

MILITARY SPENDING AND INVESTMENT IN THE EUROPEAN UNION: SOME PRELIMINARY RESULTS

Christos Kollias*

Department of Economics,
University of Thessaly

Susana-Maria Paleologou

Department of Economics,
University of Ioannina

ABSTRACT: : The investigation of the economic affects of military expenditure has generated a large and growing literature. Following Smith's (1980) study, much of the empirical research conducted ever since has focused on the impact of such spending on investment and through it on growth. Using the European Union group of countries before its recent enlargement, this study examines the relationship between defence outlays and investment for the period 1961-2002.

* Corresponding author: Christos Kollias, Department of Economics, University of Thessaly, Argonafton & Filellinon, Volos 38221, Greece. kollias@econ.uth.gr