last mentioned include military spending as an integral part of theory. However, there is no general consensus within the theoretical schools of the impact on military spending with regard to economic growth. Empirical investigations suggest that the broad economic conditions, political system and time frame may be decisive in establishing a link between poor growth performance and defence expenditure. However, most surveys investigating the economic effects of defence spending, conducted largely within the Keynesian framework, suggest that relatively high military expenditures are likely to have a negative impact on economic growth. A number of studies have investigated the statistical causality of military spending and economic growth, but with no clear result. There is no evidence of a positive impact on economic growth as a consequence of increased defence expenditure.

Using the UN benchmark, it is clear that current levels of military spending in SADC are in excess of legitimate security requirements and reduce the share of scarce public resources available for development spending and poverty alleviation. Moreover, excessive military expenditure protect ineffectual regimes at the expense of democratic governance and sustainable development. The reduction of defence expenditure releases public resources for more meaningful socio-economic expenditure, curtails the belligerent attitude of governments and enhances regional security by reducing tensions based on the uncertainties and fear generated by exorbitant military spending. Studies conducted by the Bonn International Center for Conversion (BICC) confirm that military expenditure in developing countries is a key impediment to poverty alleviation. Moreover, a cut in defence expenditure is an effective and productive tool for addressing fiscal deficits and the prudent reallocation of public expenditure.

The positive impact of reduced military expenditure is well illustrated by the Ethiopian experience during the first half of the 1990s. In 1991, at the time of the fall of the Mengistu government, defence spending stood at approximately 60 percent of state expenditure. The termination of the war with Eritrea resulted in a substantial decline in military spending with a concomitant and significant rise in health and education expenditure along with an annual GDP growth of almost 7 percent. Regrettably, conflict between Ethiopia and Eritrea escalated in the late 1990s with negative consequences for both states. Nevertheless, the empirical evidence tends to confirm the hypothesis that excessive military expenditure reduces the availability of resources for socio-economic spending and does not promote economic growth. The resultant economic insecurity promotes internal and regional insecurities requiring further military expenditures. However, a cut in defence spending could have a very positive impact on welfare programmes and overall economic growth.

Conclusion

While there is no guarantee that reduced defence budgets will automatically result in increased welfare expenditure, there can be no doubt that excessive military capabilities foster instability, promote uncertainty and fear, while facilitating military conflict and allowing for the rapid escalation of hostilities, should a conflict erupt. Given the negative impact of high defence expenditures on economic development and regional stability, it would be productive for SADC member states to make a major effort to conform to Kofi Annan's 1,5 percent of GDP rule and consider ways of implementing a ten year freeze on military spending. Continued high defence expenditures contradict NEPAD and lessen the prospects for creating the urgent and necessary preconditions for Africa's economic revival. The containment of SADC military expenditures, along with a long-term freeze on defence budgets would make a significant contribution to laying the foundation for increased regional security and sustainable development.

Policy Considerations

Progress towards contained, controlled and limited defence expenditures could be advanced through the following

Active SADC participation in the programmes of the UN Centre for Disarmament, where defence expenditure data is collected, collated and analysed. This would include regular and full submissions to the UN Conventional Arms Register. (African response rates in this regard are usually below 10 percent.)

- Increased transparency in defence spending is widely accepted as a prerequisite for building greater confidence between states. A SADC regional system of reporting on defence spending and data collation, would advance confidence building in the region and encourage greater reporting compliance. Improving the military expenditure data set for Southern Africa would lessen regional tensions, while reducing the potential for misunderstanding, uncertainties and inaccurate threat assessments. Civil society could advance this process by providing the necessary capacity and institutional infrastructure for accurate information collection and record keeping.
- Promote the control of arms transfers to SADC member states according to the highest possible standards based on international human rights and humanitarian law, as well as maximum transparency. As a major arms producer in the region, South Africa should tighten supply controls on all lethal weapons and refrain from sales to any Sub-Saharan country involved in, or likely to become involved in conflict.
- External actors, especially the key weapons suppliers to SADC countries, should be encouraged to exercise maximum restraint in weapons trading and the supply of ammunition and spare parts and to actively discourage increased military expenditure where this would obviously not contribute to enhanced socio-economic stability. Moreover, any weapons transfer should be made within the framework of the 1991 UN Resolution 46/36 L, *Transparency in Armaments*, requiring full disclosure on arms deals.
- Promote security sector reform according to the highest international standards, in order to assist in reducing demand for increased defence budgets and weapons transfers. Defence transformation in line with a less threatening international security environment, along with professionalisation would advance a reduction of defence spending and promote military restraint.
- SADC should consider the enhancement of confidence and security building measures (CSBMs) which could be modeled on the Inter-American dialogue, which through the *Declaration of Santiago and San Salvador* requires participating countries to report on defence expenditures; give advance warning of military purchases and exercises; invite international observers to military exercises; report fully to the UN Register of Conventional Arms; exchange information on organisation, size, structure and composition of armed forces as well as support the efforts of small states to meet security concerns. A SADC process devoted exclusively to enhancing CSBMs would significantly enhance regional security and advance restraint in military expenditure.
- SADC bilateral, or multilateral non-aggression pacts, supplemented by an expanded CSBM system would significantly promote regional stability and reduce the requirement for elevated defence budgets. In this context, SADC could follow the example of the Association of South East Asian Nations (ASEAN) whose member states are part of a regional non-aggression pact, based on the *Treaty of Amity and Co-operation in South East Asia* and the *Declaration of the ASEAN Concord*, both signed at the 1976 ASEAN Bali summit.

Suggested Readings :

United Nations Register of Conventional Arms

http://disarmament.un.org/un_register.nsf

Stockholm International Peace Research Institute

http://projects.sipri.se/armstrade/facts_and_figures.html

International Institute for Strategic Studies

<http://www.iiss.org/pub/mbregion.asp>

US Arms Control and Disarmament Agency http://state.gov/www/global/arms/bureau_ac/wmeat98/wmeat98.html

Arms Sales Monitoring Project by the Federation of American Scientists

<http://www.fas.org/asmp/index.html>

Arms Transfer Working Group

<http://www.fas.org/asmp/atwg/index.html>

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Table I
SADC Defence Expenditures 1991-2000 (US\$m, at constant 1998 exchange rates)

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	
Angola	1 128	1 214	656	2 322	1 591	2 474	1 860	732	2 418	-
Botswana	171	158	166	152	139	129	148	191	189	185
DRC	No figures available									
Lesotho	22	18.6	17.1	20.7	22	22.6	26.3	28.2	-	-
Malawi	15.1	16.8	17.5	17.1	14.1	14.4	13.7	-	-	-
Mauritius	11	11.3	11	11.5	11.9	11.1	9.2	8.5	9.9	-
Mozambique	123	123	133	156	69.1	63.4	71.1	85.3	103	-
Namibia	11	106	63.2	50.4	56	59.9	74.3	78.9	108	-
Seychelles	18.1	21	13.2	11.6	10.7	10.3	11.2	11.7	11.2	-
South Africa	3 565	3 138	2 858	3 023	2 691	2 337	2 151	1 921	1 833	2 127
Swaziland	14	18.7	21.1	21.6	22.4	22.8	23	22.7	21.9	-
Tanzania	133	132	86.8	81.5	105	104	104	105	121	-
Zambia	109	122	55.3	63.9	80.3	47.5	60.7	61.1	31.2	-
Zimbabwe	269	215	191	199	197	200	212	173	213	-

Source: SIPRI Military Expenditure Database, <http://firstsipri.org>

Table II
SADC Military Expenditure as a Share (%) of GDP

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	
Angola	6.8	12	12.5	19.8	17.6	19.5	22.3	11.4	23.5	-
Botswana	4.4	4.3	4.5	3.9	3.5	2.9	3.1	3.7	3.4	-
DRC	No figures available									
Lesotho	3.4	2.6	2.3	2.8	2.8	2.6	2.9	3.2	-	-
Malawi	1.1	1.4	1.3	1.5	1.1	0.9	0.8	-	-	-
Mauritius	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2
Mozambique	4.5	5.1	5	5.7	2.5	2.2	2.1	2.2	2.4	-
Namibia	5.7	4.3	2.6	1.9	2	2.1	2.6	2.6	3.6	-
Seychelles	4.4	4.7	2.8	2.8	2.4	2.3	2.1	2	2	-
South Africa	3.2	2.9	2.5	2.6	2.2	1.8	1.6	1.4	1.3	-
Swaziland	1.6	1.9	2.1	2	2	1.9	1.8	1.8	1.9	-
Tanzania	2	1.9	1.2	1.2	1.5	1.4	1.3	1.3	1.3	-
Zambia	2.6	3	1.5	1.7	2.2	1.4	1.8	1.9	-	-
Zimbabwe	3.8	3.7	3.4	3.3	3.6	3.2	3.4	2.7	3.4	-

Source: SIPRI Military Expenditure Database, <http://firstsipri.org/>