Accepted Manuscript

Title: Mitigating capital flight through military expenditure: insight from 37 African countries

Authors: Simplice A. Asongu, Joseph Amankwah-Amoah

PII: S0275-5319(17)30394-X
DOI: http://dx.doi.org/doi:10.1016/j.ribaf.2017.07.130
Reference: RIBAF 820

To appear in: *Research in International Business and Finance*

Received date: 13-6-2017
Accepted date: 5-7-2017

Please cite this article as: Asongu, Simplice A., Amankwah-Amoah, Joseph, Mitigating capital flight through military expenditure: insight from 37 African countries.Research in International Business and Finance http://dx.doi.org/10.1016/j.ribaf.2017.07.130

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

ACCEPTED MANUSCRIPT

Mitigating capital flight through military expenditure: insight from 37 African countries

Dr. Simplice A. Asongu
African Governance and Development Institute,
P. O. Box 8413, Yaoundé, Cameroon
E-mails: asongusimplice@yahoo.com
asongus@afridev.org /

Dr. Joseph Amankwah-Amoah
Bristol University
School of Economics, Finance and Management
8 Woodland Road, Clifton, Bristol, BS8 1TN
England, UK
E-mail: Joseph.amankwah-amoah@bristol.ac.uk
TEL: +44 (0) 117 3317936

Abstract

The purpose of this study is to assess the thresholds at which military expenditure modulates the effect of terrorism on capital flight. We employed a panel data of 37 African countries from 1996-2010.The empirical evidence was based on: (i) baseline contemporary and non-contemporary OLS, (ii) contemporary and non-contemporary fixed effects regressions to account for the unobserved heterogeneity, (iii) the Generalised Method of Moments to account for the capital flight trap and (iv) Quantile Regressions (QR) to account for initial levels of capital flight. The study found that the thresholds are apparent exclusively in Quantile Regressions with military expenditure thresholds ranging from: 4.224 to 5.612 for domestic terrorism, 5.734 to 7.363 for unclear terrorism and 4.710 to 6.617 for total terrorism. No thresholds are apparent in transnational terrorism related regressions. Depending on the terrorist target, the findings broadly show that a critical mass of between 4.224 and 7.363 of military expenditure as a percentage of GDP is needed to reverse the negative effect of terrorism on capital flight. In spite of the growing consensus of the need to utilise military expenditure to help combat terrorism, our

Download English Version:

https://daneshyari.com/en/article/7413694

Download Persian Version:

https://daneshyari.com/article/7413694

Daneshyari.com