

Military Spending: The “Great Power Competition”

By [Oriental Review](#)

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Researchers at the [Stockholm International Peace Research Institute](#) (SIPRI) have concluded that military spending is skyrocketing around the world. According to a report published by the institute in April, the world spent \$1.8 trillion on military expenditure in 2018 (2.1 per cent of global GDP), which is 2.6 per cent higher than in 2017 and 76 per cent higher than in 1998 after the end of the Cold War. In fact, the current level is the highest since 1988, when the institute began collating consistent data on military expenditure. This is also bearing in mind that SIPRI only gathers its information from official sources, which is why its reports include a large number of assumptions. One must suppose that the actual military expenditure of countries today is significantly higher.

According to SIPRI, the five countries with the largest military expenditure in 2018 were the US, China, Saudi Arabia, India and France, making up 60 per cent of global military spending. Russia came sixth, falling out of the top five for the first time since 2006.

Going against the flow

The Kremlin's military spending has decreased for the second year in a row. SIPRI reports that it totalled \$61.4 billion in 2018, a decrease of 3.5 per cent compared with 2017. In December 2017, Russian President Vladimir Putin noted at a Defence Ministry meeting that the country's military budget should not exceed 2.8 per cent of the state's GDP (in 2016, Russia's military spending amounted to almost 3.7 per cent of its GDP). The president also said that the Kremlin would be reducing military spending on “maintenance and equipment”. At the time, SIPRI linked the decision to Moscow's economic problems as a result of the anti-Russian sanctions. “Military modernization remains a priority in Russia, but the military budget has been restricted by economic problems that the country has experienced since 2014,” said Siemon Wezeman, a senior researcher with the SIPRI Arms Transfers and Military Expenditure Programme.

However, the Kremlin has a different take on the issue. In March 2018, the Russian president noted that the bulk of the country's military spending was associated with the creation of the latest systems and the technical re-equipment of the Russian army. “The reduction will not undermine Russia's defence capabilities because it invested in creating new weapons systems in previous years,” said Putin.

In fact, the reduction in expenditure has not had a huge impact on the potential of the Russian Armed Forces. In November 2018, the magazine [Business Insider published](#) a ranking of the world's most powerful militaries in which Russia came second after the US. The top five also included China, India and France. In addition, figures published by SIPRI in March placed Russia second behind the US in terms of arms exports.



Experts from the Gaidar Institute for Economic Policy also explain Russia's reduction in military spending as a desire by the country's defence ministry to avoid any further advance payments to the country's military and industrial complex. The fact is that Russia's military industry and military institutions are not in a position to fully utilise the funds allocated to them, as a result of which they remain unused. Meanwhile, the Gaidar Institute estimates that Russia's military spending for 2018 was \$108.5 billion, which is \$47.1 billion more than SIPRI's figure. However, this can be attributed to the fact that SIPRI converts roubles into dollars at the current exchange rate without taking into account the purchasing power parity (PPP).

Trump's battle with China

The boom in global military spending is due, first and foremost, to the battle between the United States and China for supremacy in Asia. According to SIPRI, China doesn't want the US to get too close to the region and to neighbouring countries. The institute believes that there is a great deal of tension between the actors involved. China is also still feeling pressure from Japan, which is yet another reason for the country to be on its guard.

At present, it is China, which accounts for 14 per cent of global military spending, that is primarily responsible for the overall increase in the military budget of countries in the Asia-Pacific Region. Between 2009 and 2018, when America's military spending fell by 17 per cent, China's military expenditure increased by 83 per cent. SIPRI reports that China's military budget for 2018 was \$250 billion (5 per cent higher than in 2017).

Like the United States, China is paying a great deal of attention to shipbuilding. According to the [International Institute for Strategic Studies](#) (IISS), China has launched naval vessels with a total tonnage greater than the tonnages of the entire Indian and French navies. China's new arsenal also includes autonomous weapons systems and cyber weapons. The country's strong economy is making it possible to invest huge amounts of money in new weapons. China's military budget is still just 1.9 per cent of its GDP, however, which, in percentage terms, is much less than any other country in SIPRI's top five. So China's military spending still has room for growth, should geopolitical circumstances require it.

Yet America remains the global leader in military spending. For the first time in seven years, America's already enormous military budget increased by 4.6 per cent to almost \$700 billion in 2018. SIPRI calculates that America's military spending in 2018 was almost as much as that of the next eight largest-spending countries combined.

What's more, the Pentagon's appetite is only growing. This year, [America's military budget](#) is around \$716 billion and, in 2020, this figure could reach \$750 billion. Incidentally, this annual increase exceeds the military budgets of almost every one of America's NATO allies.



The increase in military spending is primarily due to the administration of US President Donald Trump adopting the so-called "great power competition" as an organising principle of US foreign policy. "The increase in US spending was driven by the implementation from 2017 of new arms procurement programmes under the Trump administration," says Dr Aude Fleurant, the director of the SIPRI AMEX programme.

With an eye on Asia

The battle between the US and China is forcing other countries in the region to actively arm themselves. Thus, according to SIPRI, military expenditure in Asia and Oceania amounted to \$507 billion in 2018, or 28 per cent of the total global military spending. For comparison, this figure was just 9 per cent in 1988. As well as China and India, SIPRI's top ten includes Japan and South Korea.

America's NATO allies in Europe are also arming themselves. According to IISS, Europe increased its military spending by 4.2 per cent in 2018, with Poland increasing its spending by as much as 8.9 per cent. If the military spending of every European country was added together, then the European Union would be the world's second-largest military power, outspending Russia fourfold. In practice, however, Europe is being hindered by duplicated equipment and its continued dependence on America in key areas such as moving troops and refuelling military aircraft.

Interestingly, military spending in Africa and the Middle East fell in 2018. SIPRI's figures show that Africa's military spending has been falling steadily since 2014 and fell by 8.4 per cent in 2018 compared with 2017. There has also been a considerable reduction in the military spending of Algeria (6.1 per cent), Angola (18 per cent) and Sudan (49 per cent) compared with 2017. In addition, military spending by states in the Middle East fell by 1.9 per cent last year compared with the year before. Yet six of the ten countries with the highest military spending as a proportion of GDP are in the Middle East: Saudi Arabia (8.8 per cent of GDP), Oman (8.2 per cent), Kuwait (5.1 per cent), Lebanon (5 per cent), Jordan (4.7 per cent) and Israel (4.3 per cent).

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