

The Military Expenditure and Economic Growth Conundrum: The Moderating Role of Institutional Quality and Fiscal Policy Patterns in Sub-Saharan Africa

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ABSTRACT

The study critically x-rays the moderating effects of institutional quality vis-à-vis fiscal policy mix on military expenditure (MILEX) and growth nexus among 42 sub-Saharan African economies spanning 2006 to 2023, utilizing the two-stage ‘generalized method of moments’ technique. The outcomes indicate that institutional quality fails to significantly drive or stimulate economic growth trajectory, while MILEX negatively stimulates growth. The interactive synergy between MILEX and institutional quality adversely influences economic growth, implying that the interactive synergic effects that MILEX and institutional quality exerts on economic growth are dampening and complementary. In addition, MILEX negatively impacts economic growth. Notably, the interactive synergy between MILEX and fiscal policy positively spurs economic growth trajectory in the region. The study clearly shows that regional governments should conscientiously undertake policies with long term policy implications to enhance institutions that will monitor the absorptive capacity of MILEX and stimulate economic growth trajectory in a security-volatile sub-Saharan Africa.

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