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## The Economics of Third World Military Expenditures

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misattack on *Sheffield* that caused *Ark Royal's* airplanes to switch from the unreliable magnetic detonators to contact detonators for the critical torpedo attack on *Bismarck*. As Müllenheim points out, the rudder damage and the inability to repair or steer the ship were only part of the reason *Bismarck* was left helpless in the Atlantic. Without U-boat or air support, *Bismarck* was, in Müllenheim's words, "consigned to a fate that she did not have the resources to avert."

Müllenheim does offer new insights into the actions and motivations of his superiors, although he does not claim definitive answers. In fact, the loss of the War Diary and the few survivors (115) mean that we can never be certain of the command decisions made by Lütjens. The author's excellent portrayal of Lütjens does suggest more strongly than he is willing to do that the Fleet Commander was involved in an operation that he did not fully support and each setback simply confirmed this attitude. The description of *Bismarck's* captain, Ernst Lindemann, and the differences between the two German officers does raise the question of whether another Fleet Commander might have acted otherwise. The failure of the German Navy to produce an outstanding naval commander of Hipper's caliber in World War II and the failure to develop and implement a viable naval strategy is a larger story of which the *Bismarck* episode is a significant and now clearer chapter.

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Whynes, David K. *The Economics of Third World Military Expenditures*. Austin: University of Texas Press, 1979. 165pp.

There was something distinctly Woodrow Wilsonish about President Carter's quest to achieve longrun goals

that were certifiably visionary to the "hardheaded realist." This was never more true than in his attempts to control arms sales to Third World nations. Reasonable men cannot but question the mortality of abetting the diversion of scarce development resources into local arms rivalries. Yet as a practical matter the net effect of Carter's policy appears to have been to have slowed such arms races little while causing the tanks of the world's arms suppliers to increase, at the expense of both U.S. arms sales and influence. Thus, at the advent of the Reagan administration, arms sales policy is once again an open and nettlesome issue.

*The Economics of Third World Military Expenditures* is a timely and thought-provoking work. Whynes assumes that because defense expenditures inherently require diversion of resources that are more directly welfare-promoting, there is a clear benefit from minimizing their net cost. Net cost is the financial (accounting) cost minus the social value of whatever civil benefits arise from defense expenditures. Civil benefits arise both directly through effects on the civilian economy and indirectly as the military acts as a "modernizing" influence on both the economy and the polity. Whynes, by his admission, fails to prove entirely the case he is interested in arguing—that greater emphasis should be placed on policies of "military-social integration" to reduce the net cost of defense. But he does succeed in providing a broad-ranging and imaginative review of evidence and thinking on the role of the military in the nation-building process.

After stating the problem, Whynes deals with why military expenditures have grown, their costs and benefits to the civilian economy, arms imports and foreign aid, and whether defense spending rises under military regimes. The empirical evidence he reviews is notable equally for the insights it provides and the confirmations it fails to provide.

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Regarding the latter, statistical analyses consistently fail to support the more commonsense suppositions about military spending. Specifically, it is found that:

—military expenditures do increase with GNP but the increase is not at the expense of nondefense expenditures; they increase also. Indeed, it appears military expenditures play the curious role of "leading" public expenditures, rising at times of crisis and causing the public's level of tolerance of taxation to go up and then receding as the crisis passes, creating room in the undiminished public expenditures for more non-defense expenditures;

—military burden (military expenditures as a percentage of GNP—typically in the 2 to 4 percent range) falls as income rises. This finding in part reflects the way the calculation was undertaken, the highly burdened U.S. and U.S.S.R. having been excluded from the analysis;

—military spending does not retard economic growth; on the contrary the evidence indicates highly burdened economies if anything have grown more rapidly than others;

—military spending does not increase significantly after military takeovers.

These findings do not suggest so much that Third World military expenditures are less burdensome than suspected as that the issues are more complex than can be captured by simple analytical models. In any given case, quantitative analyses are useful to frame the issue but can hardly substitute for professional, multidisciplinary judgment in suggesting policy conclusions.

Whyne's final chapters are the least successful. In them and drawing on the experiences of India, Burma, China, Tanzania, and North Vietnam, he argues the case for increased emphasis on arms control, civic action, "military-social integration," and nonmilitary mobilization for defense as ways to lessen the net cost of defense. Though

he provides a useful review of experience and thinking in these areas, he fails to come to grips with the issue in quantitative terms. Granted the lack of relevant data, the discussion might have been couched in terms of suggestive relative magnitudes. Instead Whyne presents an essentially conceptual discussion that provides no basis for gauging what cost savings might be realized if such policies were pursued.

The discussion of the economic benefits of military expenditures is one of the more provocative sections of the book. Viewing the military as an economic sector, "spillover benefits" of three types are considered: stimulus to industrial growth from military hardware manufacture and repair; regional multiplier from military expenditures, which tend to be geographically dispersed; and positive influence on human aspects of economic development, especially on employment, skills training, formal education, and manpower development in general. The latter produces significant "bridging effects"—the enhancing of the quality of a nation's people technically and organizationally as the military draws broadly from the populace, exposes individuals to modernizing influences at all levels of organization, and eventually returns them to the civilian labor force and to society. These effects are considerably broader than those of simple "education and training" and are important dynamic effects of an expanding, modernizing military.

Whyne has provided a useful discussion of an issue that is likely to move increasingly to the fore in the 1980s. Third World nations are aspiring to increasingly capital-intensive defense establishments. They are requesting increased external support from competing supply nations for both the importation of arms and their coproduction. This short book is not the definitive work on the subject. Yet it is the only comprehensive discussion available and

sets the stage nicely for further inquiry. U.S. arms sales policy will be the more coherent, and persuasive, the more it reflects the range of issues suggested by Whynes, including in particular innovative deterrent strategies, the overall "productivity" of alternative weapons systems, and the bridging effects of military programs.

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Zartman, I. William, ed. *Elites in the Middle East*. New York: Praeger, 1980. 252pp.

One of the most unfair things that a reviewer might do is to wish that the author had written a different book (which is not at all the same as wishing for a better book). So as not to be accused of falling into this trap, let it be said at the onset that *Elites in the Middle East* is not an up-to-date descriptive treatment of those in power in the Middle East. Instead this is a book expressly intended for political scientists dealing with Middle Eastern politics. Its foci are largely theoretical and conceptual, and its explicit object is to take stock of the present state of elite studies and to indicate or intimate new directions that might be taken by the academic specialist. Of its seven chapters, four are more likely to hold interest for the scholar than the informed layman. However, three of the chapters are of wider appeal, and it is those chapters that will be highlighted in this review.

Charles Butterworth provides a competent overview that contrasts the normative underpinnings of Western and Middle Eastern philosophies of government. While readers are not likely to be surprised by the author's treatment of such well-known luminaries as Hobbes, Locke and Rousseau, his discussion of the work of Alfarabi (A.D., 870-950), Averroes (1126-1198), Nizām al-Mulk (1018-1092), and Kai

Ka'us may provide a unique introduction to the work of these Islamic philosophers. Butterworth clearly shows that while the Western philosophers of politics concerned themselves with the form of governance (e.g., democracy vs. autocracy), their Middle Eastern counterparts were more likely to concern themselves with the relative goodness of a government as measured by the quality of its goals rather than its form (although it must be added that their view of politics as an art capable of mastery by few led them to conclude—or assume—that rule by the one or the few was preferable). Accordingly, what we encounter is an emphasis upon the proper behavior and skills of rulers. This is all of more than passing interest as the work of these Moslem thinkers is, according to Butterworth, often standard fare in the universities and secondary schools of the Middle East. The only criticism that might be made of Butterworth is that his 38-page chapter only mentions the work of one of the greatest of Arab philosophers, Ibn Khaldun, but he is still to be applauded for introducing his readers to the work of men who are likely to be obscure for many.

The centerpiece chapter of *Elites in the Middle East* is a provocative theoretical statement by I. William Zartman, a well-known scholar of Middle Eastern (and especially North African) politics. "Toward a Theory of Elite Circulation" treats the absorption, cooptation and exclusion of those who aspire to positions in the elite strata. While fair treatment of Zartman's work is not possible in a short review, it may be suggestive to note that he sees elite circulation as a developmental process that tests the incumbent's ability to cope with the continuing realignment ("bunching") of aspiring elites brought about by the political decisions (and nondecisions) of the elite. Zartman's rich exposition treats the clusters of challenges that may lead to the