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Role Of Military Funding In Enhancing Economic Growth In Nigeria

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Abstract: ***This study investigated the role of military funding on economic growth in Nigeria from 1990 to 2023. The study adopted ex-post facto design, using secondary time-series data from the Central Bank of Nigeria (CBN) and the World Bank Development Index from 1990-2023. The study employed the Augmented Dickey Fuller (ADF) test to perform unit root test, where all the variables were made stationary at I(1), also Autoregressive Distributive Lag (ARDL) model was employed to analyze the role of military expenditure on economic growth. The findings revealed a significant and negative long-run relationship between military funding and economic growth. Specifically, the coefficient for military funding in the long-run equation is -0.057351 (t-statistic = -8.495, p = 0.0091), indicating that one unit increase in military funding would lead to a 5.7% decrease in GDP, suggesting that over funding of the military would reduce resources available for other crucial sectors of the economy, thereby hindering broader economic growth and development. This result aligns with global trends, where excessive military funding during conflicts often impedes economic performance. The study concluded that excess military funding in Nigeria has negative effect on the growth of the economy. the study therefore recommended that, Nigeria government and policymakers should balance defense spending with investments in other sectors, particularly infrastructure, agriculture and human capital, to foster long-term economic growth and development.***

Keywords: Military funding, Economic growth, Economic development, Military expenditure, insecurity

I. INTRODUCTION

Military funding is when financial resources allocated to support a nation's armed forces, including government defense expenditure, military infrastructure investments, and foreign military aid to keep the country from internal and external aggressors. Defense expenditure covers personnel salaries, equipment, and operational readiness, while military infrastructure investments focus on building and maintaining bases and other military facilities (Omonijo et al., 2023). Foreign military aid involves support for other countries, including equipment, training, and financial assistance, often given for strategic reasons like counterterrorism efforts (Sulaimon & Akindele, 2022). Thus, military funding in this study is proxied by military expenditure.

Economic growth on the other hand, is the increase in the production of goods and services in an economy over time, typically measured by the rise in Gross Domestic Product (GDP). GDP growth reflects the value of all goods and services produced within a country during a specific period. When GDP increases, it signals that the economy is expanding, which can lead to improved living standards, job creation, and higher income levels (Babatunde & Adebayo, 2021).

Historically, after Nigeria gained independence in 1960, Nigeria faced political instability which led to military involvement in governance with series of military coups. As such, the military took control in governance in the country in1966, and its rule continued for much of the second half of the 20th century (Akinola & Ibeanu, 2020). This military's rule deepened ethnic divisions, as certain groups were favoured over others, which caused tensions between different regions of the country. The Nigerian Civil War (1967–1970) was one of the major events caused by these ethnic conflicts, and the military's role in fighting it had long-lasting effects on the country's economic growth.

For instance, the military's centralization of power and disregard for democratic governance to favour certain ethnic

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groups over others created an environment of distrust and resentment, which laid the groundwork for the widespread insecurity Nigeria faces today (Ali, 2021), making it more difficult for successive democratic governments to address the underlying causes of insecurity (Ayoade, 2020). Meaning that, even as democratic rule returned to Nigeria since 1999, the divisions deepened and continue to fuel tensions and security challenges in the country (Ayoade, 2020; Ali, 2021), with insurgent groups like Boko Haram in the northeast, the herder-farmer clashes in the Middle Belt, and separatist movements like the Indigenous People of Biafra (IPOB) in the southeast (Ozoemen, 2021). Additionally, the Niger Delta region became a hotbed of militancy, as local communities felt marginalized and exploited by the central government, which failed to address their grievances related to oil wealth distribution and environmental degradation (Okafor, 2021).

As such, various administrations in the country prioritized defense spending over other sectors to secure the nation from internal conflicts thereby diverting resources from other sectors like education, healthcare, agriculture and infrastructure, which potentially could have boosted broader economic growth (Chidozie & Igwe, 2021). For instance, in 2020, Nigeria allocated ₦1.3 trillion ($3.5 billion) for defense, representing 20.3% of the national budget, while education received just ₦742 billion (7.1%) and healthcare ₦460 billion (4.4%) (NBS, 2020). This allocation continued in 2021, with defense spending rising to ₦1.5 trillion (21.2%), while education and healthcare budgets remained underfunded at ₦740 billion (7.0%) and ₦500 billion (4.8%) respectively (NBS, 2021). As security challenges persisted, the Nigerian government proposed an even higher defense budget in 2022, amounting to ₦2 trillion (16.5%), with education and healthcare receiving ₦800 billion (6.9%) and ₦520 billion (4.4%) respectively (NBS, 2022). The pattern continued in 2023, with defense spending reaching ₦2.1 trillion (15.8%), while education and healthcare allocations were ₦950 billion (7.4%) and ₦600 billion (5.0%) respectively (NBS, 2023). By 2024, defense spending remained significant, accounting for 15.5% of the national budget, amounting to ₦2.1 trillion, while sectors like education and healthcare continued to receive inadequate funding, with education at ₦1.1 trillion (9.2%) and healthcare at ₦700 billion (5.5%) (NBS, 2024).

Despite Nigeria's continuous heavy funding on the military forces to address security challenges, insecurity continuous to deepen in the country as the days go by, thereby diverting funds from critical sectors such as education, infrastructure, and agriculture could have promoted economic growth. This disproportionate allocation of resources could lead to a severe infrastructure deficit, hindering the country's economic potential. The World Bank (2020) estimated that Nigeria requires $3 trillion to bridge its infrastructure gap over the next 30 years, yet the country continues to struggle with poor roads, unreliable electricity, and inadequate transportation systems. This lack of investment in infrastructure has resulted in high business operating costs, making Nigeria one of the most expensive places to do business in sub-Saharan Africa. In addition, Nigeria's foreign direct investment (FDI) has been declining, from $3.5 billion in 2019 to $2.5 billion in 2020 (UNCTAD, 2021), due to the poor investment climate exacerbated by insecurity and inadequate infrastructure.

Agriculture, which employs over 70% of the population, has also suffered from underinvestment in rural development and technology. Despite its potential to contribute to economic diversification, agricultural output grew by just 2.2% in 2020 (World Bank, 2020), reflecting the stagnation caused by poor infrastructure, insecurity, and inadequate government support.

The inadequate investment in education has contributed to high unemployment, particularly among youth. In 2020, youth unemployment stood at 42.5% (NBS, 2020), and by 2024, it had increased to 42.5%, depicting the inability of the economy to provide sufficient job opportunities (NBS, 2024). The growing youth unemployment crisis reflects Nigeria's failure to invest in human capital, further worsen insecurity and economic growth. In 2023, Nigeria's GDP growth rate was just 1.9%, a sharp decline from 2.3% in 2019, illustrating the negative impact of military-focused funding on the broader economy (IMF, 2023). The question is, does heavy continuous military funding actually promote economic growth in Nigeria?

Ideally, military funding aids the welfare and training of its personnel, procurement of arms, and enhances their swift operations in promoting national unity and stability, which could in turn promote smooth country's economic activities. By restoring security and stability, businesses can operate without disruption, fostering a positive environment for economic growth and development (Brown & Carter, 2020). But in Nigeria, this heavy military funding has diverted the attention of the government of various administrations from the most critical sectors like agricultural sector, industrial sector, educational sector, health sector, etc that could have brought the desire economic growth.

Though, there are limited studies on the subject matter. For instance, previous studies like Sanni and Akinwunmi (2021), Juma and Musyoka (2021), and Maseko and Mkude (2021) focused on the impact of insecurity on economic growth in Nigeria, effect of internal conflict on military capacity in Nigeria, and the impact of military expenditure on economic growth in other countries. Thus, this current study tends to fill the geographical gap by investigating the role of military funding on economic growth in Nigeria from 1990 to 2023. Therefore, the main objective of this study is to investigate the role of military funding in enhancing economic growth in Nigeria from 1990 – 2023. Thus, the hypothesis below was tested.

H0: there is no significant role of military funding on economic growth in Nigeria.

II. LITERATURE REVIEW

Sanni and Akinwunmi (2021) analyzed the impact of insecurity, particularly the Boko Haram insurgency, on Nigeria's economic growth between 2005 and 2020. The paper emphasized how internal conflicts have diverted resources to counterinsurgency, disrupted agricultural production, and deterred both domestic and foreign investments. Using ARDL (Autoregressive Distributed Lag) models, the results show that insecurity significantly reduced

Nigeria's GDP growth by approximately 0.5% for every 1% increase in insecurity. The study concluded that insurgency has adverse effects on Nigeria's economic output and recommended to strengthening security and focusing on infrastructure restoration to attract investment and promote growth.

Nabwire and Ochieng (2020) examined the effect of armed conflict in northern Uganda on economic growth from 1990 to 2019. The study explored the disruption of economic activities due to violence, displacement, and resource diversion toward military efforts. Using time-series data and an Error Correction Model (ECM), the results showed a significant negative relationship between conflict and GDP growth, with a 3.5% decline during conflict periods. The study concluded that insecurity due to armed conflict stifles Uganda's economic progress and recommended long-term peace-building efforts, infrastructure development, and economic recovery programmes to restore growth and stability.

Dlamini and Moyo (2022) investigated the effect of criminal insecurity, particularly high crime rates, on South Africa's economic performance from 2000 to 2020. The study used fixed-effects regression analysis with panel data obtained from the Statistics South Africa and the Global Peace Index. Results indicated a 0.7% reduction in GDP growth for every 1% increase in crime, with annual crime-related costs equivalent to 1.8% of GDP. The paper concluded that insecurity stemming from crime severely impacts business confidence and consumer spending. The study recommends investing in law enforcement and addressing the root causes of crime to promote economic stability and growth.

Bassey and Akpan (2023) investigated the impact of ethnic and religious conflicts on Nigeria's economic growth from 2000 to 2021. Using a dynamic panel data model, the study showed that violence related to ethnic and religious tensions severely disrupts the labour market and leads to capital flight. The results also indicated that economic growth in conflict-affected regions is reduced by approximately 4% annually. The paper concluded that insecurity undermines human capital development, discourages investment, and decreases productivity. It recommends implementing policies that promote national unity, invest in education, and reduce ethnic and religious tensions for sustained economic growth.

Musa and Gashu (2022) examined how internal conflicts, particularly ethnic-based violence, have affected Ethiopia's economic performance from 1991 to 2021. The employed employ a structural equation model (SEM) to analyze data from government sources and international peace indices. The findings revealed that ethnic violence leads to a 2.5% annual reduction in GDP growth. The results also highlighted that the displacement of populations and disruptions in trade and agriculture are the primary channels through which insecurity affects the economy. The study concluded that internal peace is crucial for sustaining economic growth and suggests peacebuilding and conflict-resolution strategies.

Hassan and Sanni (2021) analyzed the relationship between the prolonged civil war and Somalia's economic decline over the last three decades (1990-2020). Using time-series data and the Granger causality test, the study found that the civil war has a significant negative impact on economic growth, with an estimated GDP decline of 5.3% annually due to insecurity. The findings also show that insecurity hampers the country's infrastructure development, foreign investment, and access to international markets. The paper concluded that peace and stability are essential for Somalia's economic recovery and recommends rebuilding institutions, restoring law and order, and attracting foreign investment.

Zamani and Ouedraogo (2022) investigated the impact of growing terrorism and insurgency on Burkina Faso's economic growth between 2010 and 2022. Using a Pooled OLS regression model, the study finds that terrorist attacks lead to significant losses in GDP growth, with an estimated annual reduction of 3.2%. The paper highlighted how insecurity disrupts the agricultural sector, tourism, and infrastructure development, while also increasing government spending on security rather than economic development. The study concludes that peace is fundamental for economic growth in Burkina Faso and suggests investing in counterterrorism efforts and regional cooperation to reduce the economic burden of insecurity.

Ochieng and Mwangi (2020) study explored how insecurity, primarily caused by terrorist attacks and inter-ethnic violence, has impacted Kenya's economic growth between 2000 and 2019. The authors use the Johansen co-integration test to examine the long-term relationship between insecurity and economic performance. Results showed that terrorist attacks and ethnic violence contribute to an average annual reduction of 1.9% in GDP growth. The study concluded that Kenya's economy is vulnerable to insecurity, especially in tourism and agriculture sectors. It recommends a focus on comprehensive security measures, inter-ethnic dialogues, and tourism recovery plans to bolster economic resilience.

Juma and Musyoka (2021) examined the effect of insecurity on the operational capacity of the Kenyan Defence Forces (KDF) from 2007 to 2020, focusing on the challenges posed by internal and external security threats, including terrorism and regional instability. The study employed a mixed-methods approach, combining qualitative interviews with military personnel and quantitative data from government reports. The results showed that insecurity, especially from terrorist activities, significantly affects the KDF's operational readiness and morale. The study concluded that insecurity overburdens military resources, leading to fatigue and reduced effectiveness, and recommends reforms in military strategy and increased international cooperation to combat insecurity.

Adebowale and Hassan (2023) investigated the effect of insecurity, particularly from Boko Haram insurgency, on the performance and welfare of the Nigerian armed forces between 2015 and 2022. The study utilized a survey methodology to collect data from active-duty military personnel and analyzes the findings using descriptive statistics. The results showed that the constant threat of insecurity and prolonged deployments contribute to significant mental health challenges among soldiers, reducing morale and combat effectiveness. The paper concluded that insecurity negatively impacts military personnel's performance, suggesting that the Nigerian government increase investment in mental health support, rest periods, and equipment for the armed forces.

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Diallo and Sarr (2021) explored the effect of rising insecurity due to insurgency and terrorist activities on the Mali Armed Forces (MAF) between 2012 and 2021. Through a mixed-method approach that combined quantitative data from military reports and qualitative insights from interviews with military officers, the research revealed that insecurity leads to increased military fatigue, equipment depletion, and decreased morale. The findings showed that the MAF is frequently involved in internal conflict management, reducing its capacity for external defense. The study concluded that prolonged internal insecurity weakens the military, and recommends regional cooperation for military support and modernization of defense strategies.

Maseko and Mkude (2021) explored the influence of military spending on economic growth in Zimbabwe from 1990 to 2020, with a particular focus on how defense expenditures influenced the country's economic decline and recovery during periods of political instability. Using a Generalized Least Squares (GLS) regression model, the study found that military expenditures were significantly higher during the country's period of political crisis and economic contraction. The results showed that excessive defense spending often crowds out investment in other sectors, leading to a long-term negative effect on economic growth. The paper concluded by recommending a reduction in defense spending in favor of broader economic reforms.

Kamara and Fofana (2022) investigated the role of military expenditure in Sierra Leone's post-civil war economic growth from 2003 to 2021. Using a dynamic panel data analysis, the study revealed that military spending positively influenced economic growth during the country's reconstruction phase, particularly by fostering stability and security. However, the results indicated diminishing returns in recent years, with military expenditure increasingly diverting funds away from necessary infrastructure investments. The paper concluded that military spending is essential for national security, but long-term growth requires reallocation of resources toward development sectors such as health and education.

Bamba, B., & Keita, M. (2020) assesses the effect of military spending on Mali's economic performance from 1995 to 2020. Using a Structural Equation Model (SEM), the study shows that while military expenditure contributes to national security and political stability, it also restricts public sector investment in infrastructure and human capital. The results indicate a modest positive effect of military expenditure on growth during periods of external threats, but an overall negative impact during internal conflicts. The study recommends a reevaluation of military budget priorities, emphasizing the need for greater balance between defense spending and investments in economic infrastructure.

Ofori and Mensah (2021) investigated the impact of military expenditure on Ghana's economic growth from 2000 to 2020. Utilizing a Granger Causality test and an Autoregressive Distributed Lag (ARDL) model, the research found a bidirectional causal relationship between military spending and economic growth. The study revealed that while defense spending is necessary to ensure security, but it has an adverse impact on economic development when military budgets grow disproportionately to other sectors. The paper concluded that there is a need for strategic allocation of military resources to balance national security and development goals.

Nkrumah and Abugri (2022) explored the effect of military expenditures on economic growth in Liberia from 2005 to 2022. Using a Vector Autoregressive (VAR) model, the study found that military spending had a positive effect on GDP growth during the early years of post-conflict recovery, as it stabilized the country and attracted foreign investment. However, the results also revealed diminishing returns over time, as resources diverted to defense spending limited progress in key areas such as education and infrastructure. The study concluded that long-term economic stability in Liberia will depend on a more balanced approach to defense and development.

Rahal and Brehanu (2023) examined the effect of Ethiopia's military expenditures on economic growth between 2000 and 2023, with a particular focus on the impact of the Tigray conflict. Using a panel data analysis, the study revealed that military spending during the conflict period led to a significant reduction in GDP growth, primarily due to the diversion of resources from other critical sectors. The paper concluded that while military spending is necessary for national defense, it must be carefully balanced with economic growth objectives to avoid long-term negative impacts on development.

Bamba and Chikondi (2022) examined the effect of military expenditure on economic growth in Malawi from 2000 to 2020 using linear regression. The results showed a positive relationship between defense spending and GDP growth during regional insecurity, but excessive military spending reduces long-term growth by diverting funds from key sectors like infrastructure. A 3% GDP growth increase was observed during periods of high military spending, followed by a 1.5% decline when defense spending exceeded 5% of GDP. The paper concluded that while military spending boosts short-term growth, balancing defense with development spending is crucial for long-term stability and prosperity.

Mugisha and Ogenyi (2023) investigated the impact of military expenditure on Uganda's economic growth (2000-2023) using a GMM approach. Results show a mixed effect: military spending boosts GDP during conflict but has negative consequences during peacetime, especially when spending exceeds necessary levels. A 2.5% GDP growth increase was observed during conflict, while 1% excess military spending in peacetime led to a 0.5% decline in GDP growth. The study concluded that military expenditure is essential during conflict but recommends adjusting defense spending to avoid hindering long-term economic progress, particularly by reallocating resources to infrastructure and development.

Ouédraogo and Traoré (2020) assessed the relationship between military expenditure and economic growth in Burkina Faso from 1995 to 2020 using an error correction model (ECM). The results showed that while military spending has short-term benefits by stabilizing the country during regional instability, excessive defense spending diverts resources from infrastructure, reducing long-term growth. The model indicated a 4% GDP growth increase during high military expenditure, but a 2% decline when defense spending surpassed 7% of GDP. The paper concluded that military expenditure should be balanced with investments in social and infrastructure sectors for sustained economic growth.

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Tsegaye, D., & Alemu, L. (2021) examined the impact of military expenditure on economic growth in Ethiopia from 1990 to 2021, utilizing panel data analysis. Results revealed a positive short-term impact on GDP during conflicts but indicate negative long-term effects when military spending remains high during peacetime. The study found a 1% increase in military spending leads to a 0.3% short-term GDP growth, followed by a 0.5% decline in the long run. The paper concluded that military expenditure should be calibrated according to security needs, and recommends reallocation of military resources to development sectors for sustainable economic growth.

Sarr and Ba (2020) investigated the effect of military expenditures on economic growth in Senegal from 1990 to 2020 using a co-integration approach. Results show a short-term positive effect of military spending on GDP growth, but no long-term impact due to a diversion of resources from critical sectors like education and healthcare. The co-integration results revealed a 1.8% GDP growth increase per unit increase in military expenditure in the short term, but a neutral long-term relationship. The paper concluded that military expenditure is necessary but emphasizes the importance of shifting focus to infrastructure and social sectors for long-term prosperity.

A. LITERATURE GAP

Previous studies like Sanni and Akinwunmi (2021), Dlamini and Moyo (2022), Suleiman and Kamara (2020), Sarr and Ba (2020), etc., focused on insecurity and economic growth in Nigeria and other countries, internal conflict and military capacity in Nigeria and other countries, and military expenditure and economic growth in other countries other than Nigeria. Thus, the current study tends to fill geographical gap by investigating the role of military funding on economic growth in Nigeria from 1990 -2023.

III. METHODOLOGY

The study adopted ex-post facto design since facts (data) about the study variables already existed. As such, time series secondary data were obtained from the statistical bulletin of the Central Bank of Nigeria (CBN) and World Bank Development Index from 1990 to 2023. To keep the data at the same scale or unit of measurement, the data was transformed by taking the natural logarithm on each variable. Autoregressive Distributive Lag (ARDL) data analyzing technique was adopted. In addition to this, the Augmented Dickey Fuller was used to ascertain the stationary of the variables specified in the model. Thus, the researcher adopted a linear model technique of econometric simulation:

Gross Domestic Product=f(Military Expenditure) …….....1

GDP = f(MExp) ……2

$LogGDP = \beta 0 + \beta 1\ LogMExp + \mu 1$……3

Where:

LogGDP = log of Gross Domestic Product (dependent variable)

LogMExp = Log of Military Expenditure (independent variable)

β0 = Intercept terms (constant)

β1 = slope or estimate of Military Expenditure.

IV. RESULTS AND DISCUSSION OF FINDING

A. SUMMARY STATISTICS

	LOGRGDP	LOGMILITARYEXPENDITURE
Mean	12665749.01	1406668801.87
Median	42044.77	1060503054.28
Maximum	229912937.3	4466397815.79
Minimum	21462.73	173657679.32
Std. Dev.	51386.26	103612.63
Skewness	3.78	0.89
Kurtosis	5.41	3.39
Jarque-Bera	9.46	7.76
Probability	0.38	0.92
Sum	430635466.55	47826739263.84
Sum Sq. Dev.	8.71	3.54
Observations	34	34

Source: Researcher's Eviews 10 Computation

Table 4.1.1: Showing the Descriptive Statistics of the Data

The Table4.1.1 presented descriptive statistics for two variables: Logarithm of Real GDP) and logarithm of military expenditure, based on 34 observations. LOGRGDP shows a high mean (12,665,749.01) and maximum (229,912,937.3), indicating significant disparities in global GDPs. It has a positive skew (3.78) and a high kurtosis (5.41), reflecting a right-skewed distribution. The Jarque-Bera statistic (9.46) suggests mild deviation from normality. In contrast, log of military expenditure has a lower skewness (0.89) and kurtosis (3.39), implying a more balanced distribution. The standard deviation (103,612,248.63) for military expenditure is smaller than that for GDP, indicating less variation. The Jarque-Bera statistic (7.76) and a probability of 0.92 suggest normality. Overall, LOGRGDP is more variable and skewed, while log of military expenditure is more normally distributed.

B. EMPIRICAL ANALYSIS

a. UNIT ROOT TEST

Series	ADF Stat @ level	Prob. value	ADF Stat @ 1st Diff (0.05)	Prob.Value	Stationary Status
LogMExp	-6.7817	0.7194	-2.9571	0.0000	I(1)
LogRGDP	-2.0128	0.5812	-5.2912	0.000	I(1)

Source: Researcher's Eviews 10 Computation

Table 4.2.1: Augmented Dickey Fuller Unit Root Test

Table 4.2.1 showed the results of the Augmented Dickey Fuller (ADF) unit root test for LogMExp (log of military expenditure) and LogRGDP (log of real GDP). At the level, both series were non-stationary, with probability values above 0.05. For LogMExp, the ADF statistic is -6.7817 at the level and -2.9571 at the first difference, with the latter being made stationary (I(1)). Similarly, for LogRGDP, the ADF statistic is -2.0128 at the level and -5.2912 at the first difference, indicating it is also stationary after differencing (I(1)).

b. BOUND TEST ERROR CORRECTION MODEL

ECM Regression

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(LOGRGDP(-1))	27.58302	14.69209	1.877406	0.0744
D(LOGRGDP(-2))	-9348.150	2914.589	-3.207365	0.0042
D(LOGRGDP(-3))	4417.230	3298.189	1.339290	0.1948
D(LOGMILITARYEXPENDITURE)	-0.017939	0.006808	-2.635169	0.0155
D(LOGMILITARYEXPENDITURE(-1))	0.033031	0.010567	3.125763	0.0051
D(LOGMILITARYEXPENDITURE(-2))	0.023716	0.012645	1.875460	0.0747
CointEq(-1)*	-27.40864	14.78969	-1.853226	0.0280

R-squared	0.810116	Mean dependent var	7663029.
Adjusted R-squared	0.760581	S.D. dependent var	36615094
S.E. of regression	17915916	Akaike info criterion	36.44124
Sum squared resid	7.38E+15	Schwarz criterion	36.76819
Log likelihood	-539.6186	Hannan-Quinn criter.	36.54583
Durbin-Watson stat	1.921501		

F-Bounds Test		Null Hypothesis: No levels relationship		
Test Statistic	Value	Signif.	I(0)	I(1)
F-statistic	7.045266	10%	3.02	3.51
K	1	5%	3.62	4.16
		2.5%	4.18	4.79
		1%	4.94	5.58

Source: Researcher's Eviews 10 Computation

Case 2: Restricted Constant and No Trend

Table 4.2.2 presented the results of the Bound Test Error Correction Model (ECM), showing the relationship between real GDP and military expenditure. Significant short-term effects are observed with log(rgdp) at lag 2 and log(military expenditure) at lags 1 and 2. The error correction term **(**CointEq(-1)**)** is significant, indicating the model corrects deviations from long-term equilibrium. The F-statistic (7.05) exceeds critical values, confirming a long-term relationship between the variables. Thus, the model indicated both short- and long-term interactions.

ARDL Long Run Form and Bounds Test
Dependent Variable: D(LOGRGDP)
Selected Model: ARDL(4, 3)
Levels Equation
Case 2: Restricted Constant and No Trend

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LOGMILITARYEXPENDITURE	-0.057351	0.006751	-8.495190	0.0091
C	-90566.41	2168075.	-0.041773	0.9671

Source: Researcher's Eviews 10 Computation

Table 4.2.3: Long run Equation

Table 4.2.3 presented the results of the long-run equation using the ARDL model, where log of real GDP is the dependent variable and log of military expenditure is the independent variable.

The coefficient for log (military expenditure) is -0.057351, with a highly significant t-statistic of -8.495190 and a p-value of 0.0091, indicating a strong negative impact of military expenditure and real GDP in the long run in Nigeria. This implies that, ceteris paribus (with all other factors held constant), an increase in military expenditure by one unit will result in a 5.7% decrease in real GDP.

The R-squared value of 0.81, indicated that 81% of the variation in economic growth proxy by GDP was explained by military expenditure in the model, suggesting a good fit. Thus, the results showed that military expenditure negatively impacts real GDP in the long run.

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	0.093635	Prob. F(2,19)	0.9110
Obs*R-squared	0.292802	Prob. Chi-Square(2)	0.8638

Table 4.2.4: Serial Correlation LM Test

Table Table4.2.4 Showed the Breusch-Godfrey Serial Correlation LM test results, indicating no significant serial correlation in the residuals. The F-statistic is 0.093635 with a p-value of 0.9110, and the Obs*R-squared is 0.292802 with a p-value of 0.8638. Both p-values exceed 0.05, suggesting no autocorrelation at the 5% significance level. And we are happy about the model

C. DISCUSSION OF FINDINGS

The findings from this study of military expenditure and economic growth in Nigeria highlighted a significant negative long-run relationship. The coefficient for military expenditure is -0.057351 with a highly significant t-statistic of -8.495190 and a p-value of 0.0091, indicating that an increase in military expenditure, ceteris paribus, leads to a decrease in real GDP. This suggests that funds allocated to military spending,

particularly in the long run, may divert resources away from productive sectors of the economy, hindering growth.

Comparing these findings to previous studies, a similar pattern emerges across different African countries. Studies in Uganda, South Africa, and Somalia revealed a recurring theme where conflict and military expenditure divert resources from economic development, reducing growth. The findings are also consistent with global trends showing that excessive military spending during periods of conflict leads to lower economic performance.

V. CONCLUSION

Based on the findings of this study, it can be concluded that, military expenditure has a negative impact on Nigeria's economic growth in the long run. Specifically, an increase in military spending is associated with a decrease in economic growth, as reflected by the negative coefficient of military expenditure.

VI. RECOMMENDATION

It is recommended that Nigerian government and policymakers should strike a balance between military expenditure and investments in key sectors like infrastructure and education to promote long-term economic growth and stability.

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