

**ECONOMIC GROWTH AND MILITARY EXPENDITURES FROM A FISCAL  
POLICY PERSPECTIVE. EVIDENCE FROM CENTRAL AND EASTERN  
EUROPEAN COUNTRIES**

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***ABSTRACT***

*Using a newly created dataset of detailed and disaggregated military expenditures, this paper studies the impact of military expenditures on economic growth in nine Central and Eastern European countries in 1999-2021. The results of the estimation of a Barro-type endogenous growth model with military expenditures confirm a negative and significant influence of different kinds of military expenditures on economic growth in the long run, and identify personnel expenditures and labour market adjustments as one of the most important channels of influence. To measure the impact of the short-run effect, fiscal multipliers of military expenditures were estimated using SVAR model and significantly negative values were obtained for aggregated and disaggregated military expenditures. Military expenditures tend to crowd-out non-military government expenditures in some cases.*

***Keywords:*** *military expenditures; military expenditures and economic growth; fiscal multiplier; fiscal adjustments*

***JEL classification:*** *E.62, H.41*