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Printed at United Nations, Geneva GE.05-02474—October 2005—3,750 UNIDIR/DF/2005/2 ISSN 1020-7287

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EDITOR'S NOTE

We face a paradoxical situation today, where despite near record levels of global military expenditure many would describe the world as less secure than it has ever been. However, there is growing awareness that security can be built and strengthened in many ways. This issue of *Disarmament Forum* examines a range of actions that can be considered investments in security.

We start with an overview of the "traditional" investment in security, as measured by military expenditure. We then turn to how investing in development, particularly the Millennium Development Goals, can make an essential contribution to building security. Our third author looks at the various costs associated with armament, many of which are often misattributed to disarmament. Another article describes the checks and balances of the US arms export system and examines how these contribute to security in both the importing and exporting states. The final contribution looks at security sector reform and democratic control of the armed forces, particularly in relation to arms procurement.

UNIDIR is celebrating its twenty-fifth anniversary. Since its establishment in 1980, the Institute has covered the whole spectrum of arms control, disarmament and non-proliferation issues. In keeping with its mandate, UNIDIR has not only provided in-depth studies on current issues of concern, it has frequently been at the forefront of disarmament thinking, producing research on issues that had not yet reached the international agenda.

One of the areas where UNIDIR has long-standing interest and depth of experience is that of small arms and light weapons. For example, in the early 1990s UNIDIR helped to bring the issue of weapons collection in peace processes to international attention through its eleven-volume series of studies on managing arms in peace processes. As the small arms issue has slowly made its way into the international spotlight, our work in this area has continued—from publishing technical and case studies to organizing meetings and creating processes for dialogue within the diplomatic community. UNIDIR has also been an active participant in various expert groups related to small arms issues and in promoting the 2001 UN Programme of Action on small arms.

In celebration of our twenty-fifth anniversary, the next issue of *Disarmament Forum* will be a double issue on small arms and light weapons in preparation for the 2006 Review Conference on the Programme of Action. We are particularly pleased that this issue will draw upon the knowledge and experience of UNIDIR researchers.

On 6 September, UNIDIR and the Weapons of Mass Destruction Commission hosted a seminar with Dr Hans Blix, entitled "Reviving Disarmament". Blix, drawing on his experience as former Director General of the International Atomic Energy Agency and head of the UN Monitoring, Verification and Inspection Commission (UNMOVIC), presented his vision for disarmament and the future, and engaged in a lively question and answer session with the audience.

On 13 September, the Department for Disarmament Affairs and UNIDIR hosted an Information Briefing on the Sixth Review Conference of the Biological and Toxin Weapons Convention. The briefing, widely attended by representatives from states parties, signatories, observer states and observer international organizations, was held to assist Member States to prepare for the Review Conference, to be held in 2006.

Finally, we would like to welcome Jane Linekar to the *Disarmament Forum* team. We are certain that her contribution to the journal will be appreciated by our readers.

Kerstin Vignard

Military expenditure

Elisabeth Sköns

After a 10-year period of decline, world military expenditure is increasing once again: by 2004 it was close to its peak at the height of the Cold War. What does this increase entail and how can it be interpreted? Is it an indication of a deteriorating security environment or of increasing security? Is spending on the military an effective way of providing security in the current security environment? In responding to these important questions, a good starting point is to analyse the trends and patterns in military spending.

Military expenditure is a rough measure of the level of government financial allocations for military purposes. As such, it can measure the priority given to military means of achieving security—assessed according to government perceptions—or of achieving some other types of national objective, as formulated in national security doctrines.

This paper considers trends in the global military spending data, discusses the limitations of the data, and suggests what sort of information is needed to improve analysis of the new security environment.

Trends and patterns in military expenditure

Immediately following the end of the Cold War in 1989 world military spending declined, at first rapidly and then, around the mid-1990s, more slowly. Spending began to increase again in 1999, and since 2002 the increase has been rapid. Available estimates by the Stockholm International Peace Research Institute (SIPRI) of world military spending show an increase by an annual average rate of 6% in real terms in the period 2002–2004, and that the level is approaching that reached at the peak of the Cold War.

This level is extraordinary, considering the profound changes in the international security environment since the end of the Cold War and that military spending in the successor states to the Soviet Union is much lower today than during the Cold War.

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The global pattern of military expenditure

World military expenditure in 2004 amounted to an estimated total of US$ 1,035 billion, based on official government data for the 159 countries in the military expenditure database of SIPRI. This corresponds to 2.6% of world gross domestic product (GDP), and an average expenditure of US$ 162 per person.[1]

Most of the money spent for military purposes is spent in high-income countries. These 32 countries account for about 79% of world military spending but only 16% of world population. The 58 poorest countries account for 41% of world population but only 4% of world military spending. Thus, the level of military spending is strongly correlated with the ability to spend, i.e. income per capita. Average military spending per capita in 2004 was US$ 867 for high-income countries and US$ 20 for low-income countries.

While poor countries account for a small share of world military spending, the economic burden of military expenditure in many of these countries is high. This is partly explained by their low per capita GDP, which means that even a modest defence force may consume a significant share of national resources. Furthermore, greater competing needs and demands on public spending in poor countries than in rich countries means that the actual burden of even a moderate share of military spending in GDP is higher for poor countries than the GDP share suggests.

One factor behind the high share of military expenditure in GDP in poor countries is the high incidence of armed conflict in these countries. During 2003 there were 29 ongoing armed conflicts that had resulted in 25 or more battle-related deaths in any single year. Of these conflicts, only 1 was in a high-income country (Israel) while 20 were located in low-income countries. The remaining 8 conflicts were located in lower middle-income countries, while no conflict was located in upper middle-income countries.[2] Official military expenditure figures for countries in armed conflict are known to seriously understate the true level of military spending. Still, even the official figures show a high share of military spending in GDP for these countries.

The fact that most armed conflicts today are intra-state conflicts raises the issue of the role of military spending in such a security context. For example, the military is perceived of as deterring external armed attack. To what extent can military means be used for deterring internal armed conflict? Another development to take into account is the internationalization of intra-state armed conflict. In an increasingly internationalized world, most internal armed conflicts have significant external consequences, affecting both neighbouring countries and countries further away. This raises the issue of external support for conflict prevention and international peace operations and the financing of such activities.

The United States alone accounted for 47% of world military spending, or almost as much as the combined spending of all other 158 countries in the SIPRI military expenditure database, and has a great impact on the level and trend in world military spending.

The concentration of world military spending in a few countries is even more evident when looking at the major spenders. The 15 major spenders accounted for 82% of world military expenditure in 2004. Some of these are high-income countries, but not all. The main common characteristic of these 15 countries is rather that they have large GDPs. The countries within this group that are not high-income countries are China, Iran, Saudi Arabia, South Korea, Russia, India, Turkey and Brazil (in order of their level of military expenditure).

Among the 15 major spenders, there is a further concentration in the five major spenders. These accounted for 64% of world military spending in 2004. The United States alone accounted for 47% of

world military spending, or almost as much as the combined spending of all other 158 countries in the SIPRI military expenditure database, so it has a great impact on the level of and trend in world military spending. Thus, the extraordinary increase in military spending during 2002–2004 is almost entirely due to the increases by the United States, the sole remaining superpower.

US military spending

The strong increase in US military spending is the result primarily of massive supplementary budgetary allocations for the "global war on terrorism" following 11 September 2001. Between September 2001 and February 2005 the supplementary allocations for this purpose amounted to a total of US$ 346 billion. This sum includes not only allocations for the Department of Defense (DOD) but also for the Departments of Homeland Security and State. However, the majority (US$ 268 billion) went to the DOD, primarily for the funding of military operations in Afghanistan and Iraq. This is a sum of some magnitude, in particular when compared to the military spending of other countries and regions. For example, total military spending in the Middle East (excluding Iraq, for which no data are available) amounted to US$ 56 billion in 2004, African military spending amounted to US$ 13 billion and Asian military spending was US$ 153 billion, according to SIPRI estimates (at 2003 prices and exchange rates). Another interesting comparison is with the combined foreign debt of all 58 low-income countries, which in 2001 amounted to US$ 533 billion.

The economic impact of US military spending has been an issue of debate during recent years. Those who claim that the current level of military spending does not impose a significant burden on the US economy make comparisons with the Cold War period when the US economy was able to sustain a share of military spending in GDP of over 6%, against 3.9% in fiscal year 2004. These commentators argue, moreover, that the growth of the US economy gives scope for further increases in US military spending. Another line of argument is that the economic limit of military spending is set by what the electorate is willing to spend, and that this in turn depends on their perceptions of the threats faced and of the appropriateness of military force as a way of addressing such threats. If there is broad consensus in this regard, which appears to be the case in the United States today due to the threat of international terrorism, then the electorate would be prepared to make great sacrifices in terms of economic welfare in the interest of defence.

Other commentators argue that popular support for high military budgets will soon decline. US military expenditure is already increasing at the expense of social and other non-military government spending. At the same time, questions are being increasingly raised about whether the war on terrorism is appropriately fought by military means, and whether the military operations in Iraq are addressing a threat to the United States, in particular after the official US objective of the attack on Iraq was changed from the pre-emption of a potential attack by weapons of mass destruction to regime change and democratization.

Those who claim that the current level of US military expenditure poses a significant economic problem point to the size of the budget deficit (3.6% of the federal budget in fiscal year 2004), leading to rapidly increasing federal and foreign debts, which will have a negative impact on the US economy in the medium to long term. Therefore, they call into question the sustainability of current US military spending levels. An additional argument concerns the vulnerability of the US economy to the decisions of other countries, due to the fact that part of the US federal debt is held by other nations, notably China and Japan.

Other major spenders

Among the 15 major spenders there are several other countries that have increased their military spending during recent years. However, what distinguishes these from the United States is that there has been no significant change in the trend in their military spending since September 2001—that is, neither in response to the rise in US military spending nor in response to the threat of international terrorism. In a review presented in the 2004 edition of the *SIPRI Yearbook* of military spending since 1999 in seven major regional and sub-regional powers (all in the group of 15 major spenders), it was concluded that there is little indication that these countries were following the US pattern or would do so in the near future.

However, this conclusion does not preclude rising military spending. On the contrary, military expenditure had increased in all seven countries reviewed—Japan, the United Kingdom, France, China, Russia, India and Brazil (listed according to the size of their military spending)—during the period under review (1999–2003), and long before then in some cases. China and India have a long history of rapidly rising military spending. The annual average rate of real-term growth in military spending during the period 1995–2004 was over 11% for China and over 6% for India. Japanese military spending is also on a long-term growth path, although much more slowly. In Russia and the United Kingdom the current increase in military spending is more recent, dating back only five or six years, and in France the current period of increase began only three years ago. Brazil was the only country among the seven to have cut its military spending in recent years. While Brazilian military spending increased between 1999 and 2002, and in 2003 was still slightly higher than in 1999, the 2003 military budget represented a deep cut compared with 2002. This reduction is the result primarily of two factors: tight fiscal policy in response to difficult economic conditions and a deliberate shift in government spending priorities from military to social objectives, in particular to the government's "Zero Hunger" programme.

The annual average rate of real-term growth in military spending during the period 1995–2004 was over 11% for China and over 6% for India.

Six of the seven regional and subregional powers reviewed continued to increase their military spending in 2004. However, with the possible exception of Japan, which raised the rate of increase in its military budget for 2004, there has been no dramatic change in trend during the past five years. Brazil cut its military budget again in 2004.

Regional military spending

The regions with the strongest growth in military spending during the post-Cold War period are North Africa, South Asia and the Middle East, where regional military spending has increased by 65%, 50% and 40% in real terms, respectively, over the 10-year period 1995–2004. In Central Asia, there has also been a strong increase in regional military spending. However, the data for the Central Asian countries are weak and difficult to interpret, in particular from 1991, when the Soviet Union disintegrated, and for the first five years of their independence. The increase in the four countries of North Africa—Algeria, Libya, Morocco and Tunisia—reflects strong increases in the first three, in particular during the most recent five-year period. Otherwise, regional military spending in most regions is strongly influenced by the military spending in the major regional and subregional powers. Thus, the increase in South Asian military spending reflects the increase in India's military spending, which accounts for 73% of the regional total. Similarly, the trend in the Middle East is affected primarily by the military spending of Israel and Saudi Arabia, and to a lesser extent that of Kuwait.

The regions with the smallest increase in military spending during the 10-year period 1995–2004 were Central America and Europe. In Central America, where military expenditure has historically been devoted primarily to internal security and internal armed conflict, regional spending in 2004 was at roughly the same level as in 1995. This reflects to a great extent the improved internal security environment in the region. In Europe, including Russia and other Central and East European countries, military spending in 2004 was only 7% higher in real terms than 10 years earlier. In Western Europe, the increase was smaller, a total of 5% in real terms over the 10 years.

However, what is perhaps most noteworthy is that no region has lower military spending in 2004 than in 1995. Thus, the decline in military spending after the end of the Cold War has ceased in all regions. In some regions there never was a post-Cold War decline, while in others, primarily those belonging to the Cold War military alliances (i.e. Europe and North America), there was a profound decline. In most of the countries in these regions, the reversal from decline to increase occurred in the mid- or late 1990s. Since then military expenditure has increased again, slowly in most countries and rapidly in a few.

The meaning of military expenditure

Military expenditure is a measure of government spending on government military functions. It is a measure of money going into the sector and therefore an input measure. There is no direct link between the input of financial resources into the military sector (military expenditure) and the output in terms of military capability, military strength or military security. The same bag of money can buy very different types and mixes of physical resources (personnel, armaments, maintenance services, R&D services, construction, etc.) and at different technological levels. How money translates into output depends on what the money is spent on and how the purchased resources are managed and used.

There is no direct link between the input of financial resources into the military sector (military expenditure) and the output in terms of military capability, military strength or military security.

Since data on military expenditure are an input measure, they can show only the cost of military activities and the relative priorities given by the government to military and non-military spending—and even that is complicated by problems of measurement. Firstly, the coverage of the defence budget differs between countries and sometimes for the same country over time. Furthermore, the defence budget often covers only expenditure under the defence ministry, while some military-related items are financed under the budget headings of other ministries. Some, but far from all, countries have an alternative, functional budget category for defence that shows the sum of all military-related expenditures regardless of ministry. However, these may also differ in scope between countries and over time.

Secondly, data on military expenditure are not always reliable. They can be hidden under budget headings other than defence. Moreover, some military items may be financed entirely outside the government budget, so-called off-budget expenditure. One type of off-budget military spending is expenditure originating from the revenues of business activities of the armed forces. Another is the use of external revenues for specific purchases, most commonly arms imports. The most well-known example in peacetime is the case of Chile, where arms imports were financed by revenues from exports of copper, which never entered the regular government budget. During wartime, revenue from the sale of natural resources is a common way of financing war costs, and this expenditure is not reflected in the government budget.

Thirdly, there is expenditure on armed forces and armed political activities other than government military expenditure. Various types of non-state actors involved in war and armed conflict also spend money on weapons and armed activities, and these are not included in estimates of military expenditure.

Thus, while conceptually military expenditure data are valid indicators of the cost of military activities and of government priorities, there are several reliability problems with this measure. And even if the problems of measurement could be solved, data on military spending are not useful for international comparison of military strength or capabilities—even though they are sometimes used for such comparisons. They do not constitute a valid general indicator of any kind of output, least of all the provision of security. Furthermore, when assessing the provision of security, the security environment itself must be taken into consideration.

Military expenditure and security

While the link between military expenditure and security has always been complex, the shift from Cold War security concepts, focusing on territorial and state security, to today's broader and deeper security concepts has made military expenditure somewhat less relevant when assessing government spending for security objectives. The new security concepts that have emerged during the 1990s and early 2000s imply relatively less emphasis on the use of military force and involve a shift in focus from the East–West confrontation to security in developing countries. This development reflects an increased concern about the impact—external as well as internal—of armed conflict in these countries and about the risks emerging from so-called "weak" or "failed" states, as well as a recognition that the provision of human security in these countries requires other measures than military force. The distinction between military and internal security is also becoming increasingly blurred in industrial countries as security becomes more associated with such challenges as international terrorism and transnational organized crime.

There is still no general consensus on what the main threats to international security are today, but there is broad agreement that these go beyond threats to state and territorial security and inter-state wars. In a recent attempt to formulate and document current conceptions of security, the United Nations High-level Panel on Threats, Challenges and Change[3] identified six clusters of threats to international security:

- economic and social threats, including poverty, infectious diseases and environmental degradation;
- inter-state conflict;
- internal conflict, including civil war, genocide and other large-scale atrocities;
- nuclear, radiological, chemical and biological weapons;
- terrorism; and
- transnational organized crime.

Many of these require non-military rather than military instruments and demonstrate the need for alternatives to military spending as indicators for assessing government priorities in addressing security concerns. An interesting attempt at doing this on the national level has been made in the United States, where a group of researchers analysed the US federal budget with a view to identifying the relative priorities of military and non-military spending for security objectives.[4] They analysed the budget request for fiscal year 2006 and found that it amounted to US$ 449.21 billion in expenditure for

military security, in which they included national defence expenditure, minus spending on non-proliferation, and plus expenditure on foreign security assistance. Spending for non-military security amounted to US$ 64.71 billion, in which they included spending for international affairs, minus foreign security assistance, and plus expenditure on non-proliferation and on the non-DOD part of homeland security spending. The study proposed a way to better balance the US security budget without worsening the fiscal situation. In doing so, it identified a series of cuts, adding up to US$ 53.1 billion, that could be made from the budget for military security with no reduction in security, and US$ 40.5 billion additional spending on a number of non-military programmes that would contribute to security. The main non-military programmes included a range of measures to address key deficits in homeland security funding, and increased expenditure on foreign economic development assistance, diplomatic operations, and contributions to international organizations and international peacekeeping. This type of analysis could serve to shed more light on the adaptation or lack of adaptation to the changing security environment from a resource allocation perspective.

Another way of relating military expenditure to security is through the concept of global public goods. Public goods are goods that exist for all to consume, primarily because their benefits cannot be withheld from the public and thus their consumption is difficult to privatize. Therefore, public goods are not easily financed by single individuals, and on the national level, they are usually paid for collectively, i.e. by governments. Examples include physical infrastructure, education systems and environmental measures. This provides an analytical concept for describing global challenges, including that of achieving and maintaining peace and security.[5] In adapting the concept of public goods to today's economic and political realities, it puts the spotlight on the balance between spending for the prevention of armed conflict and the cost of not doing so.

Transnational consequences of lacking peace and security, mostly in developing countries, make it in the enlightened self-interest of countries that can afford it to contribute to peace and security in these countries.

Peace and security can be seen through the lens of global public goods because they have an impact on a large number of countries and on several generations. In a globalized world armed conflict, conditions of insecurity and poor governance constitute sources of insecurity for people both in neighbouring countries and countries far away. Such transnational consequences of lacking peace and security, mostly in developing countries, make it in the enlightened self-interest of countries that can afford it to contribute to peace and security in these countries. When trying to assess the cost of providing peace and security through prevention of war and insecurity, compared with the cost of not doing so, it is necessary to explore the cost-effectiveness of different types of instruments for providing peace and security.

Conclusions

Military expenditure is increasing again after a long period of post-Cold War reductions. This rise is paradoxical since it occurs in an environment of reduced military threats and a new focus on a range of threats and challenges to security that require non-military means to address them.

The main reason for the recent acceleration in world military expenditure is US supplementary military allocations for its global war on terrorism. However, a large portion of these allocations has been devoted to the military operation in Iraq—a country that has no demonstrated link to transnational terrorism. Furthermore, it is being broadly questioned whether the threat of terrorism can be addressed by military means.

In the current security environment, perceived of as encompassing a broad array of threats, risks and challenges, military means are becoming increasingly irrelevant to the provision of security, while a range of non-military instruments are gaining in significance. This raises the question of the relevance of military expenditure for assessing the priority given to the provision of security and the nature of security policies. Military expenditure data need to be complemented with new alternative indicators for security provision.

Notes

1. E. Sköns et al., 2005, “Military expenditure”, in SIPRI, *SIPRI Yearbook 2005: Armaments, Disarmament and International Security,* Oxford, Oxford University Press.
2. M. Eriksson and P. Wallensteen, 2004, “Armed conflict, 1989–2003”, *Journal of Peace Research*, vol. 41, no. 5 (September), pp. 625–636. Database available at <www.pcr.uu.se/database/>.
3. United Nations, *2004, A More Secure World: Our Shared Responsibility. Report of the Secretary-General’s High-level Panel on Threats, Challenges and Change*, UN document A/59/565 of 2 December, at <www.un.org/secureworld>.
4. M. Corbin and M. Pemberton, 2005, *A Unified Security Budget for the United States, 2006*, Washington, DC, Center for Defense Information and Foreign Policy in Focus, at <www.fpif.org/pdf/reports/USB.pdf>.
5. I. Kaul et al., 2003, *Providing Global Public Goods: Managing Globalization,* New York, Oxford University Press for the United Nations Development Programme, at <www.globalpublicgoods.org>. See also the website of UNDP at <www.undp.org/globalpublicgoods>.

Investing in development: an investment in security

Michael Brzoska and Peter Croll

In comparison with the turbulent year of 2003, marked by the Iraq War and the ensuing crisis within the United Nations, 2004 passed without similarly news-making man-made disasters. In fact, some good news can be reported from 2004. The overall number of wars and armed conflicts continued to decline. A number of conflicts were brought closer to peace, including long-lingering wars such as that in the Sudan. The report from the UN Secretary-General's High-level Panel on Threats, Challenges and Change[1] received widespread support. Another testimony to the UN's recovery was its central position in mitigating the consequences of the tsunami disaster at the end of 2004.

However, a number of worrying trends continued in 2004. One was the increase in the incidence of HIV/AIDS. Another alarming development was the increase in military expenditure—particularly in the countries with the largest militaries. A third was the decreasing capability of governments in a number of regions to provide security, welfare and order for their citizens: while the number of wars and armed conflicts continued to decline, physical threats to the lives of ordinary people seemed to be increasing in many countries. A fourth was the shortfall in development assistance, particularly when compared to the levels promised in the early 2000s, on occasions such as the Millennium Summit in 2000 and the 2002 International Conference on Financing for Development (known as the Monterrey Conference). Those promised funds are needed to substantially reduce poverty, which is a root cause of crisis and conflict. More than one billion human beings live on less than US$ 1 per day, more than two billion on less than US$ 2 per day. One can summarize these trends in pointing out that the security and livelihoods of billions of people remain highly precarious. Human security is still highly endangered in many parts of the world.

Each of these trends is worrying in itself. However, in combination they undermine the attainment of what is arguably the most important policy objective of the first part of the twenty-first century, namely the eradication of poverty. This is the core of the Millennium Development Goals (MDGs) to be reached by 2015 as agreed by heads of state at the UN Millennium Summit in 2000. Unfortunately, the MDGs are in danger of not being reached.

One reason for this potential failure is that development and security are often seen as distinct issues to be acted upon in isolation from each other—with the MDGs regarded as "development", and thus largely unrelated to security issues, and security issues seen as a prerogative of high politics, having little overlap with development issues. On the contrary, however, they are closely related. This is often

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recognized in principle; it is more often than not ignored in policy implementation. Hardly anyone objects to the idea of "no development without security and no security without development" but governments seem to have a hard time acting accordingly. A striking illustration is the priorities of powerful countries as revealed through spending increases in recent years.

Resource allocation in rich countries is one link between security and development. Conversion—the transformation of military processes, activities and resources—is another. An effective and efficient transformation can support conflict prevention, post-conflict rehabilitation and economic development. In particular, it will be argued below that conversion can make a substantial contribution to reaching the MDGs. The potential of conversion is often underestimated and underexploited by political decision makers. In fact, it seems unlikely that the MDGs can be reached unless issues of security and conflict are brought into the diagnosis of the obstacles hindering their attainment and conversion is used as an instrument to achieve them. Luckily there are some recent signs of recognition of the links between security and development, particularly in the High-level Panel's report and in the report of the Millennium Project, which was commissioned by the UN Secretary-General to advise the UN on strategies for achieving the MDGs.

It seems unlikely that the MDGs can be reached unless issues of security and conflict are brought into the diagnosis of the obstacles hindering their attainment.

The MDGs and human security

None of the eight MDGs, or the indicators attached to them, address conflict, security or peace. Rather, their goals are to: eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce child mortality; improve maternal health; combat HIV/AIDS, malaria and other diseases; ensure environmental sustainability; and develop a global partnership for development. All these are important and worthy goals. And one can well argue that there are sufficient other statements, programmes and processes that address peace and security, beginning with the United Nations Charter itself, where, after all, the organization states its objective to "save succeeding generations from the scourge of war".[2]

Still, it is important to recognize the relationships between hard issues of security and conflict and the MDGs. The attainment of the MDGs is influenced by, if not dependent on, progress in increasing security, particularly through conflict prevention and resolution. There are several facets to this link, discussed in more depth below. However, it should also be noted that measures taken to achieve the MDGs have the potential to reduce security.

It is not a new or revolutionary idea to link security and development. Indeed, the Millennium Declaration adopted in September 2000 and from which the MDGs emanated has chapters on peace, security and disarmament, development and poverty eradication, protecting the environment, human rights, democracy and good governance, protecting the vulnerable, and meeting the special needs of Africa. The statement "We will spare no effort to free our peoples from the scourge of war, whether within or between States, which has claimed more than 5 million lives in the past decade" stands beside the statement "We will spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected. We are committed to making the right to development a reality for everyone and to freeing the entire human race from want".[3] What is lacking, however, is a concrete programme, similar to the ones developed through the MDG process, for leveraging conflict prevention, post-conflict peace-building and conversion, for the attainment of the MDGs.

Not only is it important to understand the contribution of security to achieving the MDGs, the MDGs are also key steps for increasing peace and security. Empirical research has demonstrated the close correlation between the level of economic development and the incidence of internal war.[4] The likelihood of a war is more than twice as high for countries with an annual per capita income below about US$ 500–1,000 than for countries with a higher income. The argument that reaching the MDGs is vital for international and national security and peace is emphasized in both major reports previously mentioned. The report of the High-level Panel on Threats, Challenges and Change particularly stressed the security threats emanating from state failure. The final report of the Millennium Project argued that "Achieving the Millennium Development Goals should therefore be placed centrally in international efforts to end violent conflict, instability and terrorism".[5]

Where we stand with respect to the MDGs

Not all news about the MDGs is bad. In a progress report published by the United Nations in late 2004, 20 indicators were evaluated for 10 subregions in the developing world, using a simple traffic light system of red for "no change or negative change since 1990", yellow for "progress at a range insufficient to meet the target by 2015" and green for "predicted achievement, or near achievement, of targets in time".[6] Green, yellow and red each fill about one-third of the 200 boxes in this matrix. Reducing child mortality and increasing primary education enrolment are among the goals least likely to be met. Also, little has been done to address gender aspects of the MDGs. One of the most disturbing elements of the 2004 progress report is that sub-Saharan Africa is not on track with respect to a single indicator. There appears to be no change in the region since 2000 and thus little chance to reach the goals of halving extreme poverty and hunger by 2015 without major policy shifts.

One of the most disturbing elements of the 2004 progress report is that sub-Saharan Africa is not on track with respect to a single indicator.

The United Nations, the World Bank and the Organisation for Economic Co-operation and Development (OECD), as well as many other organizations and experts, agree that the MDGs can still be achieved. In fact, this is the core message of the Millennium Project report. However, they also agree that there needs to be a major increase in scale and ambition in terms of resources as well as priorities, effectiveness and targeting of measures. For some of the crucial regions, the first five years since the adoption of the MDGs have been largely wasted. The Millennium Project's final report urges that "the Millennium Development Goals are too important to fail" and that it is "time to put the Goals on the fast-track they require and deserve".[7]

Countries in crisis and conflict

One of the obstacles to achieving the MDGs is the difficulty of improving the lives of people in countries in crisis and conflict. Conflict is a great destroyer of resources, values and futures. The effectiveness of development assistance decreases inversely in relation to the level of conflict. Similarly, weak and instable state structures lower the effectiveness of development assistance. On the basis of these truths, development donors have increasingly focused their assistance on the "good performers", those countries where development assistance is effective. While such a focus makes much sense, it is unlikely that the MDGs can be reached with it. About one-quarter of all countries in the developing world experienced war or armed conflict at some point during the last ten years. A number of countries

Bank's Low Income Countries Under Stress (LICUS) initiative. But more and different approaches need to be applied to address causes of conflict and achieve conflict resolution. Support for capacity-building of societies and governments is crucial, and this—at least in some cases—should build more on traditional structures, procedures and agents than has been the practice in the past.

One promising suggestion in this vein was made by the High-level Panel on Threats, Challenges and Change. It proposed the establishment of a Peacebuilding Commission. The tasks of the Peacebuilding Commission should include: identification of countries in crisis; organization, in partnership with the national government, of proactive assistance in prevention of further decline; assistance in the planning of transition between conflict and post-conflict peace-building; and in particular marshalling and sustaining the efforts of the international community in post-conflict peace-building over the necessary period. The Peacebuilding Commission would be supported by a Peacebuilding Support Office, whose task would also include integrating peace-building work among the various UN offices and agencies.

This proposal, while modest in terms of formal decision authority and resources, is boldly challenging some established practices in international politics. If adopted with the mandate proposed by the High-level Panel, it could lead to a more balanced approach to halting a state's decay into a situation of being unable to provide security to its citizens or control its own territory—an approach that is less shaped by the international prowess of the governments concerned and the games of the world's major powers. It could also help to coordinate and streamline the activities of the various actors involved in conflict prevention and post-conflict reconstruction. Unfortunately, because of its potential to interfere in what governments often perceive as their internal affairs, as well as to reduce the influence of the major powers, it stands little chance of being implemented unless it receives strong support from a coalition of governments and civil society groups.

Unfortunately, the High-level Panel only refers to the MDGs in passing. It stresses the argument that poverty is a fertile breeding ground for other threats to people, including civil conflict. "A more secure world is only possible if poor countries are given a real chance to develop."[8]

The flipside of the relationship between conflict and development is a well-established fact, and recognized in the report of the Millennium Project. Poor countries have more difficulty getting out of the "conflict trap" and are more likely to show state decay, which are major causes of poverty. Conflict prevention and successful post-conflict reconstruction are important prerequisites for reaching the MDGs.

Conflict prevention and successful post-conflict reconstruction are important prerequisites for reaching the MDGs.

Successful conversion can make a major contribution to conflict prevention and post-conflict stabilization in several ways. One is the successful reintegration of former combatants, who might otherwise become a source of, or at least a factor for, renewed conflict. Another is the control of small arms and light weapons. Related to this is the reform and democratization of all security forces and their oversight bodies.[9] Last but not least, conversion of facilities would mean the allocation of available resources to development objectives rather than to war and the military.

Funding the MDGs: the guns versus butter argument

The attainment of the MDGs is not only a matter of more effective use of available resources. Observers agree that the MDGs cannot be reached without additional resources. The World Bank has stated that additional development assistance of about US$ 50 billion per year is required to achieve the MDGs.[10] The report of the Millennium Project argues for an increase in the share of development

aid in donor countries' gross national income (GNI) from 0.25% in 2003 to 0.44% in 2006 and 0.54% by 2015 to support the MDGs. The High-level Panel reiterates the earlier commitment by donor countries to a share of 0.7% of development aid in GNI. Whatever the exact numbers, the effort required is large and priorities need to be changed quickly.

So far, the additional development assistance offered has fallen far short of these requirements. In 2003, official development assistance (ODA) reached US$ 69 billion, up US$ 10 billion in real terms from the level of 1999.[11] The shortfall in promised resources is even more notable if measured against commitments made in terms of ODA shares of GNI. In 2003, only five countries (Denmark, Luxembourg, the Netherlands, Norway and Sweden) had shares above 0.7%. The share of 0.25% for all donors in the OECD in 2003 was only 0.03% higher than the share in 2000. This equates to an increase of 0.01% per year, much less than that needed, according to the mentioned projections. On the other hand, if donor countries had spent 0.7% of their national income, ODA in 2003 would have been US$ 193 billion instead of US$ 69 billion. The United States was the country with the lowest share of ODA among donors (0.15% of national income); if it had spent 0.7% of its national income, ODA from the United States would have been US$ 76 billion instead of the actual US$ 16 billion.[12]

A number of donors have restated their will to reach the 0.7% target in the future. Four donor countries have given a firm date to reach the 0.7% target: Ireland by 2007; Belgium and Finland by 2010; and France to reach 0.5% by 2007 and 0.7% by 2012. Spain has indicated it may reach 0.7% by 2012, and the United Kingdom that it may reach it by 2013. Other countries have announced less ambitious interim goals. The German government, for instance has promised to raise its development assistance to 0.33% of national income in 2006. If all the promises made in the past, including those of the 2002 Monterrey Conference, were to become reality, the resources estimated as necessary for reaching the MDGs would become available. However, this is a big if—both for several countries of the European Union, which are in fiscal crisis, as well as the United States with its enormous budget deficit, which reached US$ 375 billion in financial year 2003.

At the same time that increases in development assistance have lagged behind needs and promises, increases in military expenditure have been large.

At the same time that increases in development assistance have lagged behind needs and promises, increases in military expenditure have been large. Between 1999 and 2003, when ODA increased by about US$ 10 billion, military expenditure increased by about US$ 28 billion in real terms. As a share in national income, military expenditure now stands at 2.6% globally, up 0.2% compared with 2000. Much of this increase comes from development donor countries.

Despite the fact that almost half of all states reduced military spending in 2003, global military expenditure continues to rise—largely because of increases in spending by major military powers. Spending reached about US$ 950 billion in current prices in 2003 (the latest year for which reliable data was available) or US$ 844 billion in 1999 prices. Military spending has again reached the level of 1992 in absolute terms, but relative to global income spending has risen only slightly during the last few years. The United States had a large and growing share of about 47% in the global total. The "War on Terror" and the costs of its intervention in Iraq continued to drain government funding. About two-thirds of the increase in global military expenditure between 2002 and 2003 was the United States'; much of the rest came from another five countries (Iran, Russia, China, Kuwait and India).

The number of conflicts in the world continued to fall in 2003 and 2004. While there are differences in data on conflicts, there is general agreement that there has been a decline in the number and intensity of wars. The most striking data concerns battlefield deaths, which reached historic lows in the early 2000s. A different picture, however, emerges if civilian victims and deaths following fighting are included. Nevertheless, the global decline in the number and intensity of wars contrasts starkly with the increases in military expenditure.

Thus there has not been, on a global scale, conversion of financial resources during the last few years. There has been an increase in military expenditure and, though considerably less, an increase in development assistance. Still, given the tight budgetary situations in many countries, it would obviously be easier to live up to commitments on ODA if military expenditure were lower.

The MDGs as a source of conflict

There is another reason for stressing the importance of successful conversion for attaining the MDGs, namely the potential of the MDGs (or rather the measures taken to reach them) to increase conflict. Financial flows to developing countries, whether aid or private investment, can aggravate internal tensions, for instance by favouring one group over another. Through corruption, aid can also become a source of income for government employees, thereby weakening the legitimacy and effectiveness of governments. While aid and private investment do not need to have such consequences, they have had these effects in some instances in the past. At least some empirical research has found high levels of aid to increase the likelihood of conflict.[13] It is therefore important that aid is provided with a good understanding of its relation to open or nascent conflict. Another element that can reduce the likelihood of aid having negative effects is transparency—the most powerful antidote to corruption.

Conversion aspects of peace-building

One of the major causes of violent conflict is prior violent conflict. Successful post-conflict peace-building is therefore an important contribution to conflict prevention—and one in which conversion is central. Disbanding the military structures that supported an armed conflict (a process that includes demobilization and reintegration of former armed forces, and the rebuilding of new, efficient and democratically accountable security forces) is an indispensable component of post-war rehabilitation and reconstruction.

Demobilization of fighting forces has become a standard item on the international community's list of post-war priorities. In 2003 and 2004 demobilization occurred in, among other places, Angola, Colombia, Liberia and Rwanda. It is generally recognized that demobilization needs to be accompanied by measures to help those demobilized integrate back into society and earn an income. Sufficient support for such reintegration measures is, however, often difficult to mobilize. In a number of cases, including Liberia in 2004, the unfulfilled expectations of demobilized soldiers became a source of new tensions. It is not only difficult to find sufficient resources for reintegration among development donors, there is also no simple recipe for the best strategy to help ex-soldiers reintegrate. The preferred strategy of most donors in poor countries is to give individuals money or goods, such as agricultural implements, to start a new, civilian life. This can be risky: one reason being that it privileges (and some might say "rewards") former combatants over civilians. An alternative form of support is community-based reintegration, where the benefits accrue to communities as a whole rather than to individuals. Such community-based reintegration was, for instance, successfully accomplished in the Republic of the Congo.

Another important issue in most post-conflict situations is physical security. The cases of Afghanistan and Iraq dominated the news in 2003 and 2004 with respect to the lack of security, and these are just extreme examples of a general problem. In both cases external troops were charged with providing security while at the same time local forces were trained to eventually take over this task. The international

community has provided support for the training of domestic forces in a variety of situations, ranging from the former Yugoslavia to Sierra Leone and Timor-Leste. Increasingly, private military companies are given this job. However, most of this support has been ad hoc and focused on providing training. There is limited experience with wider security sector reform, particularly security sector governance. Often international support for security sector reform is not well integrated with other types of external assistance and support to build democratic institutions.

Conflict and resources

Violent conflict and state decay create obstacles to reaching the MDGs. This is one more reason to attempt to prevent conflicts from becoming wars and states from failing. There are many reasons for conflicts and state decay. One factor for both, which has also been singled out by the High-level Panel on Threats, Challenges and Change, is resources. It is widely agreed that a decisive aspect of current war activity is the role that economic factors play, as a cause of war or as a requisite for sustaining warfare. But it would be faulty to see resources purely as a source of conflict; they are also a potential source of cooperation and an important basis for development.

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Almost one-third of all wars and major armed conflicts that were fought in 2004 (13 out of 42) had a significant resource dimension (i.e. resource exploitation caused, triggered, exacerbated or financed the conflict). Several of the so-called "forgotten wars", such as in Indonesia (natural gas in Aceh; copper and gold in West Papua), in the Niger delta in Nigeria (oil) and in Myanmar (opium, timber and gem stones) are cases in point. They are illustrative of the "resource curse" thesis: abundance of natural resources does not automatically lead to development and wealth, but rather can contribute to violence and societal breakdown.

The marketing of these resources occurs internationally. Resources, including conflict resources, are sold on global markets. This has put additional responsibilities on the private economic actors who operate in the relevant industries. Extractive industries are already prone to influence or even instigate conflict, for instance because the social and environmental costs and the economic benefits of resource exploitation are unequally distributed. This mismatch between costs and benefits has been associated with tensions and violence. Where resources become the object and source of violent conflict, the link between business activity and conflict is even more direct.

Although companies, governments and NGOs have undertaken a number of initiatives, the international response to this increased role and responsibility of private economic actors, particularly companies in extractive industries, has been insufficient. While some of these, such as the "publish-what-you-pay" campaign, are very promising, only one has provided a reliable, widely acceptable framework for private economic actors, namely the Kimberley Process Certification Scheme for diamonds.

Interestingly, the case of water shows the viability of such frameworks. Water is often cited as the prime conflict resource of the future, based on worst-case projections of major water shortages in up to 60 countries by 2050. Transboundary water reservoirs and rivers, of which there are almost 300 in the world, are generally seen as the most conflict prone. However, not only are incidences of recent fighting over water rare, water has also become a source of cooperation and thus catalyst for peace, at least in some parts of the world. What has been demonstrated in southern Africa, for example, is that dependence on transboundary watercourses offers strong incentives for cooperation. Hundreds of bilateral and multilateral agreements are currently already in place dealing with specific concerns regarding international freshwater resources. The available evidence suggests that it is both economically prudent and politically feasible to cooperate.

Conclusions

Countries in conflict, coming out of conflict or in deep crisis of governance represent a major obstacle for reaching the MDGs by 2015. While this is being increasingly recognized, there is still much resistance to addressing systematically the links between security and development. It is important that the assessment of the MDGs includes both the dangers of ignoring issues of peace and security, as well as the potential of conversion to support the attainment of the MDGs.

The MDGs can still be reached by 2015 if priorities are changed. But they will not be reached in all regions, particularly in Africa, without major shifts in policy. Conversion-related policies can make a contribution, for instance with respect to conflict prevention, the successful reintegration of combatants and the reallocation of resources to development purposes.

In a broader perspective, a clearer analytical view of the linkages between security and development will help improve the use of the opportunities that conversion offers to development. Some ground was laid in 2004. However, this progress still falls short on many counts, in particular in supplying clear and concrete recommendations for action. The *BICC Conversion Survey* and work of BICC in general are designed to make useful contributions to overcome these deficits.

Notes

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Disarming the costs and benefits of arms control

Susan WILLETT

There is no getting away from it—arms control and disarmament are a costly business. The bigger the arsenal, the more destructive the weapons, the more costly it is to disarm. The 2003 UNIDIR study *Cost of Disarmament—Disarming the Costs: Nuclear Arms Control and Nuclear Rearmament* estimated that the costs of the Strategic Arms Reduction Treaty (START) process to the United States, between the period 1991–2001, totalled US$ 2.38 billion.[1] In addition, the US has found itself shouldering the burden of the former Soviet Union's START implementation costs via the Cooperative Threat Reduction (CTR) programme, which amounted to US$ 5.1 billion over the same period. Other countries are finding the burden of arms control equally onerous, which in no small measure has contributed to the growing marginalization of arms control as a desirable and attainable international goal.

The *perception* that arms control has become too costly arises when costs are examined in isolation from the benefits, and when the costs of alternative scenarios such as rearmament are not factored into the equation. At the same time there has been a tendency for the security costs and benefits of arms control to be assessed in the context of short time frames, defined by the political life of an administration, rather than longer-term security costs and risks to future generations.

The first section of this paper provides some methodological insights into calculating the costs and benefits of arms control. It seeks to clarify which costs should be included under the arms control heading and which should be allocated to military expenditure. The second section on counter-scenarios identifies those costs that are likely to be averted as a result of complying with arms control treaties. Averted costs constitute some of the quantifiable benefits of arms control and are therefore an important component of any cost-benefit analysis. The third section discusses the relationship between arms racing and military expenditures. This is followed by a section on the opportunity costs of military spending. And the final section examines the costs of war.

Notes on methodology

There are two methodological approaches that can be used to examine the costs and benefits of the "public goods" associated with arms control: cost-benefit analysis (CBA) and cost-effectiveness

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analysis (CEA). CBA involves the identification of gains and losses, converted into monetary units, and the comparison of these monetary units contributes to an assessment of the desirability for a particular programme of expenditure or investment. Calculations usually use net present value, the internal rate of return or cost-benefit ratios. CBA as a methodology evolved in order to evaluate the effectiveness of decision-making in public sector investment projects such as investments in infrastructure (for example, roads, bridges, dam building, etc.). It sets out to maximize the net present value of all the benefits and all the costs subject to specific constraints. Given its preoccupation with monetary units, however, CBA as a methodology is limited in its ability to compare quantifiable costs with non-quantifiable benefits, as in the case of arms control. For instance peace and stability, generally perceived as the ultimate benefits of arms control, are non-quantifiable characteristics representing as they do political, social and cultural (rather than economic) gain.

Peace and stability, generally perceived as the ultimate benefits of arms control, are non-quantifiable characteristics representing as they do political, social and cultural (rather than economic) gain.

In standard cost-benefit analysis it is recognized that certain public goods or services have highly beneficial, though unpriced, spillover effects—often referred to as externalities. The magnitude of the benefits derived from externalities demands that they be produced, even if the benefits cannot be measured. In an attempt to overcome the problems with measuring externalities, economists apply the technique of shadow pricing. This is an attempt to quantify the welfare gains of the unpriced benefits of public goods. It is hard, however, to envisage a shadow price for global peace and security as these are an ultimate form of social welfare that benefit the maximum number of people and would thus produce a figure of such magnitude that it would dwarf all other variables into insignificance.

CEA has been developed to take into account non-monetary aspects of a public good. In other words, CEA seeks to account for non-quantifiable aspects of benefits and effectiveness. In the case of arms control this would include the lives improved or saved, and the economic and social opportunities retained.[2] The basic methodology for CEA offers a process that is predicated on CBA, yet that is able to move beyond the limitations of quantification by addressing the benefits of peace and stability.

Philip Jones uses microeconomic techniques to assess the economic effects of the 1987 Intermediate-Range Nuclear Forces (INF) Treaty.[3] By applying production functions to illustrate the principles of cost-effectiveness in public decision-making about arms control treaties and disarmament, he reveals the cost-saving potential is significant if the price effect is appreciated by decision makers in signatory countries. In his concluding remarks he cautions, however, that "if the same level of defence capability is required after signing the treaty as was demanded before then, almost inevitably, the budgetary costs of defence must rise".[4] In other words, the economic benefits of an arms control treaty depend upon the willingness of decision makers to exploit the economic opportunities that arms control treaties present. There can be no assumption of an automatic economic gain outside of a political process that engineers gains.

In contrast to the Jones microeconomic study, UNIDIR's 1993 investigation *Economic Aspects of Disarmament: Disarmament as an Investment Process*, focused on the issue at a macroeconomic level by analysing the social and economic returns from arms control and disarmament.[5] According to the report's authors:

> Disarmament has major economic consequences involving costs as well as benefits. On the cost side, it requires a fundamental reallocation of resources from military to civilian production. This is likely to result in major potential problems of unemployment or underemployment of labour, capital, and other resources in the process of disarmament. As a result, the economic dividends of disarmament are likely to be small in the short term. Ultimately, however, in the long term, disarmament leads to significant and worthwhile benefits

> through the production of civil goods and services as resources are reallocated to the civilian sector. Thus, in its economic aspects disarmament is like an investment process involving short-run costs and long-run benefits.[6]

The report cautions that in order to maximize the social rate of return from disarmament, reductions in military expenditures should be gradual and predictable, allowing for smooth economic and social adjustments to declining defence spending. With prescience the report argues that there should be explicit recognition of the unprecedented economic problems of disarmament in the current world situation, particularly where disarmament is occurring simultaneously with a shift from centrally planned to market economies.

Allan Krass, in his study *The Costs, Risks and Benefits of Arms Control*, concludes that cost-effectiveness is exceedingly difficult to apply in practice because not only are financial costs difficult to estimate in advance, but the issue of the benefits can never be measured in any meaningful or useful way.[7] Nevertheless, while judgements about the cost-effectiveness of arms control are inevitably political and subjective, rough estimates of the costs and benefits should be considered during negotiations in order that solid arguments can be provided to challenge those that use exaggerated cost projections to oppose arms control and disarmament measures. Despite Krass's inconclusive findings he raises an important question about which budget heading weapon systems disposal costs should come under: should they be classified as disarmament costs or alternatively should they be allocated to the life-cycle costs of weapon systems? This needs further exploration because it has dramatic implications for the costs of disarmament.

The NATO definition for military expenditures categorically includes expenditures for stockpiling and weapons destruction under military expenditure headings. NATO's *Definition of Military Expenditures* states that "Expenditures for … the destruction of weapons, equipment and ammunition, and the costs associated with inspection and control of equipment destruction, are included in defence expenditures".[8]

This definition strongly suggests that weapon disposal costs should come under the military expenditure budget line, rather than an arms control and disarmament heading. The current practice of placing stockpiling and disposal costs under the arms control heading means that the final costs of certain weapon systems are rarely if ever attributed to a weapon's total life-cycle costs. The indirect effect of shifting the stockpiling and disposal costs of weapon systems onto arms control is to protect the rearmament lobby against the defence budgetary constraints that might limit new procurement proposals. If the total life-cycle costs were to be available from the outset of decision-making over budgetary allocations for weapon systems, far greater caution might be exercised in decisions to rearm. By enabling military acquisitions to proceed undeterred by revelations about the true economic costs of weapons programmes, arms control and disarmament rather than rearmament have become the focus of debate about rising costs, and thus a target for political controversy.

By enabling military acquisitions to proceed undeterred by revelations about the true economic costs of weapons programmes, arms control and disarmament rather than rearmament have become the focus of debate about rising costs, and thus a target for political controversy.

Equally, these observations apply to the environmental costs of disarmament. There has been growing environmental concern about the effects of weapon disposal techniques on the environment. This has resulted in the imposition of increasingly exacting methods of weapon systems disposal in order to prevent further environmental damage. These factors have raised the costs of weapon disposal, making the environmental costs of disposal of weapon systems a major sticking point in arms control negotiation and implementation.

Apart from the more recently negotiated Chemical Weapons Convention (CWC), the Biological and Toxin Weapons Convention (BTWC), and the Mine Ban Convention, few arms control treaties have been concerned with the environmental effects of weapon disposal. Article II of the BTWC requires that "all necessary safety precautions shall be observed to protect populations and the environment" during the course of the elimination of biological weapons materials. In a similar vein, Article IV of the CWC obliges parties to accord "the highest priority to ensuring the safety of people and to protecting the environment". But it is only *ex post* to the CWC's entry into force that it has become apparent just how costly these environmental requirements are. Similar (though less acute) environmental considerations can apply to conventional weapons. For example, the costs of devising and applying "environmentally friendly" ways to clear minefields and destroy surplus stocks of landmines have increased the cost of humanitarian mine action to the states parties of the Mine Ban Convention.

National leaders are likely to face increasingly difficult choices in the years ahead over the extent to which environmental considerations should guide funding decisions, particularly decisions linked to international disarmament agreements. The more critical the environmental challenges associated with disarmament become, the narrower the margin for choice will be. When arsenals are as large as those in Russia and the United States, the environmental costs of disarmament can become prohibitive and considerable opportunity costs arise. The danger with this situation is that leaders will react by either delaying arms control implementation or by proceeding with disarmament measures that lack concern for the environment. This is to be observed where countries cut corners in destruction activities, exempt military programmes from environmental controls, underfund clean-up programmes or fail to apply stringent domestic environmental legislation.[9]

Problems also arise when the environmental costs of disarmament become a convenient excuse not to disarm. This is particularly problematic when these environmental costs are viewed in isolation from the environmental costs of rearmament or the environmental costs of war involving the use of highly toxic weapons. Once produced, the environmental costs of weapons do not go away. In 1995 the US Department of Energy (DOE) estimated that the cost of environmental remediation at US nuclear weapons complexes would be between US$ 300 billion and US$ 1 trillion, spread over 75 years.[10] The DOE's policy towards these plants is one of in-place containment as the longevity of radioactive waste means these sites can never be returned to greenfield sites.

Arms control treaties may be increasingly sensitive to methods of disposal for environmental reasons, but the problem and costs of the environmental impact of weapon systems should be viewed as part of the weapon system life-cycle costs, not the cost of disarmament per se.

There are always costs to be measured as a result of action, but there are also cost consequences associated with inaction. Regardless of whether weapons are subjected to arms control treaties, environmental costs will arise because of the toxic characteristics of many weapon systems. Arms control treaties may be increasingly sensitive to methods of disposal for environmental reasons, but the problem and costs of the environmental impact of weapon systems should be viewed as part of the weapon system life-cycle costs, not the cost of disarmament per se. This raises an important issue about the need for environmental impact assessments of weapon systems at the point of procurement, as opposed to the idea of environmental impact assessments being added to arms control treaties.

Equally important is that the total cost of implementing and verifying treaties needs to be seen in relation to the total resources spent by states on their military forces.[11] Here one might compare the cost of maintaining the US nuclear complex for one year, which has been estimated at US$ 25 billion, including US$ 4.5 billion per annum for the controversial Stockpile Stewardship programme,[12] against the total costs of International Atomic Energy Agency (IAEA) verification and monitoring of nuclear weapons for a year, which has been estimated at US$ 82 million in 1998 for the whole world.[13]

Finally, in illustrating the cost-effectiveness of arms control, the case also has to be made that expenditures on arms control can increase security far more cost-effectively than equivalent or much greater expenditures on military hardware. One way of doing this is to analyse possible or actual counter-scenarios to arms control.[14]

Counter-scenarios

Alternative possibilities and their outcomes should always be considered by policy makers as part of the process of public policy choice. Not to do so is to abrogate responsibility to those that policy makers reputedly represent. The abdication to technocratic views in public policy choice is revealed in the oft-held belief that the techno-structure always identifies the "objectively" appropriate response by means of established best practice. This approach to policy-making is at clear variance with commercial practice, which always involves consideration of relative gains over a range of options. Such decision-making involves the (more or less systematic and explicit) elaboration and consideration of counter-scenarios.

Counter-scenarios always depend on measures being extrapolated from existing or emerging trends and are thus by their very nature speculative. Despite this feature, counter-scenario analysis can provide checks and balances to a system of analysis and can provide a study with a strong analytical foundation. Counter-scenarios also provide a useful tool with which to remind oneself that alternative scenarios might arise from future decisions to abrogate arms control and the possible costs associated with such a turn in events.

At a hypothetical level there are two possible counter-scenarios that are at variance with the current situation, characterized as it is by an ambivalent mix of arms control and rearmament. These counter-scenarios include a situation of generalized *rearmament* and alternatively a situation of generalized *disarmament*. The current, mixed situation can be measured with a degree of accuracy and thus constitutes a hard case. The more speculative nature of counter-scenarios represent soft cases, in which the quantitative measures utilized are more often than not hypothetical, even when they are extrapolated from emerging trends.

Capturing the non-quantifiable costs and benefits of arms control are equally if not more important than the quantifiable costs, because these often have greater social value or social dysfunctionality along the peace to conflict continuum. Moreover, they provide indications of future costs and benefits. For instance, one cannot immediately measure the beneficial effect of confidence- and security-building measures (CSBMs), which are designed to reduce tensions and mutual distrust and to improve inter-state relations over time. Although the costs associated with diplomatic missions and negotiations are experienced in the short term, in the long run CSBMs have been shown to translate into disarmament and arms control gains, reflected in declining military expenditures and improved security. This process reinforces the 1993 UNIDIR study's observation about short-term costs and long-term gains and brings into play the importance of time as a critical factor in assessing the costs and benefits of arms control and disarmament measures. If an assessment of the gains and costs is made prematurely, the outcome of an arms control measure may prove inconclusive or at worst totally misrepresentative of the final outcome.

If an assessment of the gains and costs is made prematurely, the outcome of an arms control measure may prove inconclusive or at worst totally misrepresentative of the final outcome.

Counter-scenarios are used to compensate for this time factor by providing a means by which to assess possible, alternative outcomes for the future of decisions made today. They can be either

speculative or based on actual situations in which arms control and disarmament are fully operational or have been rejected. A hypothetical analysis might for instance try to assess all the consequences (economic and security costs and benefits) of deploying ballistic missile defences, whereas the arms race between India and Pakistan provides a classic case of a situation in which arms control has so far been rejected in favour of a conventional arms race and a nuclear build-up with observable negative consequences for the economy and security.[15]

Counter-scenarios are designed to capture the averted political and economic costs of arms control, which are in fact the benefits of arms control. While the most conspicuous averted costs include arms racing and rising military expenditures, associated with these trends are the broader opportunity costs to society and the potential costs of war that can result from unrestrained arms racing.

Arms racing and military expenditures

Arms races are associated with rising military expenditure; by the same token successful arms control implementation tends to produce downward effects on military spending patterns. Given this relationship, military expenditure trends provide a classic indicator of international security relations and of the successes and failures of arms control and disarmament measures.[16]

Global military expenditures reached a staggering US$ 995 billion at the height of the Cold War in 1987. A significant part of these global resources were allocated to amassing huge nuclear arsenals, estimated at 75,000 strategic warheads in that year. The situation of overkill combined with concerns over accidental nuclear war encouraged the superpowers to stabilize their nuclear arms race by signing arms control agreements. The INF Treaty paved the way for an end to the strategic nuclear arms race and a reduction in military expenditures.

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Negotiations on weapon ceilings, and on transparency on weapon holdings, deployments and production, promoted trust and confidence between former adversaries and affected how states perceived their security and relations between each other.[17] Such mechanisms were found to enhance both regional and global security. Non-proliferation efforts, designed to prevent the spread of military technology—whether weapons of mass destruction (WMD) or more conventional weapon systems—also benefited from the more benign security environment of the immediate post-Cold War era.[18] The Treaty on the Non-Proliferation of Nuclear Weapons (the Non-Proliferation Treaty, or NPT), the Organisation for the Prohibition of Chemical Weapons (OPCW) and the IAEA experienced renewed support in their attempts to prevent proliferation and defend non-proliferation norms. Other non-proliferation tools, without a vocation to universality, also evolved and were strengthened, including export control mechanisms and suppliers clubs such as the Wassenaar Arrangement, the Missile Technology Control Regime and the Nuclear Suppliers Group.

During the 10-year period 1989–1998 global military expenditure declined by 34%, to US$ 745 billion (in current US dollars). The positive arms control climate of the early 1990s was encouraged by the leadership role adopted by the United States in arms control and non-proliferation negotiations. By the mid-1990s, however, the positive atmosphere began to change as the growing number of US arms control commitments came to be viewed by many in the US Congress as an economic burden.

In the late 1990s, world military expenditure began to increase after a 10-year period of post-Cold War reductions. The rise coincided with the US retreat into unilateralism, reflected in its refusal to ratify the Comprehensive Nuclear-Test-Ban Treaty. Moderate increases occurred between 1998–2001, but in 2002 world military spending increased by 6.5% followed by an 11% increase in real terms in 2003.[19] Over two years, world military spending increased by 18% in real terms, to reach US$ 956 billion (in current US dollars) in 2003.

The main reason for the increase in world military spending is the massive rise in US military expenditure, which accounts for almost half of the world's total. The changes in US military doctrine and strategy after the terrorist attacks of 11 September 2001 unleashed huge increases in US military spending in 2002 and 2003. Much of the rise is accounted for by the large supplementary appropriations to cover the costs of the military operations in Afghanistan and Iraq and of anti-terrorist activities. In the absence of these allocations, US military expenditure would still show a significant increase, but at a much slower rate. In such a scenario, SIPRI has estimated that world military spending would show a rise of 4%, rather than 11%, in 2003. US military expenditure is set to continue to grow and will continue to push up global military spending. In the longer term, however, it is uncertain whether such high levels will be economically and politically sustainable.

Opportunity costs

Rising military expenditures generate opportunity costs. Opportunity costs refer to the sacrifice involved in using resources for one form of public expenditure rather than another, i.e. the alternative use of those resources. Opportunity costs can be measured in monetary terms, but the concept can also be used to measure physical rather than monetary units. When using opportunity cost analysis in the context of military expenditures one might, for example, identify the number of dialysis machines that can be purchased for the price of a fighter aircraft or a tank. Utilized in this manner, opportunity costs are referred to as real opportunity costs to help distinguish them from monetary costs.

The opportunity costs associated with high or rising military expenditures tend to be higher in countries that experience resource constraints. Developing economies with large impoverished populations and rising military expenditures are particularly vulnerable in this respect. In most developing countries, government revenues are insufficiently elastic to be able to accommodate rising military expenditure. Faced with this situation a government has two options: it can reallocate expenditures from other government expenditure headings, such as health and education, or it can borrow foreign exchange in the international financial markets. Either form of revenue generation creates opportunity costs.

Developed economies also experience significant opportunity costs. An exhaustive audit of the US nuclear weapons programme argues that spending on the nuclear arms programme over the 56-year period 1940–1996 exceeded the total federal spending on education, training, employment and social services, agriculture, natural resources, the environment, general sciences, space and technology, community and regional development (including disaster relief), law enforcement, energy production and regulation.[20]

The Soviet Union is thought to have paid even higher economic and social opportunity costs in its bid to maintain its place in the nuclear arms race. In fact, it was the unsustainable burden of the Cold War nuclear arms race that eventually led President Gorbachev to make his historic speech announcing unilateral cuts and disarmament measures before the UN General Assembly on 7 December 1988. This momentous event marked the beginning of the end of the Cold War and triggered a round of unilateral cuts in military spending and weapons inventories across the globe.

The costs of war

Unrestrained arms racing and burgeoning military expenditures can all too easily lead to war. Wars have occurred throughout human history without substantial interruption, establishing them among the major characteristics of human social behaviour. However, during the twentieth century, war was taken to unprecedented levels of destruction via the development of new and lethal military technologies. Most notable is the development of WMD, and in particular nuclear weapons, which have an awesome capacity for death and destruction.

The precise character of the destructive and costly nature of war depends upon the duration of conflict, the nature of military targets, and the types of weapons used in conflict. The most costly form of conflict is nuclear war. During the Cold War there were numerous estimates about the social, economic and environmental costs of nuclear war, many of which lie forgotten. These reports emphasized the capacity of nuclear weapons to destroy the human habitat through the creation of a nuclear winter, so that even those who survived the blast and nuclear fallout would be unlikely to survive the ensuing ecological catastrophe.[21] The notion of nuclear winter has been discredited, but this should not inure us to the awesomely destructive potential of these weapons, particularly at a time when a new generation of nuclear weapons is in gestation.

The publication of the 2002 Nuclear Posture Review (NPR) by the Bush Administration revealed that the US is planning to return nuclear weapons to the centre of US security policy. A new generation of low-yield nuclear weapons is to be introduced, designed for use in missions against hardened underground command centres or hidden weapons facilities. The NPR's implicit threat to use nuclear weapons against non-nuclear states signifies a flouting of international norms regarding the use and abuse of nuclear weapons. The US return to a reliance on nuclear weapons can only send a negative message to the rest of the world about the acquisition of WMD. Certainly, for those states left feeling vulnerable by US pronouncements about pariah states, the option of acquiring WMD may have become more, rather than less, pressing in recent years.

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The destructive power per unit of nuclear weapons can have an explosive yield far greater than the total of all explosives ever used since the invention of gunpowder. The feature that makes nuclear weapons unique is that in addition to causing loss of life through a mechanical blast, or through burns from the heat of the fire ball, nuclear weapons have a third killer—radiation. And the lethal action of radiation extends well beyond the theatre of war and continues long after military exchanges have ended. The actual effects of the future use of nuclear weapons are difficult to estimate because of the many quandaries involved. For instance, we can only guess at how many warheads would be dispersed and what their yields will be.

A great variety of circumstances—created intentionally or arising accidentally—may trigger the use of nuclear weapons. Although the probable occurrence of any one triggering event is very small, it is certainly not zero. And as more and more states acquire nuclear weapons the likelihood of a nuclear exchange becomes more probable.

Far less devastating than a nuclear war, but none the less more likely to occur, is conventional war. During the twentieth century there were 20 major conventional wars in which an estimated 22 million people were killed. For a brief period in the 1990s, the number of wars declined, but since 2001 a new, destructive and open-ended form of warfare emerged in the form of the "war on terror". In Iraq the US had hoped for a quick and conclusive military victory, guaranteed by the "shock and awe" of its military might. Instead it has found itself mired in a costly counter-insurgency war where it has lost the hearts and minds of the Iraqi people.

The cost to the US taxpayer of the ongoing war in Iraq is estimated to be US$ 156.5 billion as of March 2005.[22] Over 1,800 US military personnel have been killed and thousands have been injured. Iraqi losses have been significantly greater.[23] The costs of war to Iraq include the loss of economic infrastructure, loss of economic output, destruction of both fixed and human capital, loss of livelihoods, medical costs, displacement of people and, of course, the loss of lives and limbs.

The war in Iraq has been justified by the Bush Administration in national security terms, but there is little evidence that the US is a more secure place. If anything the war in Iraq has increased global hostility towards the US and could possibly have the effect of recruiting far more volunteers to the cause of terrorism. By any measure of security, the US doctrine of pre-emption that has replaced arms control and collective security has made the world a far less secure or stable place. But the price in economic and human terms has been appalling. The legacy of this war is likely to haunt the Middle East region and the global security environment for many years to come.

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Conclusions

The current erosion of arms control, and the undermining of collective security which arms control is premised upon, has had very high costs for humanity. Tragically, those that bear the burden of these costs are rarely those that make the decisions. By reversing the current trend of unilateral anarchy and returning to a multilateral order in which arms control plays a stabilizing influence there would be tangible benefits in the economic, political and social spheres of human existence. However, this will not be an easy task and there will be many costs associated with trying to undo the damage of the current security environment and rebuilding trust and confidence in a world based on collective security and peace for all.

Notes

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8. North Atlantic Treaty Organisation, Economics Directorate, *Definition of Military Expenditures,* section 10.
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12. J. Cirincione, 2000, "The Assault on Arms Control", *The Bulletin of the Atomic Scientists,* vol. 56, no. 1 (January–February), pp. 32–37.
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15. For details of the costs of the South Asian arms race, see S. Willett, 2003, *Cost of Disarmament— Mortgaging the Future: The South Asian Arms Dynamic,* Geneva, UNIDIR.
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18. Traditionally, separate treaties, laws, policies, research agendas and government bureaucracies have supported arms control and non-proliferation initiatives, but the boundaries have been breaking down. On this matter see for instance Z. Davis, 1999, "The Convergence of Arms Control and Nonproliferation: Vive la Différence", *The Nonproliferation Review,* vol. 6, no. 3 (Spring–Summer), p. 98.
19. Figures taken from SIPRI, *Recent Trends In Military Expenditure,* at <www.sipri.org/contents/milap/milex/mex_trends.html>.
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22. For a running estimate, visit <costofwar.com/>.
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Transparency and accountability in arms export systems: the United States as a case study

Matt Schroeder

The US arms export control system is among the most transparent and rigorous in the world. By weaving together the efforts of literally thousands of individuals in dozens of government offices, media outlets and civil society organizations into a web of checks and balances, the system discourages excessive or ill-conceived arms sales and prevents the misuse and diversion of arms that are exported. This article explores the reporting requirements, review processes and external oversight that promote accountability and transparency in the US arms export system.[1]

Accountability

Holding arms export recipients accountable to US laws and regulations—and ensuring that the arms export control system itself promotes and balances the diverse policy objectives that are pursued through arms sales—is achieved through two categories of checks and balances: *recipient accountability* and *systemic accountability*. In the first case, recipients of US defence articles are held accountable to the US government through the arms sale authorization procedures, contract provisos and end-use monitoring mechanisms that comprise the US defence trade control system. Through this system, the US government restricts who receives its arms exports and how they are used, monitors compliance with end-use restrictions and punishes recipients (and others) who violate these restrictions.

The second category of accountability is achieved through checks and balances on the arms export system itself. Congress, the media and civil society act independently and occasionally together to discourage ill-conceived or excessive arms sales, and to highlight and correct shortcomings in arms export controls. Combined, these safeguards help to ensure that US arms exports are used to advance the full range of US interests, and help to maintain a degree of balance between these interests.

Recipient accountability

The US arms export control system consists of several overlapping layers of processes and safeguards. The first layer is the arms sales authorization process, which weeds out sales to recipients that are likely to use the arms in ways that undermine key US interests. All proposed arms sales are reviewed against criteria that range from the recipient's records on human rights, proliferation and

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terrorism to the effect of the sale on the US defence industrial base.[2] While all arms export requests are screened, large requests and requests for sensitive military technology are subjected to exceptionally rigorous scrutiny that taps the expertise, perspectives and concerns of a large pool of government officials. A good example is the approval process for those government-to-government sales that require congressional notification. (The Departments of State and Defense must notify Congress of sales exceeding certain dollar value thresholds.)[3] At the Department of State, these requests are reviewed by:

- the Office of the Legal Adviser for Political-Military Affairs;
- the staff of the Under Secretary for Political Affairs;
- the staff of the Under Secretary for Arms Control and International Security Affairs;
- the Bureau of Democracy, Human Rights and Labor;
- the relevant regional bureau; and
- the Bureau of Legislative Affairs.[4]

At the Department of Defense, the requests are reviewed by:

- the Defense Technology Security Administration;
- the Office of the Secretary of Defense;
- the Joint Chiefs of Staff;
- the Combatant Commander; and
- several officials in the Defense Security Cooperation Agency, including country and financial officers, weapons specialists, process specialists and officials in the director's office.[5]

Embassy and congressional staff, the National Disclosure Policy Office and the National Security Council also provide input.[6]

While this level of scrutiny is reserved for a small percentage of requests, many receive at least some interagency review. The Department of State signs off all requests for government-to-government sales, and roughly 30% of commercial license requests are sent to other agencies for review.[7]

Sales requests that make it through the review process are approved only after the recipient agrees to conditions and restrictions on use, storage, transportation and disposal of the defence articles.

Sales requests that make it through the review process are approved only after the recipient agrees to conditions and restrictions on use, storage, transportation and disposal of the defence articles. Governments that violate these restrictions face sanctions that range from Department of State démarches protesting the violations to complete arms embargoes.[8] A recent example of the latter is the 2002 embargo on arms sales to Zimbabwe. The Bush Administration imposed the embargo in response to the Zimbabwean government's "… subver[sion of] the democratic process through a badly flawed presidential election, a campaign of violence and intimidation against its political opposition, and a blatant disregard for the rule of law and serious human rights abuses".[9]

Restrictions on the use of exported weapons are largely meaningless if the recipient believes it can violate them with impunity. Recognizing this, the US government established the Blue Lantern and Golden Sentry end-use monitoring programmes, which are run by the Department of State and Department of Defense, respectively. Through these programmes, US officials conduct a variety of pre- and post-shipment checks to make sure that the recipient is a legitimate end user, that the shipment is not diverted en route to a third party, and that the recipient complies with US restrictions on end use.

Officials also study the documentation associated with the sale for irregularities and other signs of malfeasance. They compare the names of the recipient and other parties to the sale against watch lists of individuals and organizations that are prohibited from receiving US arms. They also check to make sure that the request is consistent with the defence needs of the proposed recipient, and that none of the documentation is fraudulent. These checks have foiled dozens of attempted diversions. In 2004, for example, a vigilant licensing officer thwarted an attempt by a Central American firearms dealer to import US pistols through a front company. At the time that the dealer submitted the request, he was under investigation by his own government for violating export laws.[10]

End-use monitoring continues after an arms shipment leaves a US port. Most monitoring of less sensitive items is completed by US officials in the course of their other duties. More rigorous monitoring is reserved for particularly sensitive political situations and weapon systems,[11] such as the Stinger surface-to-air missile. Exported Stingers must be physically inventoried once a month by the recipient government and once a year by US officials. The US also reserves the right to inspect the recipient country's physical security measures and procedures to make sure that they comply with the long list of requirements for Stinger missiles.[12]

Over the past five years, US end-use monitoring programmes have expanded steadily. In 2004, eight on-site inspections were completed through the Golden Sentry programme—a fourfold increase over 2003. This year, the programme's staff will increase from two to five employees.[13] Similarly, the number of checks performed through the Blue Lantern programme increased from 360 in 1999 to 530 in 2004.[14] Despite these increases, recent reports from the Government Accountability Office (GAO)—the audit, evaluation and investigation arm of Congress—have revealed shortcomings in both programmes. In 2004, for example, it reported that neither the Department of State nor the Department of Defense had conducted more than a handful of post-shipment verifications of cruise missile and unmanned aerial vehicle (UAV) exports—weapon systems that pose a particularly grave threat to US national security.[15] To their credit, both departments have taken steps to correct these shortcomings.[16]

Systemic accountability

As established above, the Departments of State and of Defense operate a complex and rigorous export control system to prevent and punish misuse of US weapons. The resulting recipient accountability helps to ensure that US arms are only used by the intended recipients and only for authorized purposes. Ensuring systemic accountability, i.e. that the system itself is accountable to US citizens and their diverse interests, is achieved through the combined efforts of Congress, civil society and the media.

Congress

Congress is the only one of the three entities listed above that has an official oversight role in the arms export process. It fulfils this role in several ways. First and foremost, US law gives Congress the power to block certain arms sales outright. The Arms Export Control Act requires the executive branch to notify Congress of all major arms sales (i.e. arms sales that exceed a specific dollar value) at least 15 days in advance. Congress can then block the sale by passing a joint resolution of disapproval. While passing such a resolution is extremely difficult (it has never been done), the notification process itself has a significant effect on executive branch decision-making: sales that require congressional notifications are subjected to particularly rigorous, preliminary scrutiny. This is primarily due to the nature of the requests—they are the largest in dollar value terms and often include sensitive weapon systems, and

therefore would attract intense scrutiny within the Departments of State and Defense even if Congress were not involved. Yet, as veteran congressional staff member David Fite points out, congressional oversight provides extra incentive:

> Even though [joint resolutions of disapproval] are unlikely to succeed, they can focus unwanted negative attention on the sale and the recipient. Such attention by the US public and non-governmental organizations can pressure an administration to either stop or modify the sale. The recipient country itself might choose to cancel the purchase.[17]

The oversight responsibilities of Congress extend beyond individual sales to the arms export control system itself. Any changes to arms export laws must pass through Congress, and the executive branch is required to notify relevant congressional committees of key regulatory changes (such as changes to the US munitions list and exemptions from licensing requirements granted to another country).

In addition to its official oversight roles, Congress exerts influence through other mechanisms. For example, lawmakers use congressional hearings to obtain information, stimulate debate on key issues and, on occasion, derail policy proposals. Studies and reports sponsored by Congress serve similar purposes. There are two agencies through which lawmakers initiate studies on arms transfers and arms export controls. The first is the Congressional Research Service (CRS)—the public policy research arm of Congress.[18] CRS produces a steady stream of reports on military aid, arms sales and related issues. Recent reports include *Combat Aircraft Sales to South Asia* and *Conventional Arms Transfers to Developing Nations*. The second agency is the previously mentioned GAO. Through GAO reports, Congress has had a profound impact on the arms export control system. For example, a recent study on end-use monitoring of cruise missile and UAV technology requested by Congressman Chris Shays prompted both the Departments of State and Defense to increase monitoring of missile and UAV technology.[19]

No example better illustrates the power that Congress wields over the arms export process than the recent battle over licensing exemptions. In 2003, the Bush Administration completed negotiations on agreements that would permit US firms to export defence articles to the United Kingdom and Australia without having to obtain a license from the Department of State. US law permits such agreements but requires that the export control systems of participating countries be at least comparable to the US system in several key ways. British and Australian negotiators agreed to adjust their systems in ways that satisfied some but not all of these requirements. The administration responded by requesting "legislative relief" from the remaining requirements.

The Senate was receptive to the request and introduced a bill exempting the United Kingdom and Australia from some of the requirements. However, passage of the bill required cooperation from Henry Hyde, Chair of the House of Representatives' Committee on International Relations. Hyde baulked at the amendment and the Senate bill went nowhere.

Anticipating continued resistance from Hyde, the Senate and the administration attached the amendment to legislation over which Hyde had no direct control (the Department of Defense authorization bill). Hyde responded with an impressive display of political brinkmanship, teaming up with the chair of the House Armed Services Committee[20] and using the levers of congressional influence—hearings, reports and the media. In May 2004, the House International Relations Committee released a damning report on the exemption agreements. It highlighted potential threats that the licensing exemptions posed to law enforcement and border security efforts.[21] The report caught the attention of the *Financial Times*, which ran a feature story on it.[22] At approximately the same time, Hyde scheduled a hearing for July entitled "Arms Export Controls and the Global War on Terror". The prospect of intense congressional grilling of key administration officials during an election year proved too much for the administration, which allegedly cut a deal with Hyde shortly before the July hearing. Hyde agreed to cancel the hearing in exchange for assurances that the licensing exemption amendment would be shelved for the rest of the year.[23]

As shown by this case, the levers of influence held by the legislative branch are remarkably effective. This robust oversight capacity helps to ensure that the interests of US citizens—which are represented most directly by their congressional representatives—are reflected in decisions about major arms sales and changes to the arms export control system. The potential downside of this capacity is that well-placed lawmakers who know how to work the system can single-handedly derail major policy initiatives. Public vigilance is necessary to ensure that this power is not used by future congressional leaders to undermine unambiguously beneficial arms export policy initiatives.

Civil society and the media

Civil society promotes systemic accountability by working with sympathetic policy makers and grass roots networks to promote (or stymie) defence trade policy initiatives and to increase transparency in the arms export system.

Civil society influences defence trade policy through strategies that range from overt, public campaigning to "under the radar" consultations with key policy makers. Large grass roots organizations use mass mailings and other forms of direct action to shape the views and positions of key congressional representatives on major defence trade issues. In recent years, large, multiorganization campaigns have been rare due to a waning interest in arms trade issues. However, the recent flurry of activity generated by the Control Arms Campaign—which is co-sponsored by three large grass roots organizations (Amnesty International, the International Action Network on Small Arms and Oxfam)—could indicate a renewed interest in this type of campaigning.

At the other end of the continuum are the largely invisible efforts of NGOs that work directly with policy makers on the minutiae of defence trade policy. These groups quietly shape pending legislation and pitch ideas for new bills and regulations. This is slow, time-consuming work that yields few spectacular breakthroughs. The cumulative effect of such efforts is significant, however. Over the years, these groups have raised congressional awareness of little known but potentially problematic policy initiatives, fought off attempts to eliminate key reporting requirements, and laid the groundwork for significant, if uncelebrated, legislative changes.

Arguably the most important role played by civil society is ensuring transparency in the arms export system. Transparency is the lynchpin of accountability; without the scrutinizing eye of the public, parochial interests of government power brokers and bureaucracies would dominate defence trade policy objectives. Civil society helps to prevent such distortions by collecting and disseminating data on the arms trade and by calling attention to key arms sales and defence trade policy debates.

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NGOs troll obscure online and print resources for data on arms sales and defence trade policy, which they post online or incorporate into articles and reports. Data not already in the public domain are obtained through interviews with government officials and through requests filed under the Freedom of Information Act (FOIA). Each year, FOIA requests submitted by the Federation of American Scientists yield hundreds of pages of previously unreleased government documents on the arms trade. These documents are made available to the public through the organization's website.

Simply collecting and posting data and analysis is not enough to shape policy. NGOs must get the attention of policy makers and the public, convince them of the importance of their data and analysis, and sell them the merits of their policy recommendations. NGOs accomplish these goals in many

different ways, but the media is by far their most effective tool. Opinion pieces, letters to the editor and feature articles based on NGO research are read by dozens of policy makers and tens of thousands of their constituents. This is particularly true in the internet age. The audience for an opinion piece in the *Washington Post*, for example, now includes not only the paper's print readership of 738,000[24] but also users of the paper's online service and other electronic news services, such as LexisNexis. When the article is re-posted on a free website, the audience expands to everyone with access to the internet and an interest in the topic. Radio, television and newspaper interviews are other effective ways of shaping policy debates and educating the public.

Evaluating the US system—human rights criteria

Space constraints prohibit a comprehensive evaluation of the US export control system. Instead, this article concludes with an illustrative example: compliance with human rights criteria.

The US regularly comes under fire for appearing to ignore its own arms transfer criteria by selling weapons to human rights abusers, dictators and unstable regions. While some of this criticism is justified, the critiques themselves often paint a distorted picture of US practices and gloss over the difficulties of complying with human rights criteria.

It is true that the US has shipped billions of dollars of sophisticated US military technology to oppressive and corrupt regimes, like the Shah of Iran and the Suharto regime in Indonesia. Even today, many governments with questionable commitments to human rights and democracy receive US arms and military aid. According to Amnesty International, of more than 140 countries that imported US defence articles in fiscal year 2003, 44 had human rights records that the Department of State described as "poor" in its annual *Country Reports on Human Rights Practices*.[25]

But focusing too heavily on these examples overshadows the many instances in which US policy makers do cut off arms sales to abusive and antidemocratic regimes. Currently, the US prohibits arms transfers to 19 governments[26] because of eligibility criteria violations, including human rights abuses, antidemocratic practices or state sponsorship of terrorism. Arms sales to other abusive regimes are denied or scaled down on a case-by-case basis. This restraint is attributable, at least in part, to the robust system of checks and balances in the US arms export system.

Furthermore, critics often gloss over the difficult dilemmas that confront policy makers who attempt to strengthen human rights criteria. For years, US policy makers have been assailed for failing to uphold the spirit of human rights provisions contained in arms export laws. One such provision that critics often cite is Section 502B of the Foreign Assistance Act, which bans arms sales and other security assistance to governments that engage in a "consistent pattern of gross violations of internationally recognized human rights", except in extraordinary circumstances.[27]

Section 502B was enacted in 1974 but was "openly disregarded" by the Nixon and Ford Administrations, according to former Department of State official Stephen Cohen.[28] Even the Carter Administration, which identified human rights as the "soul" of US foreign policy,[29] rarely cut off military aid and arms sales in response to human rights abuses: the administration banned sales of new weapon systems to eight countries—all in Latin America. Other egregious human rights abusers, such as regimes in Indonesia, Iran, the Philippines and Zaire, continued to receive military aid. Even among the eight Latin American countries, five continued to receive spare parts and support equipment.[30]

Theoretically, implementation of Section 502B could be improved by tightening key definitions, creating mechanisms that automatically cut off arms sales when human rights abuse thresholds are crossed, and limiting the executive branch's ability to waive restrictions on arms exports to certain countries because of "extraordinary circumstances". Such changes would undoubtedly reduce arms exports to regimes that abuse human rights, but could also damage other foreign policy objectives. US arms exports support a wide variety of clearly beneficial activities and programmes, including peacekeeping, search and rescue operations and disaster relief. The sudden termination of arms exports could undermine these programmes, especially if the president's ability to waive arms export restriction is sharply curtailed. One possible solution is for lawmakers to include exceptions for defence articles that support life-saving activities. But not all cases are that clear cut. For example, items essential for peacekeeping operations (e.g. small arms and component parts for military transport planes) are also useful for offensive military operations and the violent suppression of internal dissent.

US arms exports support a wide variety of clearly beneficial activities and programmes, including peacekeeping, search and rescue operations and disaster relief.

The political barriers to strengthening provisions like 502B are equally daunting. Most administrations depend upon the cooperation of at least a few abusive or antidemocratic regimes to advance their foreign policy goals and are likely to oppose policy changes that could result in embarrassing sanctions on these regimes. Furthermore, many country-specific foreign aid programmes are fiercely protected by influential lobbyists and congressional patrons. These groups will not hesitate to use their significant resources and access to stymie policy changes that threaten aid to these countries.

Finally, in isolation, curtailing US arms transfers to human rights abusers does little to address the willingness of other arms exporters to sell weapons to abusive governments. The absence of universally recognized (and enforced) arms transfer criteria, coupled with the steady proliferation of conventional arms production capacity, means that targets of unilateral US arms embargoes can simply buy their weapons from another, less scrupulous, exporter. Shrinking export markets have made the international arms trade extremely competitive. With so many exporters vying for scarce defence dollars, the incentive to sell weapons to any country with the money to pay for them is very powerful.

The resulting prisoner's dilemma reduces the effect of unilateral arms embargoes and undermines arguments for restraint. Forgoing lucrative, job-creating arms contracts is difficult for policy makers to justify when they know that the profits from those sales will go to competing companies from other countries. Through its *Code of Conduct on Arms Exports,* the European Union has attempted to curtail this type of undercutting, but its record is mixed within the EU itself and the code has little effect on arms exporters outside Europe. Such measures will remain only marginally effective until they are universalized, made more robust, and supplemented with aggressive bilateral efforts.

The purpose of this example is not to dissuade activists from calling for stronger human rights criteria, or to justify complacency amongst policy makers. Indeed, the stewards of the arms export control system—both inside and outside government—have an obligation to pursue new and better ways of promoting key norms. But it is important for critics to be fully aware of the difficulty of this task and the pitfalls that confront policy makers who attempt it. Despite these difficulties, US policy makers have made several critical improvements to the arms export control system in recent years. While far from perfect, this system has much to teach students of export controls about how to preserve and promote accountability in national arms export systems.

Notes

1. In the United Sates, commercial and government-to-government sales are processed through different programmes, one coordinated by the Department of State (Direct Commercial Sales) and the other operated by the Department of Defense (Foreign Military Sales). The Department of Defense also exports arms as excess defence articles, drawdowns and leases. For a thorough overview of the US arms export system, see M. Schroeder and R. Stohl, 2005, “US Export Controls”, in *SIPRI Yearbook 2005: Armaments, Disarmament and International Security,* Oxford, Oxford University Press.
2. See United States, The White House, Office of the Press Secretary, 1995, “Fact Sheet: Conventional Arms Transfer Policy”, 17 February, at <www.fas.org/asmp/resources/govern/whfacts.html>.
3. The threshold for congressional notifications ranges from US$ 1 million for firearms sales to US$ 200 million for military design and construction sales. For more information, see Sections 36(b) and 36(c) of the Arms Export Control Act of 1976, at <fas.org/asmp/resources/govern/aeca01.pdf>.
4. Correspondence with a Department of State official, 24 May 2005.
5. Ibid.
6. Ibid.
7. US Department of State, Directorate of Defense Trade Controls, “Defense Trade Controls—License Processing Times”, at <www.pmdtc.org/processtime.htm>.
8. For more information, see R.F. Grimmett, 2005, *U.S. Defense Articles and Services Supplied to Foreign Recipients: Restrictions on Their Use,* Congressional Research Service, updated 14 March.
9. “Suspension of Munitions Export Licenses to Zimbabwe”, *Federal Register*, vol. 67, no. 74, 17 April 2002, p. 18978, at <www.gpoaccess.fv/fr/index.html>.
10. United States, Office of the Secretary of State, 2005, *Congressional Budget Justification, Foreign Operations, Fiscal Year 2006*, 15 February, pp. 584–85, at <www.fas.org/asmp/profiles/aid/aidindex.htm#BudgetRequests>.
11. A stockpile of US-origin firearms located near a conflict zone is an example of a sensitive political situation that could result in more rigorous end-use monitoring. Stinger missiles, unmanned aerial vehicle technology and night vision devices are examples of sensitive weapon systems.
12. United States, Department of Defense, 2004, *Golden Sentry End-Use Monitoring (EUM) STINGER Missile and Gripstock Inventory Standardized Procedures*, Defense Security Cooperation Agency Policy Memorandum 05–10, April, at <www.fas.org/asmp/campaigns/MANPADS/DSCAmemorandum0510.pdf>.
13. United States, Office of the Secretary of State, 2005, op. cit.
14. United States, Government Accountability Office, 2005, *Arms Export Control System in the Post-9/11 Environment*, Government Accountability Office, February, at <www.fas.org/asmp/resources/govern/109th/GAO05234.pdf>.
15. United States, Government Accountability Office, 2004, *Improvements Needed to Better Control Technology Exports for Cruise Missiles and Unmanned Aerial Vehicles*, January, at <www.fas.org/asmp/resources/govern/gao_04_175.pdf>.
16. See note 19.
17. D. Fite, 2003, “A View from Congress”, in T. Gabelnick and R. Stohl (eds), *Challenging Conventional Wisdom: Debunking the Myths and Exposing the Risks of Arms Export Reform*, Washington, DC, Federation of American Scientists and the Center for Defense Information, p. 155.
18. For more information on the Congressional Research Service, see <www.loc.gov/crsinfo/whatscrs.html>.
19. During a March 2004 congressional hearing, the director of the Defense Security Cooperation Agency linked improvements in Department of Defense end-use monitoring of UAV and cruise missile technology to the GAO report: “… we agree with the GAO on the importance of controlling cruise missiles, UAVs, and related technologies, [and] I am directing that these systems be included on the ‘Golden Sentry’ Enhanced EUM [End-Use Monitoring] listing of defense articles”. Similarly, the Department of State directly attributes recent increases in end-use checks on cruise missile and UAV components to the 2004 GAO report. See Lieutenant General Tome Walters, Statement before the Committee on Government Reform, Subcommittee on National Security, Emerging Threats and International Relations, US House of Representatives, 9 March 2004, at <fas.org/asmp/campaigns/control/WaltersTestimony9march04.pdf> and Department of State, no date, “End-Use Monitoring of Defense Articles and Defense Services: Commercial Exports FY04”, at <www.fas.org/asmp/resources/govern/109th/StateEUMfy04.pdf>.
20. The House Armed Services Committee is responsible for the annual Department of Defense authorization bill.
21. US House of Representatives, Committee on International Relations, 2004, *US Weapons Technology at Risk: the Department of State’s Proposal to Relax Arms Export Controls to Other Countries,* Washington, DC, US Government Printing Office, at <www.fas.org/asmp/campaigns/control/U.S.%20Weapons%20Technology%20at%20Risk/U.S._WEAPONS_Report.pdf>.
22. P. Spiegel, 2004, “Bush Rebuked Over US Arms Waivers”, *Financial Times*, 4 June.

23. W. Matthews, 2004, "Waffling on Trade Waivers for the UK", *Defense News*, 2 August.
24. Available at <www.washpostco.com/business-newspapers.htm>.
25. Amnesty International USA, 2005, *Hazardous Ventures: US Arms Transfers During the "War on Terror",* information sheet. For the Department of State's 2003 *Country Reports on Human Rights Practices,* see <www.state.gov/g/drl/rls/hrrpt/2003/>.
26. These countries are Belarus, China, Cote d'Ivoire, Cuba, Cyprus, Democratic Republic of the Congo, Democratic People's Republic of Korea, Haiti, Indonesia, Iran, Liberia, Libya, Myanmar, Somalia, Sudan, Syria, Viet Nam, Yemen and Zimbabwe.
27. United States Foreign Assistance Act of 1961, Section 502B, at <www.fas.org/asmp/resources/govern/FAA-502B.pdf>.
28. S.B. Cohen, 1982, "Conditioning US Security Assistance on Human Rights Practices", *The American Journal of International Law*, vol. 76, no. 2 (April), p. 249.
29. Ibid., p. 264.
30. Ibid.

Beyond military expenditure and arms control: promoting democratic governance of the security sector

Ravinder Pal Singh

A global survey of armed conflicts and democracy indicates that although riots and demonstrations are found in democracies, wars and political strife are more frequent in non-democratic regimes.[1] In the past five decades, elected governments in 46 countries have been overturned by the military and replaced by authoritarian rule.[2]

To understand if there is any correlation between conflict, lack of economic development and lack of democratic governance, data on the 110 countries with the poorest human development indicators were analysed in conjunction with data on armed conflicts for the period 1946–2001. The analysis found that among these 110 poorest countries, 88 had experienced domestic conflicts or military coups. Poor democracies, however, have fared much better than poor autocracies.[3] In comparing data on the democratic governance of 55 of the poorest countries, 47 had been rated as partly or not free in terms of political rights and civil liberties.[4] It therefore appears that a higher incidence of armed conflict is found in countries with low levels of economic development *and* poorly developed democratic institutions.

This paper looks at two dimensions of international debate, good governance and security sector reform, and asks how they can reinforce objectives of regional security, development and disarmament. It considers ways that democratic governance could advance broader disarmament objectives and addresses two critical questions. First, how can democratic principles and legitimate constitutional authorities (such as legislative oversight organs, statutory audit bodies and civilian executive authorities) design the system of checks and balances that is essential to enable good governance of the security sector? Second, how can defence sector accountability processes restrain arms procurement and military expenditure? Can such institutions harmonize the legitimate needs of security, democracy and development and create domestic and regional restraints on the military's autonomy in national security decision-making, defence budget-making and arms acquisitions?

Defining good governance of the security sector

For the purposes of this paper, the term "security sector" defines a broad range of actors responsible for implementing society's diverse security requirements. In addition to the defence sector, these include elements such as the police, customs and border guards, intelligence and secret services, the

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executive, legislative and judicial oversight bodies, and related civil society organizations (such as publicly funded think-tanks that work on security issues, or institutions that are funded by the military but allow selected membership to civil society). The term "defence sector" refers to the executive departments of the ministry of defence, the armed forces and other entities under its budgetary control such as intelligence, the defence industries, ordnance factories and R&D establishments.

Good governance of the security sector comprises several elements: political, economic, institutional and societal.

Political

Sovereign authority in a democracy lies with the people, and is exercised through their legitimately elected representatives in the parliament or national assembly. The government functions as the executive committee of the legislature and is responsible for public administration for a fixed term on behalf of the legislature, to which it should remain accountable. The military, as part of the executive branch, is therefore accountable to the parliament for the approval of defence policies, establishing and spending the defence budget, and the review and audit of military performance and expenditure (by committees or audit authorities nominated by the parliament). It is among the major constitutional duties of a society's elected representatives to ensure that the security sector is not autonomous in its decision-making but is accountable to democratic institutions. In many countries, however, this accountability is rather weak, both in terms of capacity and political acceptability of the proposition.

To enable good governance in public policy and defence sector processes, civil society and elected representatives need to build capacities in a number of fields. They need to be able to assess and review national security policy, defence policy, defence budget and audit, procurement and personnel policy, etc. Civil society's participation in the security debate needs to be publicly accepted, professionalized and legitimized. If implemented at the national level, these ideas could even contribute to building regional standards for peace and democracy.

Economic

Good governance should balance a society's human security and social development needs with its military security requirements: there is a need to understand the persisting disconnection between military expenditure and arms acquisitions and global commitments to the social development aspects of security.

If arms acquisition and military expenditure burden domestic social and economic factors, then the demands of the security sector need to be stabilized by internally driven domestic capacities for arms restraint. Key security threats, concerns and priorities must be identified for rational allocation of human, financial and material resources. Democratic governance of the security sector can make a strong contribution to this. Professionally supported democratic institutions should be able to interrogate arms transfer or procurement arguments if these are based on ambiguous threat assessments, power ambitions, commercial motivations or opportunities for corruption.

Societal

External security, internal security, human security and public safety requirements should be coordinated. This coordination requires the cross-fertilization of skills and ideas between civil society and the security sector in order to scientifically define, debate and weigh the various dimensions of security. Among the ways in which civil society can help is through establishing multidisciplinary think-tanks composed of research analysts, media experts, former military officials, democracy activists and human rights lawyers. These should function as specialist "watchdog" bodies, facilitating the oversight role of the legislative subcommittees on defence policy, budget and the auditing of military expenditure; arms procurement and the defence industries; personnel and defence asset management; etc. Their objective is to develop multidisciplinary skills specializing in and focusing narrowly on various aspects of defence management.

Institutional

For good governance of the security sector, statutory and legislative initiatives are necessary to frame rules on information policy management and access to information that counter waste, fraud or abuse, which often go unreported in the security sector.

This is particularly important with regard to the arms trade, on both the supply and demand sides. In some of the major supplier countries capacities for the verification of arms sales are weak or absent. Equally, capacities for democratic governance of arms acquisitions are weak or absent among major buyers. This can lead to the twin effects of corruption and generation of excessive or unverified demand for weapons. Therefore, professional scrutiny processes should be developed for security sector accountability, involving representatives of legislative subcommittees on arms procurement and defence industries, statutory audit authorities, state vigilance departments that investigate corruption, and former officials or experts on the subject who do not have a conflict of interest.

The significance of the problem

Countries that have experienced internal conflict tend to construct barriers to the democratic governance of their security sectors and tend not to build adequate constitutional mechanisms and capacities for good governance. Although the military's role in such countries is often legitimized as necessary for maintaining peace and public security, the military's political power or influence frequently undermines democratic governance in the delivery of political and economic equity: security threats are often (over)emphasized to ensure the military's political autonomy and exclusive control over its decision-making. In this way, the security sector can undermine social justice, and the greater objectives of true peace and stability.

Poor governance allows the diversion of resources from social development to the security sector.

Poor governance allows the diversion of resources from social development to the security sector. Low levels of public accountability and high levels of corruption in public sectors are frequently coupled with relatively high levels of arms procurement and military expenditure. This diversion of resources impairs the mobility of economic factors and impedes socio-economic activity. Even if allocation of

public funds in countries with military or authoritarian regimes does not excessively favour military expenditure, the concerns and costs of promoting social development infrastructure are never given their due attention. Human security priorities and policies receive perfunctory attention from these governments, as indicated by the lack of human development in such countries.[5] The absence of linkages between military expenditure and "bread and butter" issues (or between security and social expenditure) leads to arms procurement decisions being seen exclusively as an issue of military capability rather than as decisions that need to balance military requirements with those of broader human security.

Even in countries where the public is committed to making a transition to democracy, security bureaucracies are among the most resistant barriers to democratic governance. Corruption and fraud can become systemic if the military make non-validated or unverified claims of confidentiality requirements concerning their decision-making.[6] Higher levels of corruption, waste and fraud can undermine the legislature's scrutiny of the public sector. This phenomenon contributes to a culture of raising levels of military confidentiality, and the spiral continues. Calls for public, professional accountability and the interrogation of security sector expenditure in the context of socio-economic priorities are deflected by the political elite, who describe such actions as unpatriotic or as attempts to undermine military security. In failing to encourage public debate, states avoid examination of security or defence policy alternatives.

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The military does not have direct constitutional accountability to the public in democracies either, and scrutiny of security sector decision-making has to be exercised through the public's elected representatives. In a large number of countries the legislature and even the executive branch—the two representative political bodies—have limited capacities or powers to interrogate security sector decision-making in a manner consistent with the society's broader priorities.[7] The military's political autonomy can still choke public debate on the harmonization of competing priorities of defence and development.

In many countries, the legislature has not engaged with the defence sector. Legislative oversight of military information policies and processes of information assessment have not been organized. Neither have legislative steps been taken to harmonize the valid needs of military confidentiality with the legislature's access to information for the verification of military demands.[8] Further limitations to democratic governance include weak constitutional provisions to ensure military accountability; lack of capacity for democratic oversight of the security sector's decision-making process; weaknesses in legislative bodies regarding the scrutiny of defence sector budgets, including the functions of statutory audit authorities; failure of the state to check corruption, fraud and abuse in the security sector; and indifference in civil society to the military sector or to elected officials failing to perform their constitutional duty of oversight.[9]

The repercussions of poor governance reach beyond national borders: regional security and stability can also be affected. Lack of public accountability concerning military expenditure leads to non-validated defence budget allocations for arms acquisition. These acquisitions potentially contribute to action–reaction arms procurement spirals in the region and thus to regional instability. There are attempts to improve governance of the security sector via external means. International arms control initiatives, such as the voluntary UN Register on Conventional Arms, aim primarily at controlling transfers that could lead to excessive accumulation of weapons. However, procurement and budgetary decisions remain internally driven and controlled. In some parts of the developing world, external measures are seen as intrusive mechanisms that in fact undermine national security. Post-colonial countries are particularly sensitive to international transparency initiatives, regarded as "western ideas". The military-political elite frequently uses such arguments against security sector transparency to avoid public accountability.

Developing democratic governance of the security sector

Countries that have had a high incidence of conflict in combination with low standards of human development and democratic governance are found to have only a small number of individuals and institutions outside the military with responsibilities for scrutinizing security policy-making.[10] As long as security sector decision-making remains in the hands of the few, it will remain insulated from professional monitoring in the public domain, and independent of democratic oversight.

With worldwide growth in democracy and democratic institutions, we are witnessing a shift from a situation where the military enjoyed autonomy in decision- and policy-making to a situation where the security sector is increasingly held accountable to elected representatives of the people. The change, however, is as slow and faltering as authoritarian governance is unyielding. In a parliamentary democracy, the security sector should be accountable to the legislature, since it relies on public funds authorized by the parliament. In many countries, though, perhaps for reasons of authoritarian or colonial legacy, elected representatives remain deprived of the resources and capacities necessary to comply with their constitutional duty. Public knowledge on security matters remains inadequate in most countries, including developed democracies. However, in transition democracies there are legal, organizational or informational barriers that prohibit the creation of public knowledge—and the executive and the legislative branches have not taken steps to overcome these barriers.

In order to improve accountability, therefore, one first needs to examine barriers to or opportunities for the development of democratic governance. This requires knowledge creation regarding security sector decision-making processes. Security sector governance needs to be de-mystified in terms of the roles and functions of military authorities, executive and legislative oversight processes, and the functions of other statutory authorities. Public knowledge can be advanced by asking a range of questions of these bodies on a number of related themes. For example, the need to understand the complex relationship between military expenditure and social expenditure could be addressed through conducting studies on decision-making processes regarding defence policy-making, budget-making, military expenditure audit, arms procurement and defence management, and explaining the roles of executive and legislative bodies. This would enable public understanding and possible contribution to security sector decision-making processes. Further themes for investigation include industrial and technology policies for defence, oversight of intelligence, the paramilitary and police, human rights and military law. The themes should be approached from a range of perspectives, political and economic, organizational and constitutional.

Security sector governance needs to be de-mystified in terms of the roles and functions of military authorities.

The contribution of good governance to regional security

The effects of lack of democratic governance of the security sector on regional stability remain to be investigated. The mutually reinforcing and positive linkages between social development and democracy, however, are well known.[11] There is a need to identify ways to build regional security and stability through building institutions for democractic governance.[12] Democratic governance of the security sector would strengthen institutions of public interest oversight, encourage transparency in military decision-making processes and promote wider public participation in the national security debate. In the process, it would restrain inordinate levels of military expenditure and unverified arms procurement, both of which drive regional arms races and impair economic development. It is therefore important to explore the feasibility of converging initiatives advocating democratic governance, socio-economic development and regional security. Without doubt, this would encounter obstacles in countries

where the rule of law is weak, and the application of checks and balances in public policy-making or probity in the public service (including the defence sector) is underdeveloped.

A first step would be to design and develop a scientific survey to identify and document common weaknesses in different countries in democratic governance of the military sector that affect regional security. This requires a systematic examination of the scale and scope of the problem, which would enable the development of objective norms and guidelines to measure the level of the military's autonomy in a country's political decision-making apparatus in a specific region. A better understanding of the causes and motivations behind the military's political power or influence would also help in the design of checks and balances on the military's threat assessments and its expenditure. Such a study would facilitate the attainment of a number of regional security objectives. By understanding common weaknesses in democratic governance of the military throughout the region, coordination between requirements for democracy, military security and social development could advance a virtuous cycle of peace and development.

Regional stability could also be improved to reduce military risks at the regional level by the development of regional organizations, which could help to avoid the risk of surprise attack; to reduce risks of military decisions based on miscalculation and misunderstanding; to reduce mistrust and misjudgement of intentions of antagonistic parties; to advance conflict prevention measures; to design measures to prevent military confrontation, to prevent local operations from escalating and spiralling into open conflict, and to develop ways to prevent or reduce risk of resurgence of violence after parties have ceased firing. These bodies should be composed of legislators, former military professionals, peace activists and eminent persons.

Working together at the regional level would build trust and cooperation among the states of the region, which would contribute to a constructive advance of regional security. Resources could be used at the regional level to build capacity within civil society, which should be encouraged to examine alternatives to security options recommended by the military. A region-wide process of knowledge creation for security sector governance would build professional capacities in the public domain, across the region, for democratic governance of the defence sector. A forum for democratic governance of the security sector at the regional level could help to identify common standards for national legislatures' military sectors in a number of areas, such as military expenditure audit, budget allocation (including the exploration of innovative ways to allocate a justifiable proportion of the national defence budget to legislative verification of major arms transfers, expenditure planning and audit). Such a regional forum should be able to find methods to enhance the predictability of arms procurement decisions in the region, to encourage democratic restraints on the military sector, and to facilitate development of information policy so that information is handled in a manner consistent with the needs of military confidentiality, and yet allows democratic oversight of military decision-making.

Working together at the regional level would build trust and cooperation among the states of the region, which would contribute to a constructive advance of regional security.

Good governance in arms transfer

The international system already facilitates advancement in the rule of law and in ethical norms and processes in various fields. International cooperative initiatives already under way include efforts to prevent the drugs trade, trafficking in women and child labour; development of the UN Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights; and initiatives for fair trade and ethical business practices, for example the Kimberley Process Certification Scheme for diamonds. However, the global arms trade has remained off limits. Despite

being associated with very high levels of unethical practice and corruption, there is an absence of international initiatives—justified by claims of protecting "national security interests" and "industrial secrets".

These arguments against the application of public interest scrutiny allow fraud and corruption to creep into the system. It is well recognized that corruption is a common characteristic of the arms trade[13]—it is not uncommon to come across arms procurement decisions that fail to have a logical link between threat assessments and policy and plans for defence acquisitions. Clearly, the arms trade can have a destabilizing influence on democratic government, and if unverified in terms of security needs, it can have destabilizing effects both in individual countries and whole regions.

To promote regional stability and to prevent corruption, the arms trade should be brought under the purview of international standards and norms. Developing an international process to verify transactions between arms buyers and sellers could be among the ways to check unconstitutional practices or corrupt motivations for arms procurement. By helping to develop global norms for scrutiny and oversight of arms transfers, such a mechanism would also be an excellent regional confidence-building initiative.

If monitoring and verification of the arms trade is to be developed, transparent and accountable arms transfer processes are required. This implies the validation of the decision-making processes of both arms sellers and buyers. An internationally agreed mechanism for carrying out checks at the national level would ensure that weapons are received by legitimate end users for legitimate security needs. The agreement should define national processes for both arms sales and arms procurement.

Internationally accepted norms for verifying reports of corruption in the arms trade would promote good governance and help to level the playing field for companies supplying arms. A level field would enable an arms-buying country to choose the best technical and financial option available. At the same time, it would reduce bribery and political manipulation for arms contracts (for example, offering development aid in return for facilitating arms-supplying contracts). The weaknesses in democratic governance of arms procurement decision-making must be examined from both the supply and demand sides of the equation. An internationally agreed mechanism could help to build stability by preventing excessive accumulation of weapon systems. It would ensure that arms transfers take place between legitimately elected governments, verify legitimate processes for arms transfers, and ensure the consistency of military expenditure with broader national security and development policy—while maintaining the desired levels of confidentiality.

Internationally accepted norms for verifying reports of corruption in the arms trade would promote good governance.

To build such a mechanism, current processes and mechanisms for good governance in arms transfers would first need to be surveyed with a view to monitoring reports of corruption between major arms-selling and -buying countries. Such a survey should review a country's vulnerability to bribery by examining its arms sales verification processes and its potential for corruption by looking at arms procurement processes. To attain these internationally accepted norms, there is a need to identify a process to verify reports of corruption that is both practical and operable in the multilateral forum of arms buyers and sellers. It should balance the requirements of military confidentiality with the valid needs of public accountability, and should operate in a constitutionally legitimate forum that can curb any corruption and fraud found in arms transfers.

Given the nature of security and commercial sensitivities with regard to arms transactions, a credible, internationally negotiated process is required. It could start as an agreement among the major arms-buying and -selling countries, which number around a dozen. At a later stage it could develop into an agreement among "like-minded" states. The agreement should enable verification by an independent and legitimate authority, professionally qualified to examine reports of bribery and corruption in international arms transactions.

As national sensitivities would most likely find international investigation of allegations objectionable, an international mechanism should define processes that may be vulnerable to corruption and help to build national capacities to carry out the required investigations. Once national capacities are built to verify arms acquisitions, the idea of investigating and qualitatively assessing military expenditure would be more acceptable.

Role of the international community

The contribution that can be made by the international community is slight and the contribution of international donors to democratic governance of the security sector can be counterproductive, particularly where questions of national security are concerned.

However, the international community has a role to play in building the capacity of democratic institutions such as parliamentary bodies and audit organizations. The donor community could explore opportunities for a capacity-building fund that would overcome common barriers to development and democracy, as well as disarmament. The international community could also contribute to the creation of information technology linkages between national think-tanks and watchdogs and regional and international think-tanks working on democracy, security and development issues.

In many of the developing countries in Africa, Asia and Latin America that are in transition to democracy, civil services able to ensure civilian control over the defence sector are either weak or non-existent. Limitations in this area of public policy-making need to be addressed and the international community can help. International academic exchange programmes could be set up between civil services and society in advanced and transition democracies to create knowledge and build capacity in defence sector oversight. The international community could sponsor research and help to create a database on comparative assessment of the state of democracy and the political autonomy of the military in countries with low social development. International financial institutions should avoid imposing aid conditionalities to control military expenditure. Rather, they should build domestic capacities and processes for internal checks and controls on military budgets.

Conclusion

In pursuing the objectives discussed in this paper, confidence-building measures in regional and international arms restraint would complement social and democratic development to strengthen peace, security and stability.

External arms trade or military expenditure restraints alone are not sufficient because they rarely engage civil society and elected officials. There is therefore a need to invest in partnerships between expert communities working on security sector governance, promotion of democracy, and social and human development at the local, national and regional levels. Broader participation by civil society and its elected representatives would increase the possibilities of creative and innovative approaches to the promotion of good governance of the security sector, to realistic and ethical security policies, and to peace-building.

The claim that processes for democratic governance of the security sector are inconsistent with military confidentiality or national security interests has not been scientifically tested. Complete transparency is not a precondition for accountability; nor is validated secrecy in military matters the

same thing as accountability. The question is if and how public oversight processes can be designed to meet the requirements of good governance and at the same time address the legitimate requirements of confidentiality.

Notes

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13. "The official arms trade specifically, and defence procurement more generally, is an important sector which needs to achieve improvement: it is estimated to be responsible for more than 50% of all bribes paid worldwide, and its reform is an essential precursor to building a strong and stable society in many countries of the world." Transparency International, 2004, *The Defence Procurement Process and its Vulnerabilities*, p. 2, at <www.transparency.org.uk/PCOATdocs/PCOAT%20Defence%20Procurement%20Processes.pdf>.

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NEW PUBLICATION

Alternative Approaches in Multilateral Decision Making: Disarmament as Humanitarian Action

Alternative Approaches in Multilateral Decision Making: Disarmament as Humanitarian Action is the first volume of work produced by UNIDIR's research project entitled "Disarmament as Humanitarian Action: Making Multilateral Negotiations Work". It follows on from discussions on 3 November 2004 with a group of practitioners from the humanitarian and disarmament communities based in Geneva. At that meeting the basic objectives of the project were outlined, and some alternative approaches to thinking about current multilateral problems in disarmament and arms control presented and debated.

This volume contains analyses from those who made presentations at the meeting, and these are intended to help multilateral practitioners reframe their current challenges and develop practical new approaches to problem solving.

- *John Borrie*, the project's leader, considers some of the working assumptions that negotiators in multilateral disarmament and arms control hold—among them orthodox notions of national security and "political will"—and questions whether they are sufficient or always appropriate in framing effective multilateral responses. He discusses the relevance of humanitarian approaches and human security related concepts to disarmament and arms control negotiations.
- *Dr Robin Coupland* outlines efforts underway for modelling armed violence and its effects. He explains that the use of weapons with intent to cause physical harm can be analysed in terms of health. Considering armed violence from a health perspective carries the advantage that it permits generic and objective consideration of the effects of armed violence on its victims—frequently driven by emotion—before legal, political or "humanitarian" issues of a particular context are entered into.
- *Dr Patrick McCarthy* adopts a deconstructionist approach, and outlines how existing disarmament and arms control structures and procedures enable and constrain the

In each issue of *Disarmament Forum*, UNIDIR Focus highlights one activity of the Institute, outlining the project's methodology, recent research developments or its outcomes. UNIDIR Focus also describes a new UNIDIR publication. You can find summaries and contact information for all of the Institute's present and past activities, as well as sample chapters of publications and ordering information, online at <www.unidir.org>.

international community in its efforts to meet common security challenges. He argues that these security challenges are beginning to be defined in a different way—with stronger focus on "humanitarian imperatives"—and considers the problems this poses for the standard operating procedures of disarmament and arms control inherited from the Cold War era.

- *Vanessa Martin Randin* and *John Borrie* compare six recent multilateral negotiations (three in disarmament and arms control, and three from other fields) in order to examine to what extent the working practices, rules and techniques applied in multilateral disarmament and arms control negotiations—its "community of practice"—contribute to (or alleviate) difficulties in achieving outcomes. Of particular interest is an analysis of the negotiating dynamics of the six examples: what these were, why they came about and how they can be compared.

Work on a second volume in the Disarmament as Humanitarian Action series is now underway, with generous support from the Government of the Netherlands and the continued support of the Government of Norway.

Alternative Approaches in Multilateral Decision Making: Disarmament as Humanitarian Action

J. Borrie and V. Martin Randin (eds)

UNIDIR, 2005

United Nations

142 pages

ISBN 92-9045-172-6

United Nations sales number GV.E.05.0.8

English

CURRENT ACTIVITY

European Union and United Nations Planning for Crisis Management and Peacebuilding: Promoting Best Practice and Inter-institutional Learning

Starting in September 2005, UNIDIR will host a researcher funded by the European Commission's Marie Curie Intra-European Fellowship. Catriona Gourlay, former executive director of ISIS Europe, will join UNIDIR for two years to explore how the European Union (EU) can improve its crisis management capability for use in UN peace operations.

The project builds upon the EU's pledge to strengthen its crisis management capacities for use in UN operations or operations under a UN mandate. It will assist in the development of EU planning structures, procedures and working methods, as well as look at ways to improve EU–UN cooperation in the areas of international security and peace-building. These policy objectives will be addressed by exploring how the EU can integrate existing best practices from the fields of crisis management and peace-building into its policies; providing opportunities for EU–UN inter-institutional learning; and promoting synergies and logistical inter-operability with the UN in the field.

The research will focus on the planning of crisis management and peace-building, a comparison of UN and EU practices, and a review of best practices collected by the United Nations in these areas. These best practices will draw from a wide range of fields, including peacekeeping, policing, security sector reform, civil-military relations, post-conflict reconstruction, and disarmament, demobilization, reintegration (DDR).

The project will organize a number of workshops to develop a feasibility study for the establishment of a specific European external action service. In doing so, the research will explore how the proposed EU institutional reforms could promote a more holistic approach to the planning of crisis management and peace-building.

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