

## The Relationship Between Military Expenditure and International Trade: A Selection of African Countries

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**Abstract :** The end of the Cold War and rivalry between super powers has changed the nature of military build-up in many countries. A call from international institutions like the United Nations, International Monetary Fund and the World Bank to reduce the levels of military expenditure was the order of the day. However, this bid to cut military expenditure has not been forthright. Recently, active armed conflicts occurred in at least 46 states in 2021 with 8 in the Americas, 9 in Asia and Oceania, 3 in Europe, 8 in the Middle East and North Africa and 18 in sub-Saharan Africa. Global military expenditure in 2022 was estimated to be US\$2,2 trillion, representing 2.2 per cent of global gross domestic product. Particularly sharp rises in military spending have followed in African countries and the Middle East. Global military expenditure currently follows two divergent trends, either a declining trend in the West caused mainly by austerity, efforts to control budget deficits and the wrapping up of prolonged wars. However, some parts of the world shows an increasing trend on the back of security concerns, geopolitical ambitions and some internal political factors. Conflict related fatalities in sub-Saharan Africa alone increased by 19 per cent between 2020 and 2021. The interaction between military expenditure (read conflict) and international trade is generally the cause of much debate. Some argue that countries' fear of losing trade opportunities causes political decision makers to refrain from engaging in conflict when important trading partners are involved. However, three main arguments are always present when discussing the relationship between military expenditure or conflicts and international trade: Free trade could promote peaceful cooperation, it could trigger tension between trading blocs and partners, and trade could have no effect because conflict is based on issues that are more important. Military expenditure remains an important element of the overall government expenditure in many African countries. On the other hand, numerous researchers perceive increased international trade to be one of the main factors promoting economic growth in these countries. The purpose of this paper is therefore to determine what effect, if any, exist between the level of military expenditure and international trade within a selection of 19 African countries. Applying an augmented gravity model to explore the relationship between military expenditure and international trade, evidence is found to confirm the existence of an inverse relationship between these two variables. It seems that the results are in line with the Liberal school of thought where trade is seen as an instrument of conflict prevention. Trade is therefore perceived as a symptom of peace and not a cause thereof. In general, conflict or rumors of conflict tend to reduce trade. If conflict did not impede trade, economic agents would be indifferent to risk. Many claim that trade brings peace, however, it seems that it is rather peace that brings trade. From the results, it appears that trade reduces the risk of conflict and that conflict reduces trade.

**Keywords :** African countries, conflict, international trade, military expenditure

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