

## PROGRESS REPORT

**Project: “Arms Production and Trade in the Post-Cold War Era”, £ 71,000 from the Economic and Social Research Council, Ref: R00239388, Paul Dunne, Maria Garcia-Alonso and Paul Levine.**

Our output from the project to date consists of 5 published papers, 6 forthcoming papers, 4 Conference presentations, 2 reports and 2 other submitted papers. This makes **19 completed papers**. Several other papers are in progress. Many of these papers are available from the project’s web-site at:

<http://carecon.org.uk/Armsproduction/>

The research is organised into two specific areas. The first has a macroeconomic focus and links together the determinants of military expenditure and its consequences for economic growth. This research has been mainly empirical using individual country studies, relatively homogenous groups of countries and panel data. The second has a microeconomic focus and examines the interactions between procurement, the arms trade and the restructuring process in the defence sector. Many aspects of this work address what defence specialists call “The Revolution in Military Affairs” (RMA) or the ways that new technology are transforming fighting. A forthcoming Economic Policy article to be presented at an Economic Policy Panel in September 2003, will present an economic analysis of the RMA, and serve as an overview of the main output of the project at a prestigious event.

We report the completed papers for each of the two components of the project in turn:

### **Military Expenditure, Growth and Investment**

1. Dunne, P. and S. P. Freeman (2003), “The Determinants of Military Spending in the Developing World: A Dynamic Panel Analysis”. Forthcoming *Defence and Peace Economics*.
2. Dunne, P. and E. Nikolaidou (2002), “Military Spending and Economic Growth in the Peripheral Economies of Europe: A Causal Analysis for Greece Spain and Portugal, Economics Discussion Paper No. 100, Middlesex University Business School. Under consideration by *Applied Economics*.
3. Dunne, P., R. Smith and D. and Willenbockel. (2002). “Theoretical and Econometric Issues in Analysing the Military Expenditure-Growth Nexus”. Paper to presented at the Peace Science Society Panel Session, *American Economics Association/ASSA Annual Meetings*, Atlanta January 2002. Under revision..

4. Dunne, P. and S. P. Freeman (2003), "The Determinants of Military Spending in the Developing World: A Dynamic Panel Analysis". Forthcoming *Defence and Peace Economics*.
5. Dunne, P. and E. Nikolaidou (2002), "The Demand for Military Spending in the Peripheral Economies of Europe". Forthcoming *Defence and Peace Economics*.
6. Dunne, P. and R. Smith (2003), "Military Spending, Investment and Economic Growth". Forthcoming *Defence and Peace Economics*, 2003.
7. Dunne, P. and S. P. Freeman (2003), "The Demand for Military Spending in Developing Countries". *International Review of Applied Economics*, Vol. 16, no. 4, 2003, pp. 1-26.
8. Dunne, P., E. Nikolaidou and R. Smith (2002) "Military Spending and Economic Growth in Small Industrialised Economies: A Panel Analysis" *South African Journal of Economics*, June, 2002.
9. Batchelor, P., Dunne, P. and G. Lamb, (2002), "The Demand for Military Spending in South Africa", *Journal of Peace Research*. Vol. 39, No. 3, 2002, pp. 315-330.
10. Dunne, P. and A. Bird (2002), "South Africa: An Econometric Analysis of Military Spending and Economic Growth". Chapter 9 in Jurgen Brauer and J Paul Dunne (eds) (2002) "*Arming the South: The Economics of Military Expenditures, Arms Production and Trade in Developing Countries*". Palgrave..

**Procurement Policy, Export Controls and the Restructuring of the Defence Industry**

1. Dunne, P., Garcia Alonso, M., P. Levine and Ron Smith (2002), "Concentration in the International Arms Industry". Paper presented at the ECAAR Panel Session, *American Economics Association/ASSA Annual Meetings*, Atlanta January 2002.. Under consideration by *Journal of Industrial Economics*.
2. Dunne, P. and G. Macdonald (2003), "Procurement Practices and State-industry Relations in the United Kingdom". Forthcoming *Defence and Peace Economics*..
3. Dunne, P. and G. Macdonald (2002), "Procurement in the Post Cold War World: A Case Study of the UK", Chapter in Claude Serfati (ed) (2002) "*The Future of European Arms Production*". Cost A10 Action, European Community Office for Official Publication, Brussels.
4. Dunne, P. and S. P. Freeman (2003), "The Impact of a Responsible Arms Control Policy on the UK Economy", Report prepared for Oxfam, forthcoming as Oxfam Briefing Paper.
5. Dunne, P. and S. P. Freeman (2003), "The Export of Components and the Impact of a Responsible Arms Control Policy on the UK Economy", Report prepared for Oxfam, forthcoming as Oxfam Briefing Paper.
6. Dunne, P., Garcia Alonso, M., P. Levine and Ron Smith (2003), "The Economics of the Revolution in Military Affairs". Forthcoming *Economic Policy*.
7. Garcia Alonso, M. and P. Levine (2003), "Procurement as an Instrument for Strategic Trade", Presented at the *American Economics Association/ASSA Annual Meetings*, Washington January 2003, Peace Science Society Panel Session.
8. Garcia Alonso, M. and P. Levine (2003), "Arms Export Control Regimes, Export Subsidies and the WTO Exemption", submitted to *Defence and Peace Economics*.
9. Garcia Alonso, M., P. Levine and A. Morga (2002), "Procurement Contracts, Exports and Quality". Presented to an International Conference on *Offsets and Economic Development*, University of Cape Town, Cape Town, September 2002 and submitted to *The Journal of Risk and Uncertainty*.