The Economics of Regional Security: NATO, the Mediterranean, and Southern Africa

Co-edited by Professor Jurgen Brauer, Vice Chair of ECAAR, and Professor Keith Hartley, Director of the Centre for Defence Economics at the University of York, The Economics of Regional Security: NATO, the Mediterranean and Southern Africa is a selection of revised papers presented at the 1st Lisbon Defense Economics conference in June, 1998. The volume includes contributions by renowned scholars, Keith Hartley, Todd Sandler, Jacques Fontanel, and John Treddenick, but also the work of a follow-on generation of younger scholars who are beginning to make their mark on the profession.

Part I focuses on NATO and deals with its European dimension, defense budgets and future challenges. The opening chapter by Keith Hartley (United Kingdom) shows the contribution of defense economics to policy formulation and examines the economic implications of creating a single European market for defense equipment. Pierre Willa (Belgium/Switzerland) analyses the role of the European Union in determining the stability of the Mediterranean region in the post-Cold War era. John Treddenick (Canada) analyses the economic impact of falling defense budgets on the central economic questions of allocation and efficiency. Part I ends with a chapter by Todd Sandler (United States) that shows how defense economists are addressing important questions about the future of NATO. These include NATO’s new roles and missions, weapons of mass destruction, terrorism, rogue states, and NATO expansion.

Part II focuses on the economics of security in the Mediterranean region. Typically, defense spending is criticized for its “crowding-out” of valuable civil investment. Emmanuel Athanassiou and Christos Kollias (both from Greece) extend the crowding-out debate by assessing the impact of Greek-Turkish rivalry on foreign direct investment. There follow two chapters written by Selami Sezgin and Onur Oszoy (both from Turkey) that assess the evidence on the defense-growth relationship for Greece and Turkey. Carlos Pestana Barros (Portugal) examines the determinants of military spending in the European Catholic countries and the Muslim African states of the western Mediterranean, and Jacques Fontanel and Fanny Coulomb (both from France) end Part II with a case study on Algeria, a nation about which little has been published in defense economics literature.

Part III is devoted to southern Africa, including South Africa. This region has been characterized not only by the search for a peace dividend in post-apartheid South Africa but also by continued conflict and civil wars. The southern African region provides case study material on new threats, some of which could spill over to developed nations. It is also a region that has been relatively neglected in defense and peace economics literature.

Part III remedies this deficiency. It starts with an original and novel contribution by Tilman Bruck (UK/German) that presents an economic analysis of civil war in Mozambique, including its effects on output, growth and distortions in economic structure. Andre Roux (South Africa) examines some of the myths and the reality of the search for a peace dividend in South Africa, especially assessing its macroeconomic impacts. Michael Hough (South Africa) assesses the impact of illegal migration on official perceptions of threats to national security, especially for the country. Denis Venter (South Africa) explores attempts to institutionalize regional security by taking a South African perspective of the southern African region. This book concludes by analyzing regional peace as a collective action for good. Jurgen Brauer (U.S./Germany) explores the implications of the public good approach for peacemaking and peacekeeping in southern Africa, for free-riding, and for the design of institutions.

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