Abstract

This master’s thesis provides a comprehensive meta-analysis inspecting the impact of military expenditures on economic growth. Its objective is to validate several hypotheses using a wide range of studies and the latest methods. The hypotheses included in this thesis are as follows. First, military expenditures reduce economic growth. Second, military expenditures retard growth in less-developed countries. Third, the effect of military expenditures on economic growth is non-linear. The general findings of this thesis support the first hypothesis. This result originates mainly from the significantly negative impact found in recent studies. The thesis also finds indirect evidence in favor of the second hypothesis. Even though the analysis did not find a significant impact on less-developed countries per se, a negative effect associated with African countries provides a persuasive substitute in this regard. Last, this thesis did not find any solid evidence in favor of the non-linearity hypothesis. This is the first time the effect of military expenditures on economic growth was analyzed using the latest methods of meta-analysis and provides robust input into a heated debate within the subfield of peace economics provoked by the recent events.