

What Drives Defense Spending in South Asia?

An Application of Defense Spending and Arms Race Models to India and Pakistan

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WHAT DRIVES DEFENSE SPENDING IN SOUTH ASIA?

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(INDIA AND PAKISTAN ARE TWO OF THE WORLD'S POOREST COUNTRIES, YET EACH DEVOTES A SUBSTANTIAL PORTION OF ITS RESOURCES TO DEFEND ITSELF AGAINST THE OTHER. WHAT DRIVES THESE EXPENDITURES? ARE THEY INTERNALLY OR EXTERNALLY DRIVEN? IF EXTERNALLY, HOW DO THE COUNTRIES INTERACT WITH EACH OTHER?

TO TRY TO ANSWER THESE QUESTIONS, WE APPLY FIVE MODELS WIDELY USED IN DEFENSE SPENDING STUDIES. IF THE MODEL PERFORMS WELL, WE WILL ASSUME THAT THE UNDERLYING DRIVER OF DEFENSE EXPENDITURE OR CHANGE IN DEFENSE EXPENDITURE IS PRESENT. IF THE MODEL DOES NOT PERFORM WELL, WE WILL ASSUME THE DRIVER IS ABSENT. OUR GOAL IS NOT TO FIND THE SINGLE "BEST" MODEL, BUT TO SEE IF A CONSISTENT PATTERN OF BEHAVIOR EMERGES FOR EACH COUNTRY THROUGH THE COMBINATION OF THE MODELS.

WE CONCLUDE THAT EXISTING MODELS DO SHED LIGHT ON THE DEFENSE SPENDING BEHAVIORS OF THE TWO COUNTRIES, ALTHOUGH THEY ARE BY

NO MEANS THE FINAL WORD AND HAVE ONLY LIMITED VALUE FOR FORECASTING. THE PATTERNS THAT EMERGE FROM EMPIRICAL TESTING OF THE MODELS INDICATE THAT

- INDIA IS FAR MORE SENSITIVE TO PAKISTAN'S SPENDING THAN PAKISTAN IS TO INDIA'S. INDIA IS CONCERNED WITH MAINTAINING A CERTAIN LEVEL OF SUPERIORITY OVER ITS RIVAL, BUT SHOWS LITTLE INCLINATION TO SPEND PAKISTAN INTO THE GROUND.
- PAKISTAN HAS RUN UP AGAINST ITS RESOURCE CONSTRAINT AND PAKISTANI LEADERS HAVE OPTED TO SPEND WHAT THEY FEEL THEY PRUDENTLY CAN ON DEFENSE RATHER THAN TRY TO ENGAGE INDIA IN AN ARMS RACE THAT THEY WOULD ASSUREDLY LOSE.
- ON THE OTHER HAND, PAKISTAN' DEFENSE SPENDING BUREAUCRACY IS STRONGER THAN INDIA'S, SO THAT PAKISTAN FINDS IT MORE DIFFICULT TO CUT DEFENSE SPENDING THAN DOES INDIA.)

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