

**BRINGING THE MILITARY BACK IN:
MILITARY EXPENDITURES AND ECONOMIC GROWTH 1990 TO 2003**

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ABSTRACT

After the “peace bonus” era, global military expenditures have escalated sharply despite some worldwide declines in military personnel. Theories on the economic impacts of the military institution and escalated military spending greatly differ and include arguments that they either improve domestic economic performance or crowd out growth-inducing processes. Empirical findings on this matter are inconclusive, in part due to a failure to disentangle the various dimensions of military expenditures. We further suggest that modern sociology’s relative inattention to such issues has contributed to these shortcomings. We explore a new dimension of military spending that clarifies this issue—military expenditures per soldier—which captures the capital intensiveness of a country’s military organization. Our cross-national panel regression and causal analyses of developed and less developed countries from 1990 to 2003 show that military expenditures per soldier inhibit the growth of per capita GDP, net of control variables, with the most pronounced effects in least developed countries. These expenditures inhibit national development in part by slowing the expansion of the labor force. Labor-intensive militaries may provide a pathway for upward mobility, but comparatively capital-intensive military organizations limit entry opportunities for unskilled and under- or unemployed people. Deep investments in military hardware also reduce the investment capital available for more economically productive opportunities. We also find that arms imports have a positive effect on economic growth, but only in less developed countries.