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# National Security and Economy Decoding the Friendship

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## Abstract

National Security and Economy have been two important variables when countries have considered their development agendas. Since world war 2 these two concepts were considered different. In the last 50 years or so that has changed as there is consensus among international relations experts, economists and officials belonging to the national security apparatus of many countries that these two concepts are interlinked. Ever since the Soviet Union fell in august 1991 due to various reasons like dwindling economy, excessive state control and the soviet afghan war. Countries have started noticing this friendship between national security and the economy. Countries like India, japan, south Korea, and western European nations have realized that if they want to keep their citizens safe becoming economically self-sustainable is the only practical and permanent solution.

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## Introduction

In this evolving world order national security and economy have emerged as two of the most important concepts when shaping plans and giving directions on macro level. Weather its Russia Ukraine war, nagorno karabach conflict of 2021 or the relationship of India with its eastern neighbor all these events have highlighted one thing that a countries national security is shaped by its economy. More economic resources make you feel safer and also make sure that you have enough options to evaluate if any unforeseen event arises.

Also more economic resources make you less dependent on other countries in the time of need. that's the reason countries like Sweden and Italy have dealt with refugee crises themselves rather than involving external stakeholders. One of the reasons Ukraine has sustained in the current conflict for so long is because of western technological and financial assistance. So economy is needed for a good defense infrastructure, robust foreign policy and achieving self-sustainability if country is able to deliver on these three fronts that country's national security is able to enhance at a rapid pace. Consider Japan for example after world war 2 Japan was one of the most damaged countries with respect to war repercussions but the Japanese government focused on rebuilding capital infrastructure, spending money on education and health to improve a country's human capital etc. and today even though Japan has issues when it comes to national security but still it is considered one of the best countries in

Asia to live in. same applies to South Korea all these examples illustrate that the countries with enough resources and a good economy is not to be messed with. This confluence of stability and economy is seen everywhere be it Asia, Africa, Europe or South America

## Literature Review

Ball, N. (2014). *Security and economy in the Third World* (Vol. 937). Princeton University Press.- This book demonstrates the link between security and economy in the third world countries which are mostly developing economies the book analyses defence budgets of countries like India, Brazil, China, South Korea etc. and gives historical context on how these countries have evolved from their independence the book examines various factors like military led industrialization, human capital formation, and the effect on defence budgets on the economy for example the book talks about defence research and development organization (DRDO) to promote research and development in indigenous defence sector which again promotes domestic manufacturing which in turn boosts the economy the book further illustrates that first world countries like USA and Soviet Union have kept their defence budgets high thus maintain their national security objectives during the cold war in the Indian context India has made significant changes along its western borders to deal with the western neighbor after 9/11 the national security apparatus of the US made significant investments in homeland security that would not have been possible without having a strong and robust economy to back it up and when the 2008 financial crisis hit the American banks and the housing market the first thing that was done was to reduce the number of troops in Afghanistan who were there to take part in the war on terror so the book states that there is a positive correlation between national security and the economy these two facets are linked together the book finally states that the countries which have more economic resources are able to exert more hard power and soft power on other countries and remain safer for example USA was able to convince other countries about the Iraq war even though it had a wrong pretext at the same time African countries like Sudan do not have much say in international relations and is one of the most unsafe countries when put under safety indicators that is again because of less economic resources overall it can be said that that economy and assurance about a safer country go hand in hand countries with less resources have to stay dependent on other countries for help for example Bhutan does not have a military of its own but has a defence pact signed with India but dependence on other countries is not the ideal situation a country wants to be in

Adebakin, M. A., & Raimi, L. (2012). National security challenges and sustainable economic development: Evidence from Nigeria. *Journal of Studies in Social Sciences* 1(1). - This paper seeks to establish the link between economic development and national security in Nigeria the paper looks at various indicators such as food security, economic security and health security all of which are good indicators for a nations economy as well this paper uses variables such as spending on education, spending on health and spending on various employment generation programmes and finds that national security as an element has appositive relationship with health, education and social security the paper states that slow growth of the economy combined with a fragile political structure has contributed to the rise of militancy in the west African nation mismanagement of funds, shortage of personal in the national security apparatus has further fuelled the fire lack of economic security among the local populace has resulted in bribes being offered at the helm of national security apparatus this has increased the weapons smuggling in the country so along with other factors an unstructured and weak economy have substantially contributed to the rise of militancy and detreating security situation in Nigeria

Donohue, L. K. (2011). The limits of national security. *Am. Crim. L. Rev.*, 48, 1573.- This paper talks about the history of the united states in context of national security and how over the years the nation has shaped its national security policy from independence till date the paper describes that how industrialization had helped the united states during the second world war and draws a comparison on how because of rapid industrialization and availability of resources the north American giant was able to recover from pearl harbour on the flip side once japan lost its navel resources in the battle of Leyte to aircraft carriers of the allied forces it was unable to recover for the rest of the war and after the pearl harbour attack America was quickly able to repair the damage done by the attack owing to its industrial and economic might the paper further describes post- war militarization of the world owing to the cold war and analyses the united states from an economic perspective on how capitalist policies and significant investments in military technology led to it's victory in the cold war the paper also states that ever since the conclusion of the second world war defence has evolved as an industry resulting in rapid technological advancement and resulted in a large contribution to the economy by the defence sector the paper also acknowledges the clear difference between availability of skilled manpower again a strong economic indicator between developed and developing nations and its relationship with national security for example the paper states that India as a country imports weapons worth billions and remains the worlds largest arms importer because India lacks the infrastructure and skilled labour to manufacture hi-tech weapons again affecting its economy while countries like Germany, France, Russia and is real export weapons contributing to their economic development so overall this paper establishes link between industrial development, exports, quality education and national security

## Research Methodology

Research methodology is a plan on how the researcher is going to conduct his research it's like a roadmap on what methods are used in the research, what tools are used in the research what type of data is used primary or secondary how the data would be analysed etc. research methodology serves as a framework for preparing a good research paper

## Research Design

This research design will be based on secondary data taken from existing literature

## Data sources

Data will be taken from websites such as global peace index, Rand corporation, sipri institute

## Tools

In this research secondary data is used to establish a link between national security and the economy data will be collected from books, journals, websites and articles written around the same subject

## Variables

- independent variable: economy
- dependant variable: national security

control variables such as GDP per capita Forex reserves

## Data Analysis

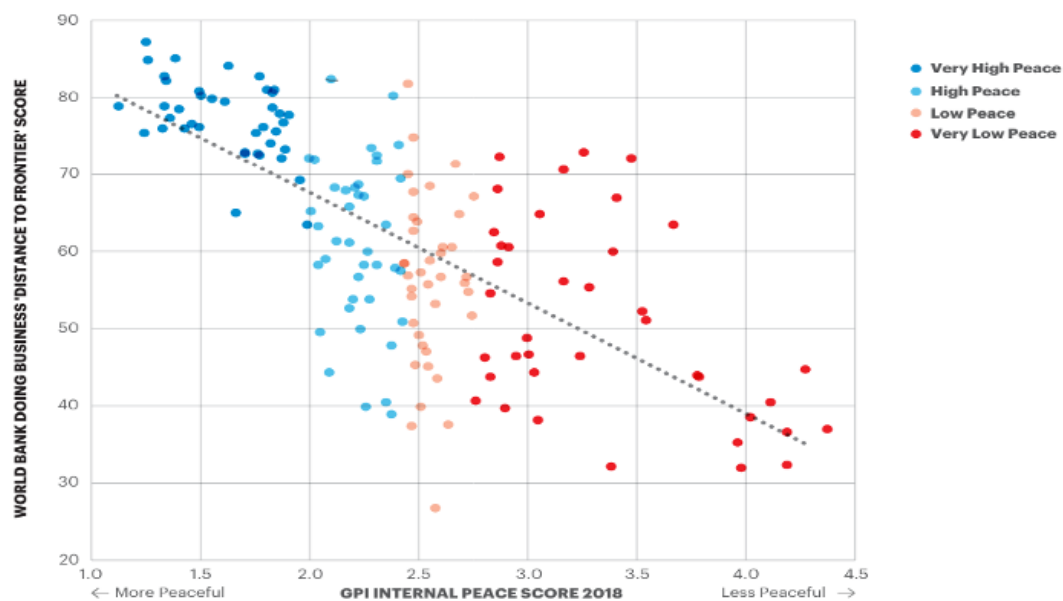
Descriptive analysis will be used to summarize the data

## Data analysis and findings

Analysis of data shows that national security and economy are interconnected and the hypothesis h1 can be proved data from sources such as centre for monitoring international economies shows that the countries most affected by variables such as internal conflict, terrorism and political instability are doing poor economically as well as not able to deliver on the national security front the report was published in 2021 and showed that countries like Palestine, Egypt and Syria have suffered due to Arab spring which was started as a movement against deteriorating economies of the middle east the report further states these movements caused further unrest because of which national security situation in these countries worsened and slowly these countries started slipping into a civil war specifically talking about Syria the report stated that social factors such as health and education also played a part in the country's downgrading situation which resulted in a successful campaign of ISIS in the country in 2017 Data analysis also shows a connection between national security and booming business for example the chart below shows.

### Doing Business and peacefulness, 2017

As peace improves, doing business also becomes easier. Some low and mid-peace countries offer high-quality business environment.

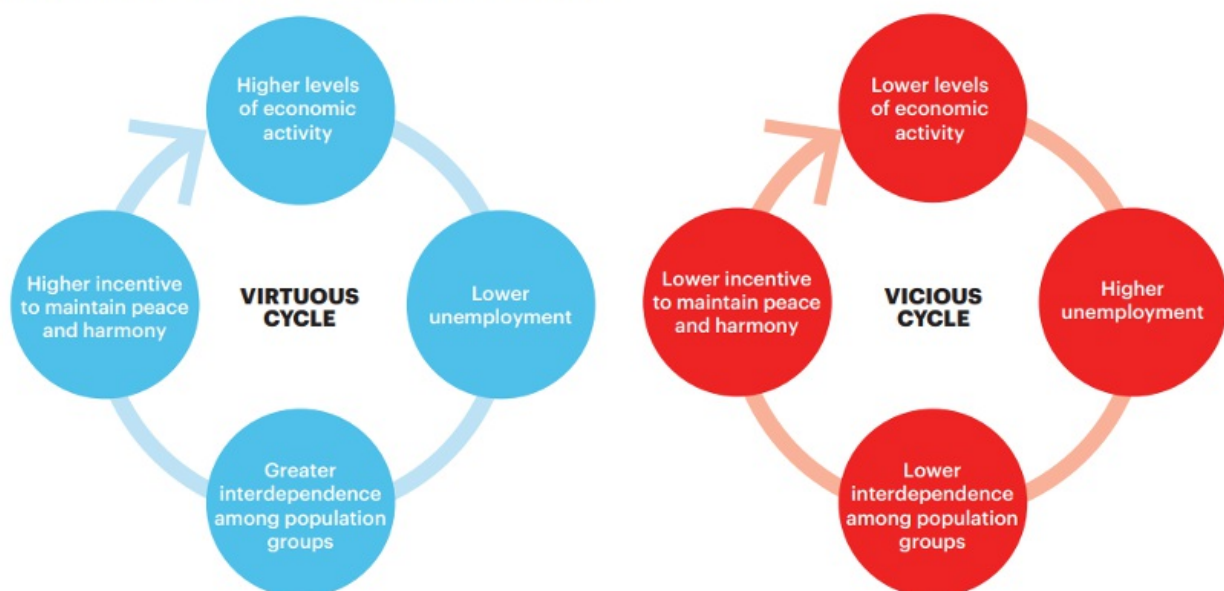


Connection between peace and ease of doing business as peace increases doing business also increases which is beneficial for the economy in the report based on this chart Iceland was rated as the most peaceful countries and not so surprisingly GDP per capita of Iceland stood at 68000\$ making it one of the highest in the world.

FIGURE 1.2

### The cyclical relationship between economic activity and peace

Levels of economic activity and peace mutually affect each other.



The above figure explains how the relationship between economic variables like unemployment and social variables like interdependence among the population are linked to not only the economy but also to national security lower

unemployment means mutual dependence which decreases internal conflict and decreases dependence on other countries thus promoting a strong foreign policy and increases a country's standing throughout the world for example one of the main reasons of the rise of extremist groups is the rise of unemployment that's what happened in Iraq and Syria in 2017 when isis was at its peak and today other countries have actively taken part in the Syrian civil war which is still ongoing and not so surprisingly again Syria ranks 188<sup>th</sup> by nominal GDP terms not scoring points on either national security or the Economy the table below shows how countries with highest amount of violence have to face loss in terms of GDP because their human capital drastically lowers down reducing its contribution in economic stability so the population which could have been used to provide a tax base faces violent deaths every year as a result these countries are not able to do well economically the people who survive do not find means of living as a result they resort to ways like drug trafficking, illegal arms smuggling ETC further fuelling the violence so it's a cycle it's worth noting that the reason NATO forces were in Afghanistan for more than 20 years was they wanted to build Afghanistan from scratch they wanted the economic rebuilding of the country so that it does not become the epicentre of terrorism again once they leave again which shows that economy and national security are positively correlated.

COUNTRY	ECONOMIC COST OF VIOLENCE AS PERCENTAGE OF GDP	2020 GPI RANK
Syria	59.1%	155
Afghanistan	50.3%	163
South Sudan	46.3%	161
Central African Republic	37.5%	158
Somalia	35.3%	156
North Korea	30.6%	134
Cyprus	30.6%	57
Iraq	26.3%	162
Venezuela	24.1%	160
Sudan	23.5%	152

Source: IEP calculations

COUNTRY	ECONOMIC COST OF VIOLENCE AS PERCENTAGE OF GDP	GPI Rank 2020 (1 = most peaceful)
Iceland	2.8%	1
New Zealand	5.0%	2
Portugal	5.1%	3
Austria	3.4%	4
Denmark	3.4%	5
Canada	3.2%	6
Singapore	4.9%	7
Czech Republic	4.4%	8
Japan	3.4%	9
Switzerland	3.5%	10

Source: IEP calculations

Note: Most peaceful countries as ranked by the 2020 Global Peace Index

Another table from the same report shows that how the most peaceful countries lose only 5% of the resources as a% of GDP and you will find these countries in top 10 when economic indicators are assessed in fact Iceland and Denmark have consistently featured in top 2 on the world's happiest countries both these tables show that economic variables play a major role when considering national security as a concept when people are happy economically they are secure both these tables consider peace as a means to security but even if we consider external factors such as military expenditure the united states comes on top followed by china and India now a country can only spend on military when its economy is in good shape and as a result devote more resources towards fulfilling its security needs also diplomacy plays a major role other countries want to maintain good relationship with an economically stronger nation example of this is India was able to leverage American sanctions and buy cheap Russian oil and the united states did not impose caatsa sanctions on India citing India as a major non-member NATO ally in the indo- pacific region this happened because of India's growing economic prowess and an aggressive foreign policy Data also shows that national security conditions deteriorate in weak economic conditions because lack of means make people desperate and they resort to violent means to fulfil their economic aspirations look at the table below.

TABLE 1.1

**Ten countries most impacted by terrorism, GTI ranks 2011–2023**

Burkina Faso recorded the highest impact of terrorism for the first year.

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Burkina Faso	114	113	111	110	52	30	21	15	7	6	4	2	1
Israel	22	18	22	23	29	31	33	31	34	34	35	26	2
Mali	40	22	19	21	16	13	10	9	8	7	7	4	3
Pakistan	2	2	2	2	4	4	5	5	5	8	9	7	4
Syria	19	4	4	5	6	7	7	8	6	5	6	5	5
Afghanistan	3	3	3	4	3	3	2	2	1	1	1	1	6
Somalia	5	7	7	7	8	5	3	3	3	3	3	3	7
Nigeria	8	5	5	3	2	2	4	4	4	4	5	8	8
Myanmar	17	20	23	29	41	43	40	42	23	24	10	9	9
Niger	50	60	45	34	19	19	18	19	14	12	8	10	10

Source: IEP

All the countries mentioned in the table are underdeveloped nations except Israel. Israel is in the list because of its recent war with HAMAS. Looking at the table clearly, we find Pakistan's situation has worsened; it was 8<sup>th</sup> position in 2020 but in 2023, due to grave economic mismanagement and depleting foreign exchange reserves and rising inflation, it has climbed to 4<sup>th</sup> position, with 1<sup>st</sup> position being the worst, showing clearly that as the economy has worsened, so has national security. Another example is Syria in 2011, which was the starting year of the Arab Spring; it was at 19<sup>th</sup> position but ever since has climbed to 4<sup>th</sup> position and has remained in the 4<sup>th</sup> to 8<sup>th</sup> range. This again shows that the economy again plays a major role in the security of nations. This report also states that the epicentre of extremism has shifted from the Middle East to sub-Saharan Africa, highlighting Africa's untapped potential as a continent and its exploitation by developed nations. That's why one can find countries like Nigeria, Burkina Faso, and Somalia in the list, whereas North America and western Europe remained the safest regions owing to higher economic metrics like low unemployment, higher GDP per capita, and good health and education infrastructure.

## Conclusion

This article aimed at exploring the hypothesis between national security and the economy with H<sub>1</sub> being a positive relationship and H<sub>0</sub> being a negative relationship. H<sub>1</sub> was successfully proved as analysis of available data showed that countries that have done economically good have remained safe. Various variables such as GDP, GDP per capita, unemployment, and ease of doing business were looked upon, and from the national security perspective, variables such as terrorism and violence as a % of GDP were looked upon.

Countries with high unemployment have been places of violence and depleting national security apparatus regions such

as Africa have struggled to grow economically so what this article proves that national security and economy are indeed great friends because they have mutual dependence on the flip side Nordic countries have remained secure with countries like India coming somewhere in the middle because India has resources but shares border tensions with devouring countries there are several advantages of having a good economy like means to pursue aggressive foreign policy conversely having a weak economy has its ramifications like violence, internal conflict and domination by other countries with economy as a means countries can secure themselves both externally and internally.

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