Military expenditure and economic growth in Africa: Across country study of 48 states

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This study explores the relationship between military expenditure and economic growth across 48 African states by inspecting; the effect of military spending on GDP growth. Any simultaneity between output growth and military outlays, the implication of military expenditure on human development and the major determinants of military spending. The Hausman specification test found no simultaneity between military expenditure and economic growth and therefore each equation was estimated by OLS to get hold of consistent and asymptotically normal estimates. As a result, the OLS estimation indicate that military burden at any level (low or high) had a negative effect on GDP growth. And in a parallel move, no significant relationship was found between human development index and military expenditure. Elsewhere, the OLS estimation found that: general government consumption, foreign aids, per capital income, then joint growth in mining, manufacturing and utilities, net exports, population growth, and threats were the chief determinants of the growth rate in military burden across the continent. The study advocates the decrease of military burden to propel and maintain higher economic growth hand in hand with diffusion of all factors which unnecessarily provoke huge military spending. In this fashion, the proceeds from reduced military outlays must be conveyed to other areas (such as capital formation) which have expressed a positive effect on output growth. Alternatively, the study justifies a need for quick revision of the main components of military expenditure, as the later might have shaped its negative outcome