

Macro Roundup Article

Headline: [The Cost of the Global Arms Race](#)

Article

Link: <https://www.economist.com/international/2023/05/23/the-cost-of-the-global-arms-race>

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Tweet: In 2022, global defense spending increased 4% to at least \$2T a year. @TheEconomist argues this won't be inflationary as the spending is still low relative to Cold War levels.

Summary: Last year defence spending worldwide increased by nearly 4% in real terms to over \$2trn. The share prices of defence firms are performing better than the overall stockmarket. We estimate that total new defence commitments and forecast spending increases, if implemented, will generate over \$200bn in extra defence spending globally each year. It could be a lot more. Imagine that countries which currently spend less than 2% of GDP per year meet that level and that the remainder increase spending by half a percentage point of GDP. Global defence outlays would rise by close to \$700bn a year. There is little reason to believe that the new cold war will be sharply inflationary. Not even the fiercest hawks are calling for defence spending, as a share of GDP, to return to the levels of the 1960s or 1970s.

Primary Topic: Security

Topics: Fiscal Policy, Government Spending, News article, Security

Permalink: <https://www.edwardconard.com/macro-roundup/in-2022-global-defense-spending-increased-4-to-at-least-2t-a-year-theeconomist-argues-this-wont-be-inflationary-as-the-spending-is-still-low-relative-to-cold-war-levels?view=detail>

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