Centre de Recherche pour le Développement Economique (CEREDEC)

CEREDEC Working Paper

WP/17/002

Military Expenditure, Export, FDI and Economic Performance in Cameroon

Forthcoming: Global Business Review

Pacific K. T. Yapatake

PhD Research Scholar in Non-traditional Security Management
(Economy and Financial Security), School of Public Affairs,
Zhejiang University, Hangzhou, China.

E-mail: yapatake@htomail.com

Shan J. Li

School of Public Affairs, Zhejiang University,
Hangzhou, China.

Ramadhan A. Abeid

School of Economics, Huazhong University of Science
and Technology, Wuhan, China.

Research Department

Military Expenditure, Export, FDI and Economic Performance in Cameroon

Pacific K. T. Yapatake, Shan J. Li & Ramadhan A. Abeid

January 2017

Abstract

To investigate for the possible relationship among military expenditure, exports and foreign direct investment (FDI) on economic growth in Cameroon covering the period of 1996–2014, the vector Autoregression (VAR) model was employed. The results show that military expenditure and the exports are significant at 0.0000 and 0.01 per cent, respectively, and have a positive relationship with gross domestic product growth and the FDI is not significant but has a positive relationship with the economic growth in short run. However, many efforts should be directed towards energy production and infrastructure developments in order to benefit plenty for FDI in the long run for economic sustainability.

JEL Classification: H5; O41; O47

Keywords : Military expenditure, export, foreign direct investment, growth, vector Autoregression (VAR), Cameroon

Introduction

Economic growth and its determinants has been the subject for investigation in the past few decades in developing countries. The recent literatures have paid attention considerably on determining the impact of financial development, foreign trade, political instability and infrastructure on economic growth. The relationship between military expenditure and economic growth has also received attention but most of the studies never attempted to

analyze the effect of military expenditure, export and foreign direct investment (FDI) on economic growth. The report published by Stockholm International Peace Research Institute (SIPRI, 2014) shows that Africa is the region that recorded the biggest increase in military spending in the world level. African governments are spending huge amount of funds for acquiring new weaponry (www.warisboring.com). Military budgets on the continent increased by 8.3 per cent on average from 2012 to 2013 and a whopping of 81 per cent between 2004 and 2013 (SIPRI, 2014). Moreover, the report also showed that the military spending of the continent reached \$50.2 billion in 2014 and an increase of 5.9 per cent compared to 2013.

In sub-Saharan Africa, the expenditures grew at 4.8 per cent to stand at \$30.1 billion while African economic growth stood at an average 3.79 per cent per year over the period 2008–2012 (Report of Economic development in Africa, 2014). Africa continent is leading for military expenditures compared to other regions, such as Asia or the Middle East. With regard to the exports in 2007, Africa exported \$422 billion of goods, representing an increase of 16 per cent since 2000 (World Trade Organization Report, 2008) and the total amount in commercial services from Africa to the rest of the world is doubled from 2004 to 2014 (United Nations—Economic Report on Africa, 2014).

Cameroon is surrounded by Nigeria in the West, Central African Republic (CAR) in the east, Republic of Congo, Gabon and Equatorial Guinea in the South and Chad in Northeast. Cameroon, one of the African countries, enjoyed economic growth compared to its neighbours, such as CAR, which also shows a slight improvement in 2014 with a growth rate of the real GDP of 1.0 per cent compared to an initial target of 1.5 per cent and a decrease of 36.0 per cent in 2013; Equatorial Guinea's growth consequently declined from –2.1 per cent to –8.7 per cent in 2014 and 2015, respectively (African Economic Outlook, 2015).

Cameroon's economic growth has been the subject of discussion of economic operators, scholars and international donors. Despite the humanitarian crises and political instability at the northern borders with Nigeria, the eastern borders with the CAR and stagnant economies in organization for economic co-operation and development (OECD) countries and a slowdown in growth among the emerging economies, Cameroon has been going through a continuous period of economic growth in recent years by rising up to 4 per cent in 2011.

Economic activity was expected to expand at a growth rate of nearly 5 per cent in 2012 (The World Bank, 2012). The growth remained at 5.3 per cent in 2014 but below the 6 per cent average growth target was established in the 2010–2020 growth employment strategy paper (GESP), which aimed at incorporating Cameroon into the group of emerging countries by 2035 (African Economic Outlook, 2015).

In terms of investments, the Index mundi website reported that FDI net inflow as percentage of GDP in Cameroon was 1.10 as of 2013 with the highest and lowest value over the past 36 years being 5.53 in 2002 and –1.01 in 1990, respectively.

According to the country's military budget report, Cameroon spent \$372 million on their military in 2012 of 1.3 per cent of the country's GDP that year. The export of goods and services in the country was 21.5 per cent (Trading Economic website, 2015). Cameroon incurred small military expenditures compared to the super powers, such as USA, China, France, etc. Compared to African military expenditures, Cameroon has an average level that ranks it at the twelfth position in African national military spending. Some countries, such as Burkina Faso Djibouti and Benin, have small military forces (less than 5,000 men) with a defence budget of less than \$100 million per year. Other countries, such as Mauritania, Togo and Ivory Coast, have army force having less than 20,000 men. Military's expenditure budget does not exceed \$200 million. These countries often compared to Cameroon in economic matters are quite below this military expenditure. However, some countries, such as Algeria, South Africa, Tunisia, Angola and Egypt, have big army forces (more than 80,000 men) with a defence budget of \$5.5 billion per year for Algeria and South Africa \$3–4 billion per year (Heungoup, 2011).

Assomo (National Assembly on Friday 30 November 2015), who is Cameroon's Minister, responsible for the Presidency in charge of defence requested the national assembly to increase the military expenditure when presented his ministry's budget in order to ensure the missions, defence the territorial integrity of the country, the safety of people and property and to continue the war against Boko Haram. The military and police budget have grown to more than 20 billion CFA, from 209 billion CFA to 229,727,000,000 CFA. In detail, 214.727 billion CFA was allocated to operations and 15 billion CFA to the public investment budget. Cameroon continued to maintain and ensure the integrity security of the national territory.

The implementation of strengthening the defence of the territory is estimated at 125.5 billion CFA; involvement in the protection of people and property cost at 65 billion CFA; the state spent 4 billion CFA for involvement in the national development efforts, finally, governance and institutional funding for the defence sub-sector were set at 38 billion CFA francs. Almost 100 billion CFA is still assigned to the security of Cameroonians, through National Security. With 93.529 billion CFA, the National Delegation for National Security assigned 84 billion CFA for the operational and 9.5 billion CFA for investment.

The main objective of the study is to examine the possible relationship among the military expenditure, export and FDI on Cameroon's economic growth covering the period of 1996–2014 by using the vector autoregression (VAR) model.

This article is divided into nine sections. Following the introduction in the first section, the review of literature occupies the second section and objectives of the study are detailed in the third section. The fourth section takes the rationale behind the study. Methodology, data source and sample frame occupies the fifth section. The sixth section deals with empirical model. The seventh section discusses the results, while the eighth section concludes the study. The ninth section takes the managerial implications and future research.

Review of Literature

Gokmenoglua et al. (2015), by employing Johansen co-integration and Granger causality tests to examine the long-run relationship and causality between military expenditure and economic growth from 1988 to 2013 in Turkey, found that there is unidirectional relationship from military expenditure to economic growth. Ourania and FaekMenla (2015) by examining the long-run causal relationship between military expenditure and economic growth in China from 1952 to 2010 found an existence of long-run equilibrium relationship among GDP growth, governmental investment, non-defence spending and population growth. Hou and Chen (2013) investigated the effect of military expenditure and economic growth in 35 developing countries covering the period of 1975–2009 by employing generalized method of moments (GMM) estimators found that military expenditure has negative and significant impact on economic growth.

Heo and Kwang (1998) by examining the impact of military expenditures and economic growth of South Korea and Taiwan found that in South Korea military expenditure does not have direct effect on economic growth but cause negative externality. However, in Taiwan, military expenditure impacts negatively the economic growth when externality effects are taken into account. Alptekin and Levine (2012) examined the impact of military expenditure and economic growth by using meta-analysis of 32 empirical studies with 169 estimates. They argued that the hypothesis of military expenditure has negative relationship with economic growth in less-developed countries while military expenditure has positive relationship with economic growth for developed countries.

Aizenman and Glick (2006) examined the relationship of military expenditure and threats on economic growth. The result showed that economic growth decreases with higher levels of military expenditure. In addition to that the military expenditure in the presence of threats raises growth. Hou and Chen (2013b) by investigating the effect of military expenditure on economic growth in five South Asian countries, such as Bangladesh, India, Pakistan, Nepal and Sri Lanka, covering the period of 1990–2006. By employing the Solow growth model, it is found that the military expenditure has a negative impact on economic growth.

Federici and Marconi (2002) by using the VAR model covering the period 1960–1998 examined the impact of export on economic performance of Italy and found that export can accelerate economic growth. In addition to that, the impulse response analysis showed positive cumulative effects of export on economic growth. Jarreau and Poncet (2012) by conducting their study on export sophistication and economic growth in China found that regions specializing in more sophisticated goods consequently grow faster.

Lee (2010) by examining the impact of export specialization on economic growth around the world (71 countries) during 1970 found that international trade can cause the growth patterns in the world economy. In addition to that the countries which have specialized in exportation of goods with high technology see their economy grow faster. Wasim (2003) examined the impact of export instability on economic growth in Pakistan using time-series data covering the period 1973–1974 to 2000–2001. He employed ordinary least-squares (OLS) method in his study. The result shows that the presence of positive and significant relationship between export growth and export instability in Pakistan.

Sahraoui, Belmokaddem, Seghir, & Zakarya (2015) by examining the relationship between FDI and economic growth in 65 countries, using co-integration and panel Granger causality, found that there is a unidirectional causality from FDI to economic growth. Pegkas (2015) by investigating on the impact of FDI on economic growth in Eurozone countries from 2002 to 2012 by employing fully modified OLS and dynamic OLS found FDI have a positive relationship with economic growth in Eurozone countries. Nistor (2015) by investigating the impact of FDI implications in Brazil, Russia, India, China and South Africa (BRICS) economy growth found that FDI have positive relationship with economic growth. Dritsaki and Stiakakis (2014) by employing an error correction model—autoregressive-distributed lag to investigate the relationship among FDI, exports and economic growth covering the period of 1994–2012 in Croatia found a causal relationship between export and growth in short run.

Objectives of the Study

The main objective of this study is to investigate for possible relationship among military expenditure, exports and FDI on economic growth in Cameroon in order to point out their importance on economic performance of the country.

Rationale of the Study

The rationale behind this study is contributed due to the fact that earlier studies were mostly researched on military expenditures and economic growth but neither military expenditures, export and FDI on economic growth. The study will also try to provide best understanding and possible alternatives to improve economic growth in Cameroon. The findings of this study will serve as a basis for further research in this perspective.

Methodology, Data Source and Sample Frame

The article used yearly times-series data covering the period of 1996–2014. The data of military expenditures were collected from SIPRI, Yearbook: Armaments, Disarmament and International Security. The FDI, economic growth and exports in goods and services were collected from World Bank sourced from world development indicators.

To examine the relationship among the military expenditure, export and FDI on economic growth of Cameroon, we run the preliminary times-series unit root test by using the Augmented Dickey–Fuller (ADF) test of Dickey and Fuller (1981) as well as the Phillips and Perron (PP) test of Phillips and Perron (1988) to test whether our variables are stationary or not.

We also employed Johansen co-integration technique to examine whether the variables in our model have long relationship or not based on unrestricted VAR model following with selection of lag length of the VAR. The results of both trace and maximum eigen value of Johansen co-integration will be presented. Our analysis used VAR.

In addition to that, the stability of both cumulative sum (CUSUM) and the cumulative sum of squares (CUSUMSQ) and diagnostic test was conducted to evaluate our model.

Empirical model

$$GR_t = f(ME_t, EGS_t, NI_t)$$

The model employed included

$$GR_t = \alpha_0 + \alpha_1 ME_t + \alpha_2 EGS_t + \alpha_3 NI_t + f_t$$

where GR is the GDP growth (% of GDP), ME is the military expenditure (% of GDP), EGS are the exports in goods and services (% of GDP), NI is the Foreign direct investment net inflows (% of GDP), α is the coefficient and f is the error term.

Military expenditures can be defined as the amount of resources used for military purposes. Its importance on the economy growth rests a key task, by leading to renewed debate whether the rise of the military spending increases or declines economic growth and welfare.

Due to the fact that military expenditures continue to grow in Cameroon, we anticipate the economic effects of military expenditures in the country to be significant and have positive relationship with economic growth.

Exports (proxy of goods and services in our analysis) play a key role in economy, by inducing the level of economic growth, employment as well the balance of payments. Exports are a component of aggregate demand (AD). An increase in exports will impact

positively the AD and cause higher economic growth and the lessening government budget deficit. An increase in exports in the country will help the local economy to grow which in turn will affect the economic performance of the country. According to the trade economic complexity index (ECI), the country is the 108th largest export economy in the world and the 102nd most complex economy. In 2014, Cameroon exported \$5.88 billion of goods and services and the gross domestic product was \$32.1 billion. An export led growth policy targets to provide producers with inducements to export their goods through several economic and governmental policies. Deliberating the significance of the export sector to economic growth and development led economists to point out the vigorous role of exports as the instrument of economic growth. We expected a positive and significant relationship between Cameroon economic performance and exports.

Foreign direct investment is an important source of capital for most developed and developing countries. It is usually difficult for countries to generate capital through domestic savings and based on their domestic strengths and capacities alone. The introduction of FDI has permitted to the host state and investor offers new technologies, resources, new products, management skills, organizational technology, etc. and as such can provide an incentive to economic growth.

Cameroon's economy has the potential to become one of the best-off and best placed to obtain FDI in Africa. Nevertheless, it is at present towards the lowest of the rankings in terms of FDI attractiveness. According to the Santander trade portal website, Cameroon obtains little FDI (around USD \$570 million in 2013), with net FDI flows signifying a modest percentage of GDP. Due to the fact that the country has obtained a slight amount of FDI, we expected FDI to be not insignificant but have positive relationship with economic performance of Cameroon.

Results and Discussions

Tables 1 and 2 present the test results for ADF and PP indicating that the variables which are nonstationary in level become stationary in first difference except the exports in goods and services which become stationary at second difference. The first difference in the case of ADF for the variables military expenditure, exports in goods and services, FDI become

stationary by the inclusion of time trend or time and intercept. The results of unit root test are carried out in order to avoid spurious regression.

Table 3 presents the result of co-integration test, as the estimated eigen value, trace statistics, the critical value and the probability. The trace statistics test indicates no co-integration in our model. The trace statistics is (47.37730) less than the critical value (47.856713) at 5 per cent level which means that the GDP growth, military expenditure, export in goods and services and FDI are not co-integrated or moving towards equilibrium. Therefore, VAR is used to estimate our results. Before running the VAR, it

Table 1. Unit Root Test by Augmented Dickey–Fuller (ADF)

Variables	At Level		First Difference		Included	
	<i>t</i> –statistic	Probability	<i>t</i> –statistic	Probability*		
ME	–1.971046	0.5770	–4.349765	0.0162***	Trend and Intercept	
EGS [2]	–2.664459	0.2616	–11.93514	0.0000***	Trend and intercept	
NI	–4.084294	0.0063*	–6.994153	0.0000***	Intercept	
GR	–1.040535	0.7149	–3.663059	0.0155***	Intercept	

Source: Prepared by the authors, based on E-view 8.

Note: ***, ** and * indicate rejection of the null hypothesis of unit root test at 1%, 5% and 10% levels of significance.

Table 2. Unit Root Test by Phillips–Perron (PP)

Variables	At Level		First Difference	
	<i>t</i> -statistic	Probability*	<i>t</i> -statistic	Probability
ME	−2.479436	0.1364	−4.121416	0.0063*
EGS	−3.5446251	0.0187***	−8.164610	0.0000***
NI	−4.084294	0.0063*	−9.809022	0.0000***
GR	−1.040535	0.7149	−3.669074	0.0153***

Source: Prepared by the authors, based on E-view 8.

Note: ***, ** and * indicate rejection of the null hypothesis of unit root test at 1%, 5% and 10% levels of significance.

is crucial to conduct the Granger causality test statistics to check the direction of causality between dependent variable and independent variables in our model by knowing that if the *p*-value is less than 5 per cent, we can reject the null hypothesis.

According to the statistics in Table 4, the export in goods and services, the military expenditure and the FDI do not Granger-cause economic growth because the *p*-value exceeds 5 per cent. This means that there is no short-run causality running from these variables to GR. However GR Granger-causes military expenditure. To strength the direction of relation between our variables in the model, the impulse response test was performed. In addition to that, short run estimated the relationship between our variables and GR by using the OLS method.

Table 5 shows that ME and EGS are statistically significant at a level of 1 per cent and have positive relationship with GDP growth. The FDI is not statistically significant in our analysis but have a positive relationship with economic growth.

Figure 1 presents the results obtained from impulse responses from independent variables to dependent variables as well as from dependent variables to independent variables. In our analysis [0–5] was considered as short-run period and [5–10] as long-run period. For the case of impulse response from

Table 3. Johansen Test for Unrestricted Co–integration Rank Test (Trace)

Hypothesized			0.05 Critical	Probability
No of CE(s)	Eigen Value	Trace Statistics	Value	**
None	0.683469	47.37730	47.856713	0.0554
At most 1	0.589118	27.82160	29.7907	0.0831
At most 2	0.446550	12.70098	15.49471	0.1262
At most 3*	0.144041	2.644048	3.841466	0.1039

Source: Prepared by the authors, based on E–view 8.

Note: Trace test indicates no co–integration at the 0.05 level and * denotes rejection of the hypothesis at the 0.05 level.

Table 4. Granger Causality Test

Null Hypothesis	<i>F</i> –statistics	<i>P</i> –value
EGS does not Granger-cause GR	0.17652	0.8403
GR does not Granger-cause EGS	0.86175	0.4470
ME does not Granger-cause GR	0.85764	0.4486
GR does not Granger-cause ME	4.66134	0.0318
NI does not Granger-cause GR	1.43620	0.2759
GR does not Granger-cause NI	0.22058	0.8052

Source: Prepared by the author, based on E-view 8.

Note: ** and *** denote rejection of the hypothesis at t

Table 5. Estimated Results for Short Run

Variable	Coefficient	Std Error	<i>t</i> –statistic	Probability
ME	2.569340	0.302191	8.502370	0.0000***
EGS	0.096478	0.033039	2.920147	0.0100***
NI	0.110624	0.190591	0.580426	0.5697

Source: Prepared by the author, based on E-view 8.

Note: ** and *** denote rejection of the hypothesis at the 0.05 and 0.10 significant levels.

Figure 1. Impulses Responses

Source: Generated from E-view 8.

independent variables to dependent variables, military expenditures have negative response in short run but positive response in long run. The impulse response of exports to economic growth is positive and negative in short run before it becomes negative in long run particularly from the eighth year. The impulse response from FDI is also negative in short run [0–3] and increases slightly during the fourth year before start to decline and finally end with negative response.

For the case of impulse responses of dependent variables to independent variables, Figure 1 also showed that in the short run, the impulse response of economic growth to export in goods and services was declining but in the long run, it started slightly to improve. The same case can be observed for impulse response for military expenditure on economic growth. The impulse response of economic growth to FDI in short run is positive and decline in the long run. To compare it to Granger causality test statistics, the result is very consistent which is stressing that military expenditures have a positive impact on the GDP growth.

To ascertain the evaluation of the model on the basic econometric characteristics, the diagnostic test and stability test were performed. Diagnostic test (Table 6) shows that our model has passed all three tests, such as serial correlation, heteroscedasticity associated with the model and normality of errors (Figure 2). For the stability test, CUSUM and the CUSUMSQ are presented in Figures 3 and 4, respectively. The results of the stability test show that our model has been stable since no root lie outside the range of the conditions. The recursive residual test satisfies the stability test at 5 per cent significance level.

Conclusion

This article was to analyze the impact of military expenditure, exports in goods and services as well as the FDI on the economic growth of Cameroon over the period of 1996–2014. The results indicated that military expenditure and export are statistically significant and have positive relationship with economic growth while FDI is not significant but have positive impact on economic growth. The positive effect of military expenditure on economic growth implies that there is positive spin-off of military spending to the economy as well as the exports in goods and services in Cameroon. Overall, the results suggest that military expenditures and exports have a good impact on economic performance and lead to significant contributions to the economic growth. Moreover, the emphasizing of military expenditures in Cameroon is a hopeful sign. After all, Cameroon is facing, in the recent years, many threats in terms of security. Military expenditures in the country are clearly to ensure the peacekeeping and the national security also to help quash internal dissent and insecurity with neighboring countries, such as Nigeria and Central African Republic.

Managerial Implications and Future Research

The outcomes of this study imply that Cameroon government should continue to maintain the country's military expenditures for peacekeeping purposes. In addition to that it is very important for Cameroon to mobilize and encourage development of domestic investment as well as the production of the electricity for the long and sustainable economic growth. We suggest further study to be conducted on military expenditure and economic growth in Cameroon by employing the variables, such as government expenditures, non-defence

expenditures and population growth. However, policymakers should encourage FDI by improving the business climate, financial development, fight against corruption and promote export through improvement of infrastructure.

Table 6. Diagnostic Test

Diagnostic	Statistic	Conclusion
Heteroscedasticity Test: Breusch–Pagan–Godfrey	F -statistic = 0.506 P -value = 0.683 Obs * R^2 = 0.626	There is no heteroscedasticity
Breusch–Godfrey Serial Correlation LM Test	F -statistic = 2.306 P -value = 0.136	No serial correlation
Normality Test	Jarque–Bera Test = 1.154 P -value = 0.5615	Residual are normally distributed

Figure 2. Normality Test **Source:** Generated from E view 8

Figure 3. CUSUM

Source: Generated from E-view 8

Figure 4. CUSUMSQ

Source: Generated from E-view 8.

Appendix

Figure 5. Foreign Direct Investment (%)

Source: Authors' own

Figure 6. Military Expenditure (%)

Source: Authors' own

Figure 7. Gross Domestic Product (%)

Source: Author's construction from Microsoft excel.

Figure 8. Export in Goods and Services (%)

Source: Author's construction from Microsoft excel.

Figures 5–8 in Appendix, respectively, represent the evolution of FDI, military expenditure, economic growth and exports in goods and services in Cameroon based on the data collected from World Bank. According to Figure 5, the highest value of FDI that flows in the country was in 2002. Military expenditure increases and decreases between 1996 and 2014. The highest value can be observed in 2010 (Figure 6). Figure 7 shows the trend of economic growth which radically increased between 2008 and 2012. Figure 8 shows that the export increase gradually and declined in 2010 before recovery in forthcoming years (2012–2014).

References

- African Economic Outlook (2015). Retrieved from <http://www.africaneconomicoutlook.org/>
- Aizenman, J., & Glick, R. (2006). Military expenditure, threats, and growth. *The Journal of International Trade & Economic Development*, 15(2), 129–155. doi:10.1080/09638190600689095
- Alptekin, A., & Levine, P. (2012). Military expenditure and economic growth: A meta-analysis. *European Journal of Political Economy*, 28(4), 636–650.
- Assomo, J.B. (2015). Cameroun—Budget 2016: 20 milliards de FCFA en plus pour le Ministère de la Défense. Retrieved 27 May 2016, from <http://www.cameroon->

info.net/stories/0,69346,@,cameroun-budget-2016-20- milliards-de-fcfa-en-plus-pour-le-ministere-de-la-defens.html

- Dickey, D.A., & Fuller, W.A. (1981). Likelihood ratio statistics for autoregressive time series with a unit root. *Econometrica*, 49(4), 1057–1072.
- Dritsaki, C., & Stiakakis, E. (2014). Foreign direct investments, exports, and economic growth in Croatia: A time series analysis. *Procedia Economics and Finance*, 14, 181–190.
- Federici, D., & Marconi, D. (2002). On exports and economic growth: The case of Italy, *The Journal of International Trade & Economic Development*, 11(3), 323–340. doi: 10.1080/09638190210151428
- Gokmenoglua, K.K, Taspinara, N., & Sadeghieha, M. (2015). Military expenditure and economic growth: The case of Turkey, *Procedia Economics and Finance*, 25, 455–462.
- Heo, U., & Kwang, H.R. (1998). Military expenditures and economic growth in South Korea and Taiwan. *International Interactions*, 24(2), 171–186. doi: 10.1080/03050629808434925.
- Heungoup, H.M. (2011). Le BIR et la GP dans la politique de défense et de sécurité du Cameroun. Socioanalyse du rôle présidentiel, des concepts stratégiques et d'emploi des forces, Université catholique d'Afrique centrale. Retrieved 15 May 2016, from <http://www.memoireonline.com>
- Hou, N., & Chen, B. (2013a). Military expenditure and economic growth in developing countries: Evidence from system GMM estimates. *Defence and Peace Economics*, 24(3), 183–193. doi: 10.1080/10242694.2012.710813.
- . (2013b). Cooperation for a Peaceful and Sustainable World Part 2: Military Expenditure and Economic Growth in South Asia. *Contributions to Conflict Management, Peace Economics and Development*, 20, 213–223.
- Jarreau, J., & Poncet, S. (2012). Export sophistication and economic growth: Evidence from China. *Journal of Development Economics*, 97(2), 281–292.
- Lee, J. (2010). Export specialization and economic growth around the world. *Economic Systems*, 35, 45–63.
- Nistor, P. (2015). The FDI implications in BRICS economy growth. *Procedia Economics and Finance*, 32, 981–985.

- Ourania, D., & FaekMenla, A. (2015). The long-run causal relationship between military expenditure and economic growth in China: Revisited. *Defence and Peace Economics*, 26(3), 311–326. doi: 10.1080/10242694.2013.810024
- Pegkas, P. (2015). The impact of FDI on economic growth in Eurozone countries. *The Journal of Economic Asymmetries*, 12, 124–132.
- Phillips, P.C.B., & Perron, P. (1988). Testing for a unit root in time series regression. *Biometrika*, 75(2), 335–346.
- Report on Economic Development in Africa. (2014). Retrieved 20 January 2016, from http://unctad.org/en/PublicationsLibrary/aldcafrica2014_en.pdf
- Sahraoui, M.A., Belmokaddem, M., Seghir, G.M., & Zakarya, G.Y. (2015). Causal interactions between FDI, and economic growth: Evidence from dynamic panel co-integration. *Procedia Economics and Finance*, 23, 276–290.
- SIPRI. 2014. SIPRI Military Expenditure Database. Retrieved from <https://www.sipri.org/sites/default/files/2016-03/sipri-annual-review-2014.pdf>
- Trading Economic website (2015). Retrieved from <http://www.tradingeconomics.com/cameroon/militaryexpenditure-percent-of-gdp-wb-data.html>
- United Nations—Economic Report on Africa. (2014). Retrieved 24 March 2016, from <http://www.uneca.org/publications/economic-report-africa-2014>
- Wasim, M.P. (2003). Export instability on economic growth in Pakistan. *Global Business Review*, 4(2).
- World Trade Organization Report (2008). Retrieved 10 February 2016, from https://www.wto.org/english/res_e/booksp_e/anrep_e/world_trade_report08_e.pdf