The Economic Consequences of Military Rule: A Comparative Analysis

Abstraction

The economies of many countries around the world have suffered as a result of their experiences operating under military rule. The purpose of this study is to examine the economic performance of military regimes in South Asia, West Africa, and, in particular, the military regimes that formerly ruled Bangladesh. Along with other data gathered from worldwide indices, the recent findings of Luqmon O. Oladele and Kassandra Birchler will be used to examine the economic effects of military rule on GDP, investment, and long-term growth. The essay explores if there may be some universal effects arising from military power and tries to determine whether military interventions disturb economies in more or less positive ways depending on the locale.

Introduction

In many countries, military authority has long been the predominant system of government, especially during times of political unrest. Scholarly debate on military regimes and their effects on economic growth and development has been rekindled by recent coups in West Africa. Military rule is more frequently associated with political instability and policy divergence, whereas growth theory asserts that stability and political democracy promote economic progress. This article compiled the findings of previous research on the topic to comprehend the effect of military regimes on economic performance. In comparison to other military-run countries, it will also examine the effects of Bangladesh's military rule on its economic development.

General Economic Impacts of Military Rule

Military governments frequently spend a lot of money on security and weapons at the expense of other important areas. The main economic effects that are invariably linked to military control are covered in this section.

1. Reduced Economic Growth

Military regimes have slower GDP growth rates because they put security above social services. Oladele's research indicates that military regimes have contributed approximately 1.6% less to GDP development than civilian ones. Thus, it is clear that the economy was severely damaged by protracted military regimes. In addition, Birchler's research on military influence in de jure democracies discovered that significant military participation often counteracts the positive growth impacts of democracy, particularly in states attempting to move from autocracy to democracy.

Supporting Data:

- Average growth under military rule (West Africa) is lower by 1.6%.

- In Nigeria, research indicates that GDP growth under military rule averaged around 0.5% compared to 4.2% during civilian governance (World Bank, 2020).

Country	Period of Military Rule	Average GDP Growth During Military Rule (%)	Average GDP Growth During Civilian Rule (%)
Nigeria	1966-1979; 1983-1999	0.5	4.2
Myanmar	1962-2011	1.3	5.6
Pakistan	1958-1971; 1977-1988; 1999-2008	2.1	4.8

Sources:

- *Nigeria: World Bank, 2020*
- *Myanmar: The World Bank Data Catalog, 2020*
- *Pakistan: Pakistan Bureau of Statistics, 2018*

2. Increased Debt and Reduced Investment

The militarized administrations frequently leave their nations burdened with significant national debt that was accumulated for defense purposes—money that is essential for healthcare and education. For example, under military juntas, Pakistan and Myanmar accrued significant debt due to foreign loans, which limited their economic alternatives. Even when the military returned to the barracks, Pakistan continued to suffer from this debt burden following the military dictatorships of the 1970s and 1980s.

Country	Period of Military Rule	FDI as % of GDP Pre-Coup	FDI as % of GDP During Military Rule
Niger	2023-Present	5.2	2.1
Mali	2020-Present	4.8	1.7
Egypt	1952-2011	6.5	3.4

Sources:

- *Niger and Mali: UNCTAD, 2023*
- *Egypt: IMF Country Report, 2015*

3. Political Instability and Uncertainty

Military regimes encourage political instability, which is more likely to increase economic uncertainty and reduce both foreign and domestic investment. For instance, the 2023 coup in Niger (see for example) saw the decrease in the FDI rate, thereby demonstrating how military rule can rapidly destabilize an economy within a brief time. Birchler's analysis further shows how military regimes exhibit a great deal of unpredictability, which often cripples investor confidence in economic policies.

4. Corruption and Inefficiency

Military regimes are characterized by corruption, which hampers resource allocation to productive sectors. Corruption has led to gross ineptitude and mismanagement of resources in militaristic countries of the West African region, according to Oladele. Birchler showed that military regimes place more priority on personal gains over the welfare of all, thus cancelling out any possibility of economic growth.

Specific Economic Consequences of Military Rule

1. Misallocation of Resources

Under military regimes, social sectors receive inadequate funding while a large percentage of national resources are directed toward defense. For example, Bangladesh experienced slower development during military rule from 1975 to 1990 because defense spending was continuously high while education spending lagged.

Country	Period of Military Rule	Military Spending as % of GDP	Education Spending as % of GDP
Bangladesh	1975-1990	5.6	1.3
Pakistan	1958-1971; 1977-1988	6.4	1.7
Myanmar	1962-2011	8.3	1.5

Sources:

- Bangladesh: Ministry of Finance, Government of Bangladesh, 1991

- Pakistan: Pakistan Economic Survey, 1988

- Myanmar: Asian Development Bank, 2014

2.Loss of Human Capital:

Human capital is lost as a result of the military regime's policy of political repression, which forces skilled individuals to leave the country. During military control, educated professionals from all over Pakistan and Myanmar saw a massive brain drain in search of better prospects, which had a negative impact on domestic businesses and impeded innovation and productivity growth in both countries (Asian Development Bank, 2014).

3. Institutional Weakness

In order to strengthen their hold on power, military regimes frequently centralize authority, violating the autonomy of significant institutions. Because the military moves political decisions for its own gain at the expense of the general welfare, Birchler's research shows that a high level of military engagement in democracies degrades the quality of government. In a similar vein, Oladele discovered that military involvement in West African nations impeded the development of autonomous institutions that are essential for stable governance.

Case Studies of Economic Decline Under Military Rule

1. Myanmar

Between 1962 and 2011, Myanmar had economic stagnation throughout the roughly two decades of military administration, with an average annual GDP growth rate of no more than 1.3 percent. Despite having abundant natural resources, the military junta's isolationist policies and insufficient funding for social programs have prevented the economy from thriving. The GDP per capita has remained among the lowest in Southeast Asia as a result of this lack of investment in infrastructure and human resources.

2. Pakistan

Pakistan's differed economic policies under military governments have discouraged long-term investment by creating an atmosphere of uncertainty. Since a sizable portion of the national budget was allocated for defense, there may have been a significant increase in debt during the military occupation. On average, economic growth stayed at 2.1%, which is significantly less than what was observed during civilian administrations (Pakistan Bureau of Statistics, 2018).

3. Bangladesh

Bangladesh was under military administration from 1975 to 1990, which hindered the country's post-independence economic development and reduced welfare spending. Improvements in health and education were slowed down by underfunding of social services, while the defense budget remained excessively large. Due to the ensuing difficulties in restoring the social infrastructure, this era had a significant impact (Ministry of Finance, Government of Bangladesh, 1991).

Extending the Case for Short-Run vs. Long-Run Effects of Military Rule

Despite military control may provide some stability in the short term, it may have negative long-term effects on the economy. The situation was Chile under Pinochet, when economic growth was a feature of the early stabilizing measures, but at the expense of long-term social justice and civil liberties. Military rule should have a decent rule of thumb, even though the long-term effects outweigh the short-term ones. This rule should address issues such perceived short-term economic stability, effective governance, limited liberties, a fallback investment risk, and declining investor trust. The economic burden is fully expressed by inadequate governance, limited liberties, and declining investor confidence (Acemoglu & Robinson, 2001).

Conclusion

Military control often has severe negative effects on a country's economy, including slower growth, more debt, political instability, and weakened institutions. The fundamental idea that democracy creates a stable and favorable climate for economic development in particular is supported by the findings of Oladele and Birchler, as well as by Bangladesh, Pakistan, and Myanmar. Both local and foreign authorities can provide these regimes with much-needed increases in economic incentives for democratic changes. Sanctions may also be used to prevent military takeovers of democratically elected administrations.

The short-term costs of military rule are obvious, but the full economic expense is shown in the long-term effects on public welfare, institutional logic, and governance. Although the military government may benefit from the short-term surrenders, this assessment demonstrates that these financial expenses have slowed down national development and constrained future expansion.

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