

## **Multi-Period vs. One-Period Budget Planning: Which is the Winner?**

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### **Abstract**

Multi-year (rational) planning is normally advocated by academics and military planners. One-year (myopic) planning is, however, the norm in government budget planning. Most military planners claim that one-year planning is inefficient and expensive, preventing, or at least delaying, the far-reaching changes in the military structure and size that are necessitated by today's fast changing environment and the dramatic advances in technology. This study compares the equilibrium solutions of the Israeli-Syrian asymmetric arms race under one-year and multi-year setups, and shows that multi-year planning may sometimes be inferior to one-period planning, leading to higher military expenditure and lower welfare level. This result is reminiscent of the 'prisoner's dilemma', suggesting that a coordinated solution, with or without a mediating third party, is likely to yield a superior solution to the Israeli-Syrian arms race.