

The opportunity cost of world military spending

By [Sam Perlo-Freeman](#).

Today SIPRI estimated that global military expenditure in 2015 was \$1676 billion, about 2.3% of the world's total Gross Domestic Product (GDP). Such high levels of spending frequently raise concerns as to the 'opportunity cost' involved in military spending—the potential civilian uses of such resources that are lost.

One way to put this in perspective is to compare it to social spending. Do governments spend as much money on healthcare, for example? We can also look at what else the money could achieve if it were put to other specific uses. In particular, how far would this money go towards achieving the UN's Sustainable Development Goals (SDGs)?

Military versus health expenditure

To compare spending on military and health expenditure worldwide, we need reliable data. For the military data, we use the latest figures from SIPRI's military expenditure database. For the health data, we use the World Health Organization's most recent estimates of government health expenditure as a share of GDP. This includes spending at all levels of government: central, federal, regional, municipal, etc. This is necessary to make meaningful comparisons, as in some countries the great majority of health spending takes place at levels below that of central government. The data is available via the [World Bank World Development Indicators database](#) and has been recalibrated so that it's based on the same GDP figures as SIPRI's data, which come from the IMF International Finance Statistics.

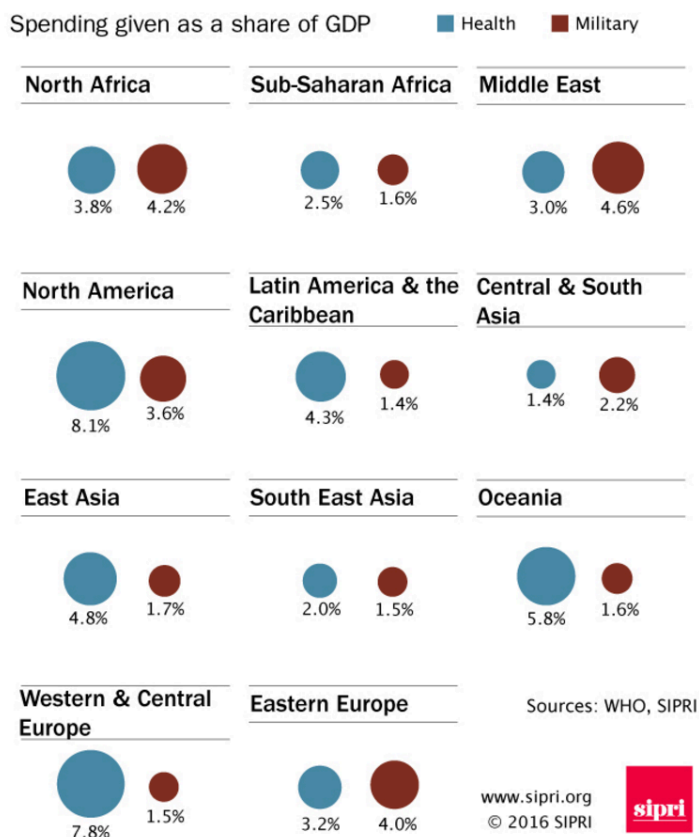
Spending in 2013

How does health spending compare with military spending? First of all, the good news: governments worldwide spent just over two and a half times as much on health than on the military in 2013: 5.9% of global GDP went to public health spending, compared with 2.3% for the military.

However, this conceals major regional variations. The share of GDP devoted to health spending in 2013 varied from 1.4% in Central and South Asia to 8.1% in North America.

Likewise, the regional share of military spending in GDP in 2013 varied from 1.4% in Latin America and the Caribbean to 4.6% in the Middle East. In general, the Middle East, Eastern Europe, North Africa, and Central and South Asia spent more on the military than on public healthcare in 2013.

Health spending versus Military spending, 2013



Health spending versus military spending as a share of GDP in 2013 for different regions of the world.

Since regional totals can be easily skewed by just one or two large countries, it's important to look at the data for individual countries. Between 2011–2013, 80% of countries for which data was available spent more on health than on the military. Again, North Africa, the Middle East, South Asia and Eastern Europe had a high proportion of countries with higher military spending.

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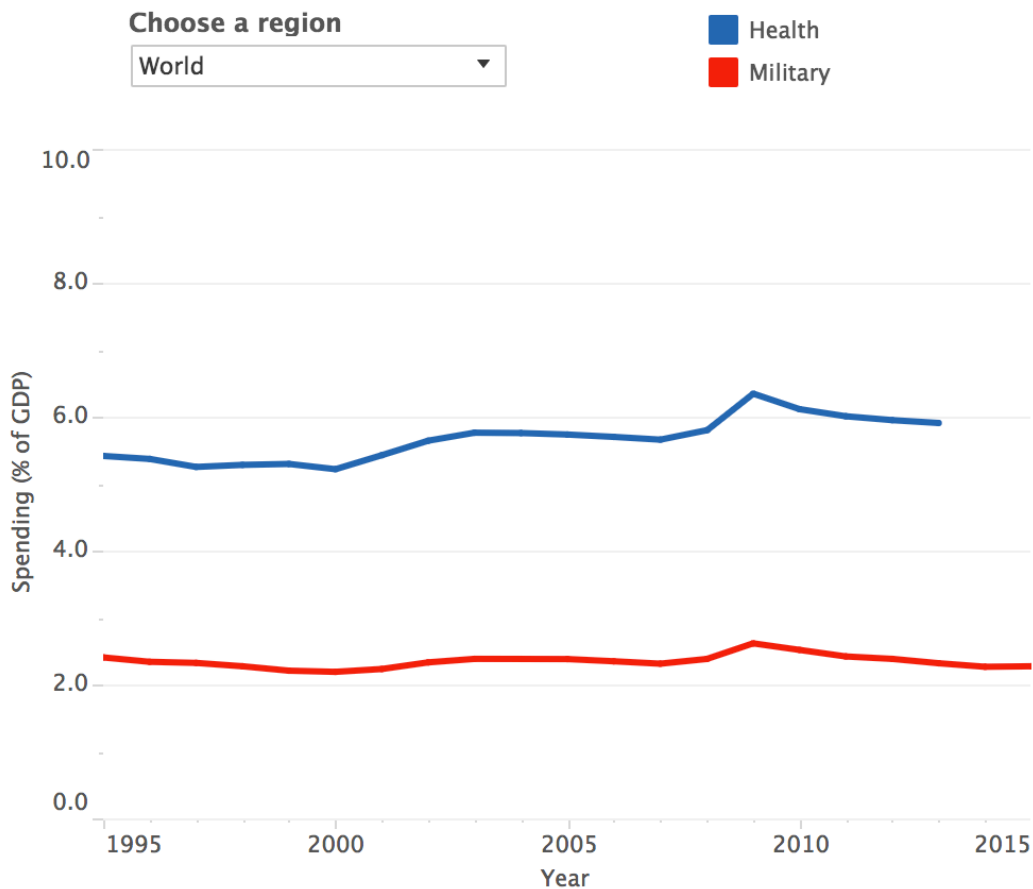
Aside from regional variations, one interesting feature of the data is the type of countries more likely to prioritize health or military spending. The [Polity IV database](#), created by the Center for Systemic Peace, categorizes countries as democracies, autocracies, or something in between. Among the 92 democracies, 93% spent more on health than the military. Of the 20 autocracies, almost half spent more on the military. Democracy may be highly imperfect, but these figures suggest that where governments are at least somewhat accountable to their people, it shows up in the budget.

Spending between 1995–2015

Looking at trends over time, global military spending has barely changed between 1995 and 2015 (hovering at around 2.3%), while between 1995 and 2013 the global share of health expenditure in GDP has increased from 5.4% to 5.9%.

The increase in health spending is particularly notable in Africa (1.9% to 2.8%) and Latin America (3.2% to 4.3%). There were also increases in most other regions, but virtually no change in Asia and Oceania, and a significant fall in Eastern Europe. Meanwhile, military spending has declined significantly in Western and Central Europe between 1995 and 2015, but has increased substantially in North Africa and Eastern Europe, with particularly large increases in the past 2–3 years. The Middle East has also seen large increases in recent years, but the region's level of military spending is still below its 1995 level.

Health spending versus Military spending



A clearer picture emerges when we look at the level of individual countries. Of countries where data is available, 73% increased their average share of health spending in GDP between 1995–97 and 2011–13. Similarly, 72% reduced their average share of military spending in GDP between 1995–97 and 2013–15. (Note that we’ve chosen to look at the average for 3-year periods to reduce the effects of a particularly extreme one-year variation.) Overall, the proportion of countries spending a higher share of their GDP on health than on the military increased from 61% in 1995–97 to 80% in 2011–13. However, countries from two regions—the Middle East and Eastern Europe—buck this trend, where a significant proportion of countries have reduced their GDP share of health spending and increased their GDP share of military spending.

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It is tempting to suppose that countries have been deliberately redirecting spending from the military to health. However, there is no clear relationship between the two: countries that increased their average military spending share between 1995–97 and 2011–13 were just as likely to increase health spending as countries that reduced their average military spending share.

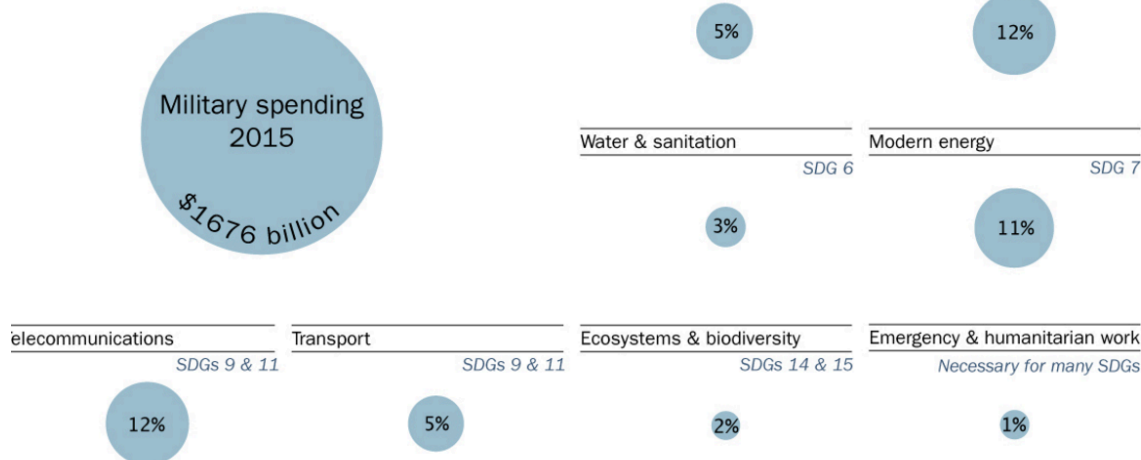
Sustainable Development Goals

High levels of military expenditure are often identified by civil society campaigners as a major source of wasted resources that could otherwise be directed towards human needs. The [Global Campaign on Military Spending](#) (GCOMS), for example, has called for a global reduction of 10% in military spending, with resources redirected to development purposes. On a more modest scale, Kazakhstan's President Nursultan Nazarbayev has called for [all countries to donate 1% of their military spending](#) to the United Nations Special Fund for Global Development.

In 2015 the United Nations agreed a set of 17 new [Sustainable Development Goals \(SDGs\)](#) as successors to the Millennium Development Goals. Many of these would require substantial financial investment, both by developing and donor countries, as well as political and social changes. How far could cuts to world military spending go towards achieving some of the SDGs, if the resources freed were devoted to these goals? Here are a few examples, with the estimates compared to the current level of military spending.

What could the reallocation of global military spending achieve?

The annual cost of the UN's Sustainable Development Goals (SDGs) as a share of total global military expenditure in 2015.



Sources: SIPRI, Sustainable Development Solutions Network and UN Food and Agriculture Organization

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The cost of different SDGs as a share of global military expenditure in 2015.

- According to a 2015 OECD report on climate finance, a number of high-income developed countries have pledged to raise aid to developing countries to \$100 billion a year by 2020 to fund green technology and to help deal with the consequences of climate change (SDG 13). This amounts to 8.3% of high-income developed countries' military spending in 2015.
- A 2015 report from the UN Food and Agriculture Organization suggests that eliminating extreme poverty and hunger sustainably by 2030 (SDGs 1 and 2) would require an estimated additional \$265 billion a year on average (2013 prices). Of this, \$89–\$147 billion would need to come from public funding, putting total annual public spending requirements at \$156–214 billion (2013 prices). This amounts to 9.5–13% of global military spending in 2015.

- The **2015 Education for All Global Monitoring Report** found that providing universal primary and early secondary education of adequate quality by 2030 (SDG 4) would require an additional \$239 billion a year in spending (2012 prices). Much of this could come from countries' domestic resources, with donor countries providing the rest. The exact amount donor countries would need to provide depends on low and middle-income countries' education spending over the next 15 years. If education spending as a percentage of GDP continues to increase in 2015–2030, the report calculates \$22 billion will be needed on average each year. If education spending as a share of GDP only carries on at today's levels, the amount required increases to \$52.5 billion a year. This is 3.2% of global military spending in 2015.
- A **2015 report by the Sustainable Development Solutions Network** found that achieving the SDGs in health, education, agriculture and food security, access to modern energy, water supply and sanitation, telecommunications and transport infrastructure, ecosystems, and emergency response and humanitarian work (SDGs 2, 3, 4, 6, 7, 9, 11, 13, 14 and 15), including additional sums to allow for climate change mitigation and adaptation, would require further spending from public sources of \$760–\$885 billion a year between 2015–30 (2013 prices). This amounts to 46–54% of world military spending in 2015.

Reallocating only around 10% of world military spending would thus be enough to achieve major progress on some key SDGs, supposing that such funds could be effectively channelled towards these goals and that major obstacles, such as corruption and conflict, could be overcome.

Of course, getting countries to agree to reductions in military spending is no easy matter, especially at a time when global tensions have been rising. How would such cuts be distributed? Would more be expected of the biggest powers? How would countries that consider themselves in a vulnerable situation react to such a proposal?

Nonetheless, the examples above give some idea of the vast opportunity costs involved in current levels of world military spending.

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