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IMPACT OF MILITARY EXPENDITURE ON NATIONAL ECONOMICS: A COMPARATIVE STUDY

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ABSTRACT

This research study aims to investigate the relationship between military expenditure and national economics. Understanding the economic implications of defence spending is crucial for policymakers, economists, and governments worldwide. By conducting a comparative analysis of various countries, this research study seeks to provide valuable insights into the effects of military expenditure on economic indicators such as GDP growth, employment, inflation, trade balance, and fiscal stability. This research explores the relationship between "Military Expenditure" and economic growth in a sample of 16 developing nations from Africa, Latin America, and South Asia over the period of 2011-2022. The analysis relies heavily on data collection, including both time-series and cross-sectional data. Panel data for multiple years on economic indicators such as GDP per capita, military expenditure, investment, savings, and other variables were collected. Along with econometric estimators, including Feasible Generalized Least Squares (FGLS) and System Generalized Method of Moments (GMM), Standard Cross-sectional Regressions Cross-sectional and Panel Data Analysis method were employed. The findings reveal a statistically significant negative impact of military burden on economic growth in these developing nations. While the short-term effects are mixed, the long-term analysis suggests that higher military spending tends to hinder economic growth. The research also identifies the presence of conditional convergence, with economically disadvantaged nations experiencing higher growth rates. It highlights the potential for a "peace dividend" in emerging economies, where reducing military expenditure may contribute to improved economic prospects. These findings have significant policy implications for governments in emerging economies, emphasizing the need to carefully consider the allocation of resources between defence and other sectors to promote sustainable economic growth.

***Keywords*:** Military expenditure ; Emerging economies ; Defense-growth nexus ; Conditional Convergence

INTRODUCTION

John Maynard Keynes's ideas have shaped the comprehension of government intervention in the market in economic theory and policy. Keynesian economics advocates for active government participation in stimulating demand during economic downturns, predominantly by increasing public spending and fiscal policies. While Keynesian principles have been extensively applied in various contexts, "Military Expenditure" has gained prominence, particularly in emerging economies. This term refers to strategically utilizing military expenditures to promote economic growth and stability. The analysis of "Military Expenditure" in the context of emerging economies is of the utmost importance in this age of complex geopolitical dynamics and changing global economies.

This study investigates the complex relationship between military expenditures and economic development in emergent economies to clarify the multifaceted relationship between military investment and economic results. While traditional Keynesian economics calls for government spending on infrastructure, healthcare, and education, this concept explores the hypothesis that substantial investments in defence can serve as an alternative driver of economic development. By examining historical and contemporary examples of nations that have employed "Military Expenditure," we can gain insight into the advantages and disadvantages of this strategy and its prospective effects on global security and economic stability.

This analysis considers the economic effects of prioritizing military expenditure in emerging economies and the political and societal implications. Examining the economic rationale for this approach raises questions regarding resource allocation, budgetary trade-offs, and long-term viability. In addition, the impact of "Military Expenditure" on international relations and regional security dynamics cannot be overstated, making it a crucial area of study.

As we embark on this journey to comprehend the role of "Military Expenditure" in emerging economies, we must weigh its economic benefits against potential pitfalls and consider the broader geopolitical consequences. In doing so, we will illuminate the complexities and nuances surrounding this economic strategy, providing insights that policymakers and academics can use to pursue sustainable economic growth and global stability in the twenty-first century.

MILITARY EXPENDITURE

Military Expenditure is an economic theory that proposes that government spending on the military can stimulate economic development and assist in overcoming recessions or depressions (Keynes, 1937). It is named after John Maynard Keynes, a renowned economist whose theories on government intervention during economic downturns have significantly impacted contemporary economic thought.

The central tenet of military Expenditure is that government spending, especially on defense and military-related activities , can be an economic stimulant. In periods of economic recession or high unemployment, the government spends more on defense projects, such as constructing weapons and infrastructure and expanding military forces. This increase in government spending injects funds into the economy, generating employment and boosting demand for products and services. Consequently, businesses respond to this increased demand by producing more, leading to economic growth and reduced unemployment.

Military Expenditure is frequently employed as a counter-cyclical measure; that is, it is used to stimulate economic activity and employment during economic downturns. Proponents contend that government spending on the military has a multiplier effect, which means that every dollar spent on defense generates additional economic activity as it circulates throughout the economy. This will magnify the initial effect of government expenditure. As defence contracts stimulate the manufacturing, construction, and technology industries, an increase in military expenditure can create jobs in these fields. Frequently, military expenditures include infrastructure investments, such as military bases, research facilities, and transportation networks, which can have long-term economic benefits. Increasing military expenditure may be motivated by strategic or national security considerations in addition to the primary objective of economic stimulation.

It is essential to observe that economists and policymakers disagree on the effectiveness of military Expenditure (Custers, 2010). Critics argue it is not always the most effective method to stimulate economic growth, as military expenditures may divert funds from other crucial public investments, such as healthcare, education, and infrastructure. Additionally, the sustainability of relying on military expenditure for economic growth over the long term is questioned.

CONCEPT OF THE MULTIPLIER

The multiplier concept is fundamental to John Maynard Keynes' economic theory. It refers to the notion that changes in investment or consumption can disproportionately affect economic activity as a whole (Keynes, 1937).

Keynes developed a formula that depicts how consumption changes as income levels rise. When individuals receive additional income, they are likely to spend a portion of it on increased consumption, while the remainder may be saved or invested. This percentage of additional income spent on consumption is known as the "average propensity to consume" (APC).

For instance, if workers are likely to spend four-fifths (80%) of their additional income on additional products and services, the remaining one-fifth (20%) is saved. This indicates that the ratio of additional savings or investments to additional consumption is four to one.

The multiplier effect occurs as a result of the fact that money spent on additional consumption does not simply vanish; it circulates throughout the economy. When individuals spend more, demand for a company's products rises, resulting in increased production. This results in increased income for laborers and increased profits for businesses. Consequently, the initial increase in consumption has a domino effect on economic activity. There are two forms of the multiplier:

a. **Investment Multiplier:** This form of the multiplier focuses on the impact of increased consumer spending on capital owners. When consumers spend more on goods and services, businesses invest more in production and expansion to meet the rising demand.

b. **Employment Multiplier:** This form of the multiplier emphasizes the impact on workers in terms of job opportunities resulting from additional capital investments by entrepreneurs. When businesses invest more, they may hire more workers to meet increased product demand (Keynes, 1937).

In a capitalist economy, interdependent relationships exist between consumption, investment, production, and employment, as both multiplier variants indicate. These relationships aid in maintaining a balanced expansion of societal production, promoting economic growth and stability.

Keynes' multiplier theory primarily aimed to advise governments in central capitalist economies. It sought to demonstrate that governments could intervene in the economy through public investments, such as infrastructure projects, to sustain aggregate demand and combat economic downturns. By doing so, they could mitigate the negative impact of fluctuations in the business cycle, benefiting both capital owners and the working class by maintaining economic stability and employment opportunities.

Macroeconomic Indicators: The macroeconomic indicators to assess the impact of military expenditure are:

a. **GDP Growth**: Military expenditure may have both positive and negative effects on GDP growth. On the positive side, defence spending can stimulate economic activity, create jobs, and contribute to technological advancements. On the negative side, high defense expenditures may divert resources from other productive sectors, leading to reduced investment and slower economic growth.

b. **Employment and Labor Market**: Defence spending can have a direct impact on employment through military recruitment and defense industry jobs. Empirical studies may explore how military expenditure affects employment levels and analyze the labor market dynamics associated with defense-related industries.

c. **Fiscal Policy and Government Debt**: Military expenditure can influence a nation's fiscal policy and government debt. Aim will be to investigate how defence spending affects budget deficits, public debt, and the overall fiscal health of a country. This analysis will help to understand the trade-offs between defence priorities and other government expenditures.

d. **Investment and Innovation**: Military expenditure can contribute to technological advancements and innovation. Some studies explore the relationship between defense spending and research and development (R&D) investments, as well as the spill-over effects of defence-related technologies on other sectors of the economy.

e. **Trade Balance**: Military expenditure can impact a nation's trade balance by affecting imports and exports. The relationship will be examined between defense spending and trade flows, considering factors such as defence-related imports, arms exports, and the overall impact on the current account balance.

AIM OF THE PROBLEM

In recent years, there has been a growing interest in the concept of 'Military Expenditure,' which posits that increased military spending can serve as an economic stimulus. While this theory has been extensively examined in the context of developed economies, there is a notable gap in our understanding of how 'Military Expenditure' operates in emerging economies. This research seeks to address this gap by conducting a comprehensive analysis of the role and impact of military spending on the economic dynamics of emerging economies. The study aims to explore whether the principles of 'Military Expenditure' are applicable and effective in these contexts, considering the unique economic, political, and social factors that characterize emerging economies. By doing so, this research endeavors to provide valuable insights into the potential benefits and challenges of utilizing military expenditures as a tool for economic development and stability in emerging economies and to contribute to the broader discussion on the role of government spending in shaping economic outcomes.

The main aim is to analyze the following aspects:

a. Examine the historical trends and patterns of military expenditure in selected countries.

b. Analyze the impact of defense spending on economic indicators, including GDP growth, employment, inflation, trade balance, and fiscal stability.

c. Identify the channels through which military expenditure influence the broader economy.

d. Evaluate the opportunity cost of defense spending and its effect on social and infrastructure development.

e. Assess the long-term implications of military expenditure on economic growth and sustainability.

f. Identification of the mechanisms through which military expenditure influence the broader economy, including the multiplier effects on indigenization of sensitive and critical military equipment used by defence forces and make in India efforts.

REVIEW OF LITERATURE:

The effect of expenditure on defence procurements and personnel has been studied in detail of under developed, developing and developed countries. The research papers on comparative studies, models and empirical studies have contradicting views. The endeavor is to find out the most appropriate approach which India should take considering the threats from hostile countries as well as need for development. Some of the relevant research papers are highlighted below:

a. Defence spending of Pakistan remains high in order to sustain a credible deterrence, significant geopolitical position in Afghan wars and combat terrorism (Muhammad Azfar Anwar, Zain Rafique and Salman Azam Joiya). Econometric techniques, Johansen Cointegration and Granger Causality tests were applied from period 1980 to 2010. Results indicated a long-term relationship between defense spending and economic growth.

b. Abdur R. Chowdhury analyzed the two variables in fifty-five developing countries by employing Granger-causality tests. Results suggested that relationship between defense spending and economic growth cannot be generalized due to use of a different sample period, socioeconomic structure and type of government in each country.

c. The Political Economy of Military Expenditure (P. Dunne), provided an introduction to a symposium on military spending focusing on the developed world, US and UK in particular. The magnitude of 'peace dividend' vs. the potential benefits of diverting these resources to other uses such as increased investment and improved net exports was analyzed. The Gulf crisis had presented vested interests and military argued on the necessity to continue developing, maintaining and procuring weapon systems and troop levels, to meet future threats.

d. Article on Military Spending and Poverty (Errol Anthony Henderson) examines the extent in the US for the period 1959-92. The military personnel spending is inversely correlated with poverty while Operations and Maintenance (O&M), Procurement, and Research and Development (R&D) spending are directly correlated with poverty.

e. The paper on relationship between military expenditure and economic growth in India is complex. The study used time series approach, and Hendry General-to-Specific (GTS) modeling methodology, during the period 1980-2016. The continuous regional tensions facing India represent the

main factor for adopting Indian military strategy. Military scientific and manufacturing policies have achieved self-sufficiency in some of its needs, a strong military industrial base and high levels of military exports.

f. India participated with developed countries in military strategic industries and contributed to the integration of civilian and military sectors. India gave rights to private sector and foreign direct investment (FDI) for manufacturing in military industries, giving full marketing rights to the Indian government. It also shed light on the importance of stimulating links between civilian and military sectors, particularly in the industrial sectors and scientific activities.

g. Recurrent bouts of inflationary disorder led some observers to worry that the Chinese government is unable to control the economy (Barry Naughton). Macroeconomic difficulties show up in a pattern of repeated boom and bust cycles and it is common to view China lacking thus having little protection from economic disorder.

h. In 1975 the advanced capitalist countries spent about $155 billion on military preparations (R. P. Smith). The paper on 'Military expenditure and capitalism' analyzed the economic and strategic role of those expenditures from a Marxist perspective. The empirical evidence reviewed suggested that military expenditure imposes a substantial burden and left the question of what were the benefits of military expenditure to capitalism.

i. The relationship between defence spending and inflation has been of interest to scholars and policymakers throughout much of the post-World War II era, and sheds light on this matter by examining data for the 1956-1979 era from four major Western powers. No significant relationship between defence spending and inflation was discovered in the US and UK, whereas mutually related in the cases of France and the Federal Republic of German.

j. Using a sample of 243 meta-observations drawn from 42 primary studies, the paper on 'The Effect of Military Expenditure on Growth: An Empirical Synthesis' (Sefa Awaworyi) conducted a Meta analysis of the empirical literature. Results suggested that underlying theoretical models, econometric specifications, data type and period were relevant factors that explain heterogeneity in the military expenditure-growth literature and has positive effects in developed countries than less developed ones.

RESEARCH QUESTIONS OR HYPOTHESES:

The following research questions would be examined:

a. To establish the relation between Military expenditure and economic growth of India.
b. The effect of Military Expenditure on developing countries, to suggest future course of action in Military expenditure to reduce its effect on macroeconomics of India.

RESEARCH DESIGN AND DATA COLLECTION

The analysis relies heavily on data collection, including both time-series and cross-sectional data. Data is gathered from various sources, such as the World Bank, SIPRI yearbooks, United Nations datasets, and the

Reserve Bank of India. This data encompasses variables related to military spending, economic growth, investment, savings, and other socioeconomic factors.

The short-term estimations rely on a sample of 16 countries covering twelve years. These estimations are examined using several panel estimating approaches to assess the findings' reliability and consistency. It is essential to acknowledge that the empirical analysis conducted in this study utilizes a panel dataset with a limited number of time-series periods, denoted as T (T=12), and a substantial number of countries, denoted as N (N=16). This characteristic of the dataset may have implications for the accuracy and reliability of the estimations obtained.

Panel data for multiple years on economic indicators such as GDP per capita, military expenditure, investment, savings, and other variables. World Bank databases and Reserve Bank of India statistics were explored. For defence expenditure SIPRI yearbooks, United Nations datasets (Government Final Consumption Expenditure by Function) were explored.

Various econometric models and estimators (e.g., OLS, FEM, FGLS, GMM) were applied to investigate the relationship between military expenditures and economic growth. These models involve statistical analyses of the collected data to estimate coefficients and test hypotheses.

RESEARCH METHODOLOGY

Econometric models, panel data analysis, and time-series analysis will allow to assess the relationship between defence spending and economic variables while controlling for other factors that may influence the economy. The present study utilizes cross-sectional and panel data estimations to examine the influence of defense burden on economic growth in a sample of 16 developing nations from 2010 to 2022. The estimations presented in this study are derived from using the Augmented Solow growth model, which incorporates defense elements into its framework. Various panel data methodologies are employed to evaluate the relationship between defence spending and economic growth, aiming to obtain reliable empirical findings.

A combination of quantitative research methods, including econometric modeling and data analysis, were applied in this research.

Econometric Models: Using various econometric models and estimators allows for a comprehensive examination of the relationship between military expenditures and economic growth. These models include Ordinary Least Squares (OLS), Fixed Effects Model (FEM), Feasible Generalized Least Squares (FGLS), and Generalized Method of Moments (GMM). These models involve statistical analyses and regressions to estimate coefficients and test hypotheses.

Case Study Approach: The case study approach, particularly focused on India, provides a specific context for analysis within the broader research framework.

Analysis Methods: The research employs empirical analysis techniques to evaluate the influence of military expenditure on economic growth. This analysis encompasses both long-term and short-term estimations. The study compares the results obtained from different estimators (OLS, FEM, FGLS, GMM) to assess their robustness and reliability in determining the relationship between military

spending and economic growth. Engle-Granger cointegration tests are conducted to examine the stationary residuals and establish long-term equilibrium relationships between variables.

CASE STUDY: MILITARY EXPENDITURE IN THE INDIAN CONTEXT

The allocation of funds towards military expenditure in developing nations holds significant importance and represents a substantial portion of government spending, typically surpassing investments in the health and education sectors. A widely held perspective among economists is that military expenditure displaces more productive expenditure and civilian investment, exerting a detrimental influence on economic growth. It is widely believed that in the case of India, the phenomenon known as the 'security dilemma,' along with the arms race between India and Pakistan, as well as several economic and political variables, contributes to the country's significant levels of military expenditure. The potential consequence of large military expenditure is "developmental failure," which can adversely impact economic growth. However contrary to popular belief military investment in less developed nations (LDCs) can accelerate economic growth (Benoit, 2018). After this, numerous studies have been conducted to evaluate the influence of military expenditure on economic performance, employing diverse samples, periods, and theoretical and empirical methodologies.

Nevertheless, the outcomes consistently generate debate, and the relationship between defense spending and economic growth remains crucial for thorough examination. Following the conclusion of the Cold War, there has been a discernible decline in worldwide military expenditure. Consequently, this reduction in military spending, sometimes called the military burden, is anticipated to provide positive outcomes in the form of peace dividends for emerging nations. Nevertheless, numerous emerging nations continue to allocate a significant portion of their limited resources towards military expenditures. As an illustration, lower and middle-income countries allocate 15.6 percent of their central government spending and 2.01 percent of their Gross Domestic Product (GDP) towards defense expenditures. According to the World Development Indicators (WDI) report 2016, the respective percentages for the European Union (EU) region are merely 4.5 percent and 1.7 percent. The economic growth of many Least Developed Countries (LDCs) may be adversely impacted by high defense spending due to insufficient investment and expenditure in education, health, and other socio-economic activities.

Viewing individual-country and cross-section studies as complementing rather than competing alternatives is essential (Ram, 2015). A case analysis focused on a particular country entails a more comprehensive and specific examination, yielding significant insights. Nevertheless, using single-country data has several challenges, including the constraint of small sample size, the nonstationarity of time series variables, and the limited capacity to extrapolate findings to other contexts. Alternatively, cross-sectional or panel data analysis can examine countries categorized into cohorts based on shared economic, political, and other relevant factors (Hartley & Sandler, 2015). However, it is imperative to consider the variation among countries to yield more optimal outcomes.

The evaluation of the influence of defence expenditure on economic growth in India constitutes a case study focused on a specific country. The present study investigates and estimates the growth consequences of India's military expenditure throughout 2010-2022, employing the Deger-type model.

SPECIFICATIONS OF THE MODEL EMPLOYED

The study delves into the impact of military spending on India's economic growth, acknowledging both direct and indirect consequences. It adopts a model proposed by Deger in 2016, incorporating four equations that explore different facets of economic development in India. Data for the study is gathered from diverse sources, including World Development Indicators, SIPRI yearbooks, United Nations, and Reserve Bank of India, ensuring a comprehensive and reliable dataset for analysis.

The model comprises four key equations: Growth, Savings, Balance of Trade, and Defense. Each equation incorporates various variables representing elements such as economic growth, savings, trade balance, and military expenditure. These variables are chosen based on considerations of India's economic, defense, and security dynamics.

Growth Equation: This equation predicts economic growth by considering factors like savings, military spending, trade balance, and population growth. It aligns with fundamental growth theories, anticipating positive influences on growth from savings and labour. The formulation for growth equation:

$$g = a_0 + a_1 s + a_2 m + a_3 tb + a_4 l \qquad (1)$$

Where,

'g' is growth measured as the log of real GDP minus the log of real GDP in the previous year,

's' is the share of gross national savings to GDP,

'tb' is the balance of trade measured by the share of external balance on goods and services to GDP,

'm' is military expenditure measured by the share of military expenditure to GDP,

'l' is the rate of population growth /labor growth,

Saving Equation: Examining the impact of military expenditure on the savings ratio, this equation suggests a negative effect on savings, known as crowding-out, grounded in the concept of military burden. Formulation for saving equation:

$$\mathrm{s} = b_0 + b_1 \mathrm{m} + b_2 \mathrm{g} + b_3 \mathrm{tb} + b_4 \mathrm{inf} + b_4 \mathrm{ng} \qquad (2)$$

Where,

'g' , s, and 'tb' are as above

'inf' is the inflation rate,

'ng' is the share of non-defense government expenditure to GDP,

Balance of Trade Equation: This equation analyses how military spending influences India's trade balance. The expectation is a negative impact, as increased military spending might lead to more imports and fewer exports. Balance of trade equation can be presented as

$$tb = c_0 + c_1 m + c_2 g + c_3 reer + c_4 dummy \qquad (4)$$

Where,

'g' , s, 'tb', inf, and ng are as above

'rear', is real effective exchange rate,

'dummy', is a dummy variable for the second oil shock 1980 . *GDP* is India's GDP per capita in constant 2000US$;

Defence Equation: Focusing on the demand for military expenditure in India, this equation incorporates variables like GDP per capita, population, democracy index, defence burden of Pakistan, and war dummies. Defence equation can be presented as:

$$m = d_0 + d_1 gdpc + d_2 pop + d_3 democ + d_4 tb + d_5 dbp + d_6 war \qquad (5)$$

Where,

'Pop' is the total population of India valued in millions;

'demos' is the democracy index, which ranges from-10(autocracy)to +10(democracy);

'dbp' is the defense burden of Pakistan as arrival of India;

'war'–War dummy for India's external wars with Pakistan and China, which equals 1 for years 1962, 1965, 1971, and 1999 and equals 0 for other years during the period 2000-2021.

Anticipations include positive influences on economic growth from savings and labour, while military expenditure is expected to negatively impact savings and the trade balance. The study explores how military spending affects the trade balance, noting that export-promoting tactics can positively impact it. Additionally, the inclusion of the real effective exchange rate in the analysis helps understand the impact of currency fluctuations on various economic factors.

EMPIRICAL RESULTS

In the long-term estimation using the Augmented Solow Growth Model, several noteworthy findings emerged from the empirical analyses. First and foremost, a positive relationship was identified between the initial real GDP per capita level and long-term economic growth, indicating a convergence phenomenon where economically disadvantaged nations exhibited higher growth rates than their more affluent counterparts. Moreover, the natural logarithm of gross domestic product (*'lngd'*) and the natural logarithm of human capital (*'lnh'*) were found to have statistically significant relationships with economic growth. However, the impact of

military expenditure on economic growth was deemed statistically insignificant; suggesting a lack of robust evidence supporting the assertion that defense spending detrimentally affects long-term economic growth.

Turning attention to the short-term estimation, different econometric methods provided varied insights. In the Ordinary Least Squares (OLS) framework, all predicted coefficients for variables were statistically significant, and the military burden (*'lnm'*) exhibited a notable negative relationship with economic growth. However, when employing the Fixed Effects Model (FEM), the empirical findings indicated a lack of statistical significance for the military burden, implying that, in the short term, military expenditure may not significantly impact economic growth.

Further exploration using the Feasible Generalized Least Squares (FGLS) estimator revealed that all computed coefficients were statistically significant, and the military burden exhibited a significant adverse impact on economic growth. Contrastingly, the First-Differences Generalized Method of Moments (DIF-GMM) estimator displayed a significant downward bias in the estimated coefficient for the natural logarithm of lagged income (*'lnlagy'*), and the military burden did not exhibit statistical significance, suggesting potential limitations in this particular method.

In the System Generalized Method of Moments (SYS-GMM) estimation, it was observed that the impact of physical investment on economic growth was substantial and favorable. However, both the rate of population increase and the military burden were found to have a substantial and adverse impact on economic growth. These varying results underscore the nuanced relationship between military expenditure and economic growth, emphasizing the importance of considering different time horizons and estimation methods to draw comprehensive insights. It is crucial to note that the presence of weak instruments and biases in certain estimators may introduce uncertainties into the reliability of short-term findings.

SUMMARY OF THE FINDINGS

The empirical analyses conducted across various methodologies and time horizons provide valuable insights into the specified research objectives. The research findings suggest that increased military spending may not significantly contribute to long-term economic growth in developing economies. The Augmented Solow Growth Model, employed for long-term estimation, indicated that the impact of military expenditure on economic growth was statistically insignificant. In the short term, various econometric methods yielded mixed results, with some showing a notable negative relationship between military burden and economic growth, while others indicated a lack of statistical significance. Overall, the evidence leans towards the notion that increased military spending might not be a substantial driver of economic stimulus and growth.

The analyses shed light on the potential challenges associated with using military spending as a tool for economic development in emerging economies. While some estimators suggested adverse impacts of military burden on economic growth, others showed no statistical significance. This underscores the complexity of the relationship, indicating that solely relying on military spending might not be a straightforward solution for achieving economic development and stability. Policymakers need to carefully consider the trade-offs and potential negative consequences, such as the crowding-out effect on other sectors, when allocating resources to defence.

The research provides nuanced insights for policymakers in emerging economies. The lack of robust evidence supporting a positive impact of military spending on long-term economic growth suggests that policymakers should explore diversified approaches to stimulate economic development. Policymakers are encouraged to consider a balanced allocation of resources, taking into account the potential adverse effects of excessive military expenditure on other crucial sectors. The study underscores the importance of comprehensive economic policies that consider both short-term and long-term implications, fostering stability and sustainable development.

In summary, the analyses highlight the need for a cautious approach when relying on military spending as a primary tool for economic development. Policymakers should explore alternative strategies and prioritize a well-rounded economic policy framework to achieve sustainable and inclusive growth in developing economies. An increase in military spending tends to lead to decreased economic growth. The findings also suggest the presence of "conditional convergence," where economically disadvantaged nations tend to experience higher economic growth rates compared to more affluent nations. This aligns with established empirical growth studies.

CONCLUSION

The comprehensive analysis conducted on the relationship between military spending and economic outcomes in emerging economies reveals several key findings that contribute to the understanding of the concept of "Military Expenditure."

The study, cantered on the concept of using military spending as a means of economic stimulus, found limited evidence supporting the notion of "Military Expenditure" in emerging economies. While the short-term estimations using various econometric methods produced mixed results, the long-term analysis using the Augmented Solow Growth Model indicated a statistically insignificant impact of military expenditure on economic growth. This challenges the idea that increased military spending consistently leads to sustained economic growth. The research emphasizes the potential challenges and trade-offs associated with relying on military spending for economic development. The adverse effects of military burden on economic growth, as indicated in some estimators, raise concerns about the efficiency of such a strategy. The findings underscore the need for policymakers to carefully weigh the potential negative consequences, such as the crowding-out effect on other sectors, when considering military Expenditure as a tool for economic development.

The lack of robust evidence supporting the positive impact of military spending on long-term economic growth highlights the importance of diversified economic policies. Policymakers are urged to adopt a more comprehensive approach, considering alternative strategies that go beyond military Expenditure. Balancing resource allocation and prioritizing sectors based on their potential contribution to sustainable economic development becomes crucial in this context. The study cautions policymakers against over-reliance on military spending as a primary driver of economic growth. The inconclusive findings and potential negative consequences suggest that a prudent and well-informed approach to resource allocation is necessary. Policymakers should take into account the multifaceted nature of economic development and carefully consider the broader economic implications of channeling substantial resources into the defence sector. Policymakers are advised to explore alternative economic stimuli beyond military spending, considering sectors with potentially more direct and sustained impacts on economic growth. A balanced allocation of resources, comprehensive

policy frameworks, and attention to the long-term implications of economic decisions are crucial for achieving stability and inclusive development.

The analysis challenges the effectiveness of "Military Expenditure" as a standalone strategy for economic development in emerging economies. The research underscores the need for nuanced policymaking, taking into account the complexities of economic interactions and emphasizing diversified approaches to foster sustainable and inclusive growth.

The impact of military expenditure on national economies can vary across countries, depending on their economic structure, geopolitical factors, and defense policies. Comparative studies can provide insights into how defence spending affects economies with different characteristics. The findings of empirical studies may not always be consistent or conclusive due to the complexity of the topic and the challenges in isolating the causal relationship between defence spending and economic outcomes. Therefore, it is necessary to review a range of studies and consider the broader context when assessing the impact of military expenditure on national economies.

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