

Military expenditure evaluation: Empirical evidence from Albania

Vilson Lleshaj¹, Llesh Lleshaj²

¹Active NCO at Special Operations Regiment, Armed Forces, Albania

²PhD in Statistics, lecturer at Faculty of Economy, University of Tirana, Albania

Abstract

Even though military investments are considered capital expenditures that do not motivate the private sector, it gives special importance to national security or defense by preventing various military aggressions, terrorism, border defending, and whole global peace. As a consequence, military spending constitutes a very peculiar category of public expenditure. Motivating by this fact, the article deals with an empirical investigation of the determinants of military expenditures of Albania. The statistical approach used is a general multiple regression model, in order to analyse the economic environment as a determinant of military expenditure, by choosing independent variables: Gross Domestic Production (GDP); Trade; Government Expenses; and Population. Processing time-series data (2002 - 2020) for Albania, it is revealed that except for government expenses all other variables are statistically significant in determining the military expenditure. In addition, the study found out only a positive correlation with GDP, and all the others are negatively correlated.

Keywords: Military expenditure; economic factors, statistical approach.