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A Peace Dividend for Developing Countries Would Pay Off

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At the United Nations' Millennium Summit in September, world leaders pledged to "free our peoples from the scourge of war, whether within or between States," and to halve global poverty by the year 2015.

That these should be global imperatives is apparent from two broad statistics. Wars claimed more than 5 million lives in the 1990s, and nearly 3 billion people, almost half the world's population, live on a daily income of less than \$2 a day

Poverty and conflict are not unrelated; they often reinforce each other. Poverty is a potent catalyst for conflict and violence within and among states, particularly at a time when poor countries and peoples are increasingly aware of the relative affluence of others.

Conflicts plunge many individuals into poverty and deal a severe blow to a country's longer-term development efforts. Even where there is no active conflict, military spending absorbs resources that could be used to attack poverty.

During the Cold War, world defense spending peaked at around \$1.2 trillion in 1987. The first half of the 1990s saw some sharp reductions in military expenditures in economically advanced countries. Partially as a result, Western countries reaped a substantial peace dividend in the form of an extended period of economic prosperity.

However, by 1997 global military expenditures were rising again. According to the Stockholm International Peace Research Institute, world military expenditures rose by more than 2 percent in 1999, and a further increase is expected for this year. World military spending is now around \$800 billion, a level equal to more than 2.5 percent of the world's output of goods and services.

The share of the developed world in global defense spending continues to exceed 70 percent, with five economically advanced countries accounting for the great bulk of this spending. The share of the developing world, however, has grown during the past decade. During the 1990s, spending on arms and the maintenance of military forces increased by one-fifth in East Asia, by one-quarter in South Asia and by more than one-third in South America.

High military spending has been both a cause and a result of the large number of conflicts in the developing world. On average, defense spending absorbs more than 10 percent of government budgets around the world. In some developing countries the burden is considerably higher than this average.

These increasing military expenditures in developing countries are reflected in international arms sales. Global arms transfer agreements with developing nations increased from \$16.8 billion in 1998 to \$20.6 billion in 1999. The U.S. Congressional Research Service estimates that worldwide arms deliveries from 1992 to 1999 totaled more than \$296 billion, of which nearly 70 percent went to developing countries. The economically advanced countries accounted for more than 90 percent of these sales.

High levels of military spending in some countries impair development by crowding out private and public investment. Moreover, since developing countries import most of their military equipment, spending on foreign armaments reduces the scope for imports of capital goods that would allow the economy to expand and diversify.

Most importantly, high levels of military spending aggravate tensions and engender suspicion, encouraging higher spending in other countries and creating conditions ripe for conflict.

Meanwhile, world poverty is not being conquered. According to the World Bank, the number of people living on less than a dollar a day rose from 1987 to 1998. Even in those countries where some progress has been made, the proportion of the population still living in poverty remains high. At present rates, the goal of reducing world poverty by half by the year 2015 is unlikely to be achieved.

A number of United Nations agencies have collectively estimated that it would require an additional \$70 to \$80 billion per year - some 50 percent more than at present - to provide primary education, low-cost water, sanitation and public health facilities and reproductive health, family planning and clinical services to all those in need. Sustained over a period of time, such a package of measures would go a long way toward achieving the poverty reduction goal established for 2015.

Developing countries, particularly those in which military expenditures are high, could demonstrate their commitment to reducing poverty in their own countries by reallocating some of their scarce public monies from military to social expenditures. Developed countries could support this effort by using part of their widespread government surpluses to increase assistance to the developing world. At the same time, being the principal suppliers of arms, they should reduce their exports of the implements of war to poor countries.

The world at large would benefit from the reduction in tensions and in poverty. Such a peace dividend is not only morally, politically and socially desirable, it is within reach if governments commit themselves.

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