

# TIPPING POINT NORTH SOUTH

## THE FIVE PERCENT CAMPAIGN DIVERT. TRANSFORM. SUSTAIN

A FEASIBLE FORMULA FOR DELIVERING DEEP, SUSTAINABLE CUTS TO GLOBAL MILITARY SPENDING



### A short introduction

From Weapons to Want: redirecting excessive military spending to global social need. A proposal to develop a structural campaign through the lens of the winners & losers in the global military spending relationship – governments and defence industries; citizens and our environment.

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## THE FIVE PERCENT CAMPAIGN TARGETS global excessive military spending - and the public perception of it - in order to redirect our taxes to fund what the world wants and needs.

Our proposal argues that there is a great deal to be gained from an increased effort to place excessive global military spending alongside other established ‘**structural**’ campaigns in order to divert taxpayers money to better use, whether that be international ‘development’ focused or in support of the global green economy, and, as a result of a more intense spotlight on it, become more widely integrated into civil society dialogue and activism.

By joining the ranks of debt cancellation, financial transaction and other tax related measures, military spending savings could be regarded as yet **one more significant ‘new’ revenue stream**, redirecting the funds captured to serving the needs of the global community. Inevitably, increased debate around what we mean by ‘defence’ and, central to this, the question of whose interests are *really* served by the ever increasing global military expenditure would be at the heart of this effort. And that, ultimately, brings us back to the fundamental need to see *military spending* as every bit as central to understanding power, poverty, economic collapse, unjust distribution of resources as other structural campaigns like *debt, trade, tax, climate change and most recently the ‘war on drugs’*. It is not an adjunct to any of these issues – *it is implicated in each and every one of them*.

This campaign is part of our ongoing commitment to the issue and sits alongside the **Tipping Point Film Fund** supported film *WE ARE MANY*, directed by Amir Amirani (released in 2015) and which explores the untold legacy of the global anti-war movement mobilized at the time of the Iraq invasion.

## AIMS

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### **The Five Percent Campaign aims to:**

- To offer up a new, feasible formula for delivering deep, sustainable cuts to global military spending that targets every government on the planet with a fair, proportionate and achievable calculation to reduce their military spend and to redirect savings to address the economic and environmental catastrophe which the 99% are facing.
- To engage and mobilise the wider NGO community in the UK (and by extension, their supporter base) around the issue of runaway global military spending. In particular, to recognise the importance of the development sector and to galvanise it to join with a growing number of organisations here and around the world, who seek to place excessive military spending centre stage.
- To build on the extensive and longstanding policy and campaigning work undertaken by organisations in the peace movement sector, across many inter-connected issues; and for this work to be the foundation stone for building a wide-base, paradigm-shifting international coalition of common interest that folds development, climate and other relevant policy areas into its activity.
- To endeavour to grow a global coalition around **The 5% Formula** with strong, regionally relevant campaigns (ie Europe, USA, Middle East, sub-Saharan Africa, Far East) - yet with the common understanding of how military spending and the arms industry by extension, is a globalised industry, enforcing the globalised nature of power and economic interests.
- To persist and insist that excessive military spending be regarded as a ‘structural’ issue – as central to understanding power, poverty, economic collapse, unjust distribution of resources as debt, trade, tax and climate change. It is not an adjunct to any of these issues – it is implicated in each and every one of them.
- To change the way the public thinks – and by default – influence the media debate regarding military spending and ‘value for money’: jobs, security, and geopolitical status.

## THE 5% FORMULA: WHAT IS IT?

**The 5% Formula** is a **two part mechanism** combining **absolute cuts** followed by a **threshold rule**. Combined, they are designed to achieve major, year-on-year cuts to global military spending over 10 years *and beyond*. It is conceived as a long-term, sustainable campaign, with a top-line demand that works for civil society groups in every country where there is a perceived value in challenging policies concerning military spending. *It would see annual global military spending cut by 40% after the first decade*, back to 'Clinton Era' spending levels ie \$1 trillion dollars, the lowest in recent history (and even then, 'low' is not low enough for many peace campaigners – indeed far from it). This would deliver an estimated \$600 billion to be redirected to core urgent human and environmental needs. After the first 10 years, we call upon all nations to adopt *the 5% threshold rule* to sustainably restrain the global military spending – no country allows any increase in military spending to outstrip economic growth. The **combined 5% Formula would** therefore drastically cut annual military spending to the Clinton level in a short but practical period of time and then maintain an effective check on military spending in perpetuity by considerably lagging its annual change behind economic growth.

### Reaching the 'Clinton Level' - The First Decade of 5% Cuts

**The 5% Formula, in the first decade, sees a call for all nations to cut their annual military spending by 5% every year. Our primary targets are the 'Top 20' military spending nations who account for 87% of total spending (\$1.7 trillion dollars) in 2012.**

It would be applied as follows:

**Top 20 spenders: 5% annual and absolute cuts** to their national military budgets. This is equivalent to a compound 40% cut for each nation's respective annual military spending after 10 years (see the Table on the right for illustration). These cuts are expected to deliver an estimated \$600 billion in total to be redirected.

*SUM CAPTURED: \$600 billion*

Year	Annual military budget	Yearly cut	Percentage change versus Year 0
0	\$100 billion		
1	\$95 billion	5%	5%
2	\$90 billion	5%	10%
3	\$86 billion	5%	14%
9	\$63 billion	5%	37%
10	\$60 billion	5%	40%

### **Divert, Transform, Sustain = \$600 billion in first ten years**

\$600 billion over the first ten years to be diverted to and divided equally between, domestic and international needs:

- International \$300bn
  - Immediate and urgent poverty reduction
  - Sustainable development - reflecting civil society activism on climate & economic justice
  - Peace/conflict prevention & human rights
- Domestic \$300bn
  - The global green economy

The **debt cancellation** campaign and the **financial transaction tax** are two examples of how it is possible to win both public and political support for the redirection of monies from one end-use to another, more progressive one. **The 5% Formula** would have a great deal to learn from both of these international, high-profile and successful campaigns.

### Beyond the first decade - the 5% threshold rule

*The 5% threshold rule* is designed to be mainstreamed into **budgeting beyond the first 10 years**, acting as both a military expenditure 'dampener' and an economic growth 'accelerator' for all nations, while facilitating and enabling the public to more deeply interrogate the many inter-linked issues of the military spending debate.

All nations adhere to a '5% threshold rule', where military spending growth (% change) in a given year is limited by previous year's economic growth (measured as % increase in gross domestic product or GDP), less 5 percentage points (5%).

*For example:*

0% economic growth = 5% cut to annual military spend

2% growth = 3% cut to annual military spend

5% growth = no increase

7% growth = only 2% increase on annual military spend.

The 5% threshold rule in practise means that no country allows any increase in military spending to outstrip economic growth. Most economies grow less than 3% annually; this effectively translates as 2% annual reduction to their military spending. These savings are then divided equally to fund both domestic and international needs.

The fast-growing economies (eg BRICS), according to this rule, might be able to increase their spending in some years if their economic growth merits it (albeit at a much lower rate than they might otherwise do without the threshold). In that case, there will be no 'cuts' per se to their military spending to be diverted, we propose that they are therefore required to 'gift' a contribution of an amount equal to 2.5% of their previous year's military spending to fund international development programmes.

*EXPECTED SUM CAPTURED: tens of billions of dollars per year*

## RUNAWAY MILITARY SPENDING ~ WHO BENEFITS?

*On average the industrialized countries spend 3 times as much on defence as on education; in particular, the ratio is 6:1 rather than 3:1 in USA. Many of the world's poorest countries and fastest growing economies (both measured in terms of GDP per capita) spend much more on defence than either on education or on health.*

### Two trillion dollars and rising – the recession notwithstanding. But to fight who or what?

Selling the myth of insecurity to their publics while maintaining highly competitive and globalised arms industries ensures that the USA, UK, France and Germany remain in the top 10 of the world's biggest spenders – a fact closely tied to their role as manufacturers and sellers. With the BRICS nations, plus Japan and Saudi Arabia, completing the top 10, we see how the entire planet is now caught up in increasing militarisation. But who is the enemy? The so-called perceived enemies of the West – i.e. North Korea, Iran, Sudan, Syria, Cuba and Libya – reportedly accounted for less than 1% of the global military spend in 2011. Even if we factor in China's defence spending and Russia's spending, the total defence spending of all these states ('potentially hostile' to the US and NATO) came to just about 13% of the global total. Furthermore, 60% of global arms sales are from rich countries, eg G8 nations, to developing countries, with USA and Russia alone responsible for two-thirds.

### The SDGs - Pushing Beyond a Reduction in Illicit Arms Flows.

Like so many cross cutting issues, we would argue that runaway military spending impacts on many of the 17 SDGs but there is a great deal of awareness raising that needs to be done for this to be more fully appreciated.

SDG 16 (of 17) is tasked to promote just, peaceful and inclusive societies.

Peace, stability, human rights and effective governance based on the rule of law are important conduits for sustainable development. We are living in a world that is increasingly divided. Some regions enjoy sustained levels of peace, security and prosperity while others fall into seemingly endless cycles of conflict and violence. This is by no means inevitable and must be addressed.

High levels of armed violence and insecurity have a destructive impact on a country's development, affecting economic growth and often resulting in long standing grievances among communities that can last for generations. Sexual violence, crime, exploitation and torture are also prevalent where there is conflict or no rule of law, and countries must take measures to protect those who are most at risk.

The Sustainable Development Goals (SDGs) aim to significantly reduce all forms of violence, and work with governments and communities to find lasting solutions to conflict and insecurity. Strengthening the rule of law and promoting human rights is key to this process, as is reducing the flow of illicit arms and strengthening the participation of developing countries in the institutions of global governance. SDG 16

The 12 targets within SDG 16 are wide-ranging and include those that relate to rule of law, corruption, accountability and transparency, access to justice and extended participation in democratic processes. In relation to conflict there is one target that specifically references the arms trade which reflects the work undertaken by civil society on the Arms Trade Treaty. *By 2030, significantly reduce illicit financial and arms flows.*

**Arms Sales:** This is a good starting point from which to expand the debate in order to take on board the (much) wider ramifications of this one target within SDG 16. More often than not, the lines that separate the 'goodies' (eg governments) from the 'baddies' in the arms trade are (deliberately) blurred as author Andrew Feinstein makes clear in his book 'The Shadow World'.

And the use of the word 'illicit' also begs a question: where it is the case that arms sales are legal, does it automatically follow that this is a good enterprise between buyers and sellers (ie arms industries, defence corporations and governments)? Approximately 70% of arms sales are made by the P5 members of the security council, the same five nations charged with keeping the peace of the world (USA, France, UK, Russia, China) – and the majority of those arms sales go to the global south. While we all live in the real world and understand that weapons will be made, sold and used, the distinction between 'good' arms sales and 'bad' arms sales is not helpful, self defence or freedom struggles notwithstanding.

And finally, let's not forget that arms manufacturing, arms sales and military spending are interconnected. So while we do need a reduction in illicit arms flows, we also need a much bigger debate about the 'legitimate' billions of dollars spent by governments, in our name (and legally) on overpriced and wasteful hi-end projects ( F35 and Trident to name two) to the multitude of weaponry and hardware deployed to kill or injure civilians and destroy environments and infrastructure along with it.

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#### World military spending in 2011 = \$1,741 billion

Top 10: The United States \$711 billion; China (\$146 bn), Russia (\$78 bn), UK (\$60 bn), France (\$63 bn), Japan (\$60 bn), India (\$50 bn), Saudi Arabia (\$49bn), Germany (\$48 bn) and Brazil (\$37 bn). (SIPRI, 2013)

These ten top spenders are responsible for 75% of global military spending, with the US alone accounting for 41%. It also must be noted that the Permanent Five nations on the Security Council (USA, Russia, China, UK and France) and Germany account for approximately 80% arms sales - all this while their role on the Security Council is to keep the peace.

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*"The amount of money spent on the defence sector equals \$4.7 billion a day or \$249 per person. According to the World Bank and the Office of Disarmament Affairs (ODA), only about 5% of this amount would be needed each year to achieve the Millennium Development Goals by 2015."*

*International Peace Bureau (Nov 2012)*

*Were the world to reduce its expenditure on violence by approximately 50% it would repay the debt of the developing world (\$4076 billion), provide enough money for the European stability mechanism (\$900 billion) and fund the additional amount required to achieve the annual cost of the Millennium Development Goals (\$60 billion).*

*Global Peace Index 2013, Institute for Economics & Peace*

## REDEFINING DEFENCE

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We need a much more ‘sensible’ approach to defence and (sustainable) security. Cuts to excessive global military spending do not undermine defence and security, nor do they amount to ‘no defence’ – rather they promote debate about definitions of ‘sensible’ defence; the drivers of insecurity; and how best to address the whole notion of what defence means in the 21st century.

With global military spending higher than at the peak of the Cold War there is an urgency to:

- challenge traditional notions of what we mean by defence so they are fit for a 21<sup>st</sup> century reality.
- address the real underlying causes of conflict (foreign policy failures; poverty and inequality; commercial exploitation and resource wars).
- question the perennial issue used to defend defence spending – i.e. protecting jobs in the defence industry. Instead, we need to open up the debate about transference of high-tech weapons-related skillsets to the high-tech (comparable) needs of the green economy.

The language of defence, and of security, is inevitably loaded, depending on who may be defining it or defending it. Spending billions on ‘defence’ will not deliver security as 9/11 proved. On the other hand, security means one thing (often socially controversial) to national intelligence services, and quite another to pastoral farmers in climate-challenged communities. Beyond the world of extremes exemplified by PRISM or the billions spent on the F35 Strike Fighter there is a genuine and fundamental question that underpins the debate on military spending – how much is ‘enough’ for any given nation’s true security needs? This is a much marginalised debate in the mainstream media, which in turn closes down opportunities for wider society to comprehend ‘alternative’ ways of understanding what ‘defence’ and ‘security’ can mean.

## DELIVERING DEEP, SUSTAINABLE CUTS TO GLOBAL MILITARY SPENDING

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The Arab Spring, the Indignadoes, Occupy movements and UK and USA Uncut are all part of the global call to assert a new progressive set of values. Hugely inflated military spending budgets are a major part of the problems we face today – they too must be more prominently factored in to its contribution to global inequality and climate change. Global military spending must be challenged, reduced and redirected because:

- **the ‘business’ of the defence industry** does not advance or respect notions of ‘sensible defence’ spending when so much profit is to be gained from contracts and/or war. Its close relationship with governments around the world is central to this and we need the wider public to share the concerns of civil society groups working on how our taxes are spent with regard to military. We also need to challenge the notion that defence spending de-facto good for jobs and the economy.
- **increased inequality around the world** where the rich (individuals, businesses, nations) seek to consolidate their wealth while global poverty is widespread undermines local, national and international security and well-being. Over 900 million people in the world are hungry; 1.5 billion people subsist on less than US\$1.25 per day. Furthermore, over 40% of people in the world live on less than US\$2 per day. And this is not just confined to the global south – 40 million Americans are on food stamps in 2012.
- **the connection between oil as a driver for both conflict and increased military spending** is clear. The fossil fuel economy increases instability and likelihood of conflict and therefore increased military spending

These three factors (defence industries’ interests; global inequality; and oil) conspire to escalate military spending and therefore are central to the campaign’s outcomes:

- **reducing the power** and influence of the defence industry over governments and society.

- **diverting military spending into a transformative** funding stream delivering social justice and meaningful investment in conflict prevention and peacekeeping
- **diverting military spending to deliver a sustainable,** non-fossil fuel, green economy that addresses the many dimensions of climate (in)justice.

We believe that this international **Five Percent Campaign**, and its **5% Formula** allows every nation – relative and proportionate to its economic growth and GDP - to share in ‘sensible’ defence budgeting with the long term effect also acting as a dampener on arms races. In the last ten years, the world economy grew by roughly 2.5% per year on average but global military expenditure increased on average by around 4% annually. Military spending is one of the least efficient ways of investing our limited resources to advance economic growth and prosperity; thus, the significant outpacing of its increase to the economic growth is harmful to the real economy and consequently the society.

To paraphrase James Tobin, there is therefore the need to ‘throw some sand in the wheels’ of our excessively efficient international military-industrial complex. For this purpose, our proposed *5% threshold rule* will serve as a break mechanism embedded in the budgeting process, deliberately intended to slow down the runaway military-expenditure increases around the world. In the meantime, the money thereby saved will be redirected to productive areas to further economic and societal advancement. The *5% threshold rule* is our first step towards a prosperous economy based on sustainable *sensible defense* and the efficient use of our precious but finite resources.

If – as we hope – we can extend the initial proposed first 10-year framework, then the global public could call upon their governments to continue a sustainable downward trend in military expenditure, saving further monies for constructive reallocation to areas of greater human need. This campaign concept is fair, proportionate, just – and long, long overdue. It speaks to a multi-polar world where reduced military spend equates to a safer world, and where the notion of non-offensive defence and sustainable security are a powerful combination.

Redirecting funds saved from excessive military spending towards more vital areas – domestically and internationally – we can deliver a much more real and tangible security than we have at present, and in doing so, see a rebalancing and redistribution of resources.

**Excessive global military spending is a structural issue and the defence industry sector is at the heart of it.** Like odious debt, corporate tax evasion, the fossil fuel industry and unfair trade rules, it too works against the interests of the populations of the global south; is all too often (ab)used as a tool of trade and/or foreign policy; it also places an excessive financial burdens on citizens at a time when public services are being eroded all over the world. For this reason, greater scrutiny placed upon the defence industries sector within this structural framework can only serve the global common good.

Dwight D Eisenhower was born to pacifist Mennonites who considered war a sin. He was to become a five-star general who, during the Second World War, served as the Supreme Allied Commander. His pacifist upbringing may have come to bear, finally, in the farewell address he delivered on leaving office, in 1961, after years of failing to end the U.S.-Soviet arms race. Fifty years on, his words now speak to a truly globalised military industrial complex against which - as a global community - we have failed to guard ourselves. **The Five Percent Campaign** has been developed within this global context,

*"In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex... Only an alert and knowledgeable citizenry can compel the proper meshing of the huge industrial and military machinery of defense with our peaceful methods and goals, so that security and liberty may prosper together."*

*Former president of the United States, Dwight D Eisenhower*

## ABOUT US

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### **Tipping Point North South & Tipping Point Film Fund**

Tipping Point North South Ltd (TPNS) was formed in 2009 and is constituted as a co-operative 'for the benefit of society'. Its two key areas of work are the support of feature length documentary film and social action campaigning. It can work across both the voluntary/NGO sector as well as the creative industries. Its activities include its film fund; partnership events that link film to issues; consultancy and in house commissions; single issue campaigning.

**The Five Percent Campaign** has been developed by **Tipping Point North South** as a stand-alone proposal by Deborah Burton and Ho-Chih Lin. TPNS co-founder Kevin McCullough is Campaign Development Consultant.

Tipping Point North South's main activity (and which it trades as) is **Tipping Point Film Fund** (TPFF), supporting a small number of films in an executive producing role and working closely on their respective call to action outreach campaigns. This new campaign proposal, will be linked to the film '*We Are Many*', directed by Amir Amirani and supported by TPFF. The campaign is designed to work in conjunction with the film on its release as well as a 'stand-alone' campaign which will, over time, mature into an international demand with longevity – and we hope, success.

[www.tippingpointnorthsouth.org](http://www.tippingpointnorthsouth.org)

[www.tippingpointfilmfund.com](http://www.tippingpointfilmfund.com)

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