

Modeling Inter-temporal Impacts of Judicial Autonomy and Security Risks upon Defense Spending: A Case for Pakistan

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Introduction

Pakistan is the 6th largest army in the world. Historically speaking Pakistan relished high geopolitical significance during the cold war regime and initiation of the Marshall plan. This has border disputes with some of the neighboring countries in the region has to maintain deterrence due to unpleasant ties with India and is facing a state of insurgency and extremism, which currently is a wide spread phenomenon in the country (Deger, 1990).

Leverages and favoritism as extended by judiciary in form of taking oath on provisional constitutional order (PCO) has provided an extra institutional support for military regimes, causing a further increase in military spending. Sizable demand for military spending along with the supply side pull factors such as the international security assistance, aid for military, foreign aid in response to the war against terrorism, have serious implications for Pakistan. Pakistan has witnessed numerous internal and external tensions over the course of years including sectarian violence, rise in terrorism across country, insurgency in Baluchistan, border tensions as well as proxy wars by some of the neighboring countries.

Many countries do feel that terrorism is rising and it should be given first preference to fight. They feel that terrorism is now changing its shape and is becoming more and more complex through the use of

mass media and eventually making use of weapons causing chemical, biological and nuclear mass destruction (Deutch, 1997). Counteract terrorism and the war on terrorism will impact all other sectors quite negatively still they didn't object to the notion to present a unified front against the war on terrorism (Brady, 2002).

Despite aspects of conventional culture of inefficacies, specifically in the third and fourth levels of judiciary regarding low rates of conviction, limited access to justice by vulnerable communities, justice delayed and nepotism (Voigt and Guttman, 2014). Especially during the military interventions, the judiciary has been under severe criticism for extending leverage and undue leniency by declaring such interventions as lawful and providing a protective shield (Voigt et al., 2015) to such regimes by taking oath on PCO. The proposed framework of analysis specifically looks into the lead-led effect of this extended role of judiciary appearing in form of taking oath on PCO, during the military interventions, upon preferences for defense spending.

Corruption perception index (PCI) reveals that the perception of corruption for judiciary is comparable to that of other organs of the state and that 96% respondents reported corruption and bribe culture by officials in judiciary (Transparency International, 2002). The World Justice project (2015) shows that Pakistan with a regional rank of 4 out of 6 and 83 out of 102 in 'absence of corruption' in global ranking. And with a regional rank 5 out of 6 and 91 out of 102 for 'provision of fundamental rights' in global ranking. Further, with a regional rank of 4 out of 6 & 91 out of 102 in 'civil justice' of global ranking. Moreover, with a regional rank of 5 out of 6 and 94 out of 102 in 'criminal justice' in global ranking. With regards to polarization, the culture of discrimination and working without influences, in 'lawful transition of power' with a rating of 0.45, for 'due process of law' with a rating of 0.27, in 'no improper influence in regularity enforcement' with a rating of 0.37, in 'no discrimination in civil justice' with a score of 0.37, in 'no discrimination in criminal justice' with a score of 0.28.

Autonomy of judges can be divided into four categories; institutional independence, financial independence, personal independence and functional independence. Institutional independence is compromised when seeking or taking information from others may be manoeuvred. Personal independence is compromised if judges' tenure is suspended before the retirement age. Functional independence is compromised if other stake holders like the legislature or army influences the workings of the judges. Finally financial independence is compromised if the courts are unable to fulfil the judges' mandates (Andeans, 2007).

Aspects of judicial autonomy as well as security risks, affecting defence spending in inter-temporal settings have not been explicitly quantified for Pakistan, in the literature at hand. So this study tries to fill this gap.

Objective

This study aims at quantifying inter-temporal impacts of judicial autonomy as well as of security risks, upon extent of defense spending in Pakistan from 1999 to 2012, which include the period of military intervention in Pakistan.

Methodology

This study uses the data over the period of 1999-2012 which include the pure military regime (1999-2003), the military-political regime (2003-2008) and pure democracy scenario (2008-2012). The regressand military expenditure (ME) (% of total government expenditures: TGE) obtained from the World Development Indicators (WDI) data base. In order to gauge the impact of the influence of military as an Institution, 'military in politics' is collected from the International Country Risk Guide (ICRG), which scaled from 0 to 6, where 0 means greater while 6 means less participation of military in politics. The 'risk of terrorism' and 'security risk' data were obtained from Economist Intelligence Unit. In order to quantify 'judicial

autonomy’ in Pakistan, a dummy variable is generated, where one for taking oath under PCO. Demand impact of military spending due to extraordinary circumstances has been derived through ICRG.

Due to existence of information lags in dealing with security risks, intimation and dialogue lags arising due to inter-jurisdictional coordination among state institutions as well as lags in culpability strain on judiciary for leverages for military regimes, the Distributed lag (DL) and the Autoregressive distributed lagged (ARDL) models have been preferred, so that to transmit research needs into the model building considerations, adequately.

Results and Discussion

Table 1: Results of ARDL Model

Regressors	DL Model	ARDL Model
	Regressand : ME	
ME (% of TGE) (t-1)	----	4.290166** (3.19)
Military in Politics (0 to 6, 6=low participation of Military), (t-1)	-7.82374*** (-7.09)	-6.947693** (-4.15)
Terrorism Threat (Rating 5=no threat)	-12.35638** (-2.64)	-18.88692** (-2.66)
Lack of Judicial Autonomy (t-1) (1=oath taken on PCO, Imply lack of judicial autonomy),	3.540586** (2.34)	6.754647** (2.94)
Security Risk rating, (t-1) (100=high),	1.153479** (2.52)	1.314128 (1.90)
Law and Order, (t-1) (0 to 6, 6=Good law & order situation.),	-2.94936 (-0.74)	-6.509311 (-1.07)
Constant	-33.51 (-1.17)	-26.73 (-0.94)
Goodness of Fit & Post-Estimation Tests		

Adjusted R ²	0.8842	0.7095
F statistic	At (5,7 df) = 19.33	At (5,7 df)=6.86
Breusch-Pagan / Cook-Weisberg Test for Homoscedasticity	Prob>Chi ² =0.0196 Chi ² =5.44	Prob>chi ² =0.1186 Chi ² = 2.44
Durbin Watson test for Serial Correlation	DW(6,13 df)=1.912	-
VIF test for Mutlicollinearity (Mean VIF)	2.65	2.65

Note: t-statistics are given in the parenthesis. *, **, *** denotes the variables are significant at 10 %, 5 % and 1 % .

Estimates of both the models explain high variability in defence spending due to lack of judicial autonomy, terrorism threat and military in politics. Test of homoscedasticity imply that the intensity of relation between the regressand and regressors was different in different regimes, while tests of serial correlation and Mutlicollinearity imply that findings of the model have not been affected by violations of the OLS assumptions.

For impact of military upon defence spending, two channels were devised; firstly ‘military in politics’ and the second was the ‘judicial autonomy’ during military regimes and both impacts were found significant at 5% level of significance. It may be inferred that institutional factors of defence spending as well as the previous levels of high spending on military explain most of the variability in competing models.

Conclusion

Using Pakistan data from 1999 to 2012, this paper examine the inter-temporal impacts of judicial autonomy as well as of security risks,

upon extent of defense spending in Pakistan. Our model reveals that there is no heteroskedasticity, auto correlation and Mutlicollinearity problem. This study also found, in both model military in politics, terrorism threat, lack of judicial autonomy have significant impact on military expenditure.

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