

THE DEMAND FOR MILITARY SPENDING IN MIDDLE EASTERN COUNTRIES and TURKEY

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Abstract

Although a number of cross country studies concerning defence-growth relation has been published in recent years, little attention is devoted to the determinants of defence spending, especially for the Middle Eastern countries. This is an important issue for understanding which variables contribute to the determination of the demand for military expenditure. However, it is difficult to develop a general theory or a standard empirical approach for the determination of the demand military expenditure. This study models and estimates the demand for military expenditure for the Middle Eastern countries and Turkey for the time period 1989-1999, using static and dynamic panel data estimation techniques. The results suggest that military burden depends on the military spending of neighbours, internal and external conflicts.

Key words: military expenditure, defence economics, dynamic panel data analysis.

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