

Table of Contents

1. Framework of the Study	1
1. Introduction	1
2. Problem Statement	2
3. The Objectives of the Study	3
4. The Importance of the Study	4
5. The Scope and Limitations of the Study	6
6. The Methodology	6
7. Contents of the Study	7
2. Literature Review	9
2.1 Theoretical Framework	9
2.1.1 Economic Growth and Development	9
2.1.2 Government Expenditures	12
2.1.3 The Impact of Government Expenditures on Economic Growth	14
2.1.4 The Solow Model	17
2.2 Applied Research	20
2.2.1 Developed Countries:	20
2.2.2 Developing Countries:	24
2.2.3 Islamic and Arab Countries:	29
2.3 The Current Study	34
3. Descriptive Data Analysis	36
3.1 Total Government Expenditures	36
3.1.1 Current Government Expenditures	42
3.1.2 Capital Government Expenditures	45
3.2 Employment in the Palestinian Economy	48
3.3 Capital Stock in the Palestinian Economy	51
3.4 Gross Domestic Product (GDP)	54
3.5 GDP Growth versus Total Government Expenditures Growth	55
4. Data Analysis and Empirical Results	58
4.1 The Models	58
4.2 Some Necessary Pre-tests	60
4.3: Results of the Estimated Models	66
4.3.1: Models 1: Using Total Government Expenditures as an Explanatory Variable	67
4.3.2: Model 2: Using the Components of Government Expenditures as Explanatory Variables	76
5. Conclusions and Policy Implications	82
5.1 Conclusions	83
5.2 Policy Implications	87

References:	91
Appendices	99
Appendix A: Raw Data	99
Appendix B: Tests Results	108
Appendix C: Lisman and Sandee Matrix Derivation	112