



# Assessemnt of the effect of government expenditure on privat investment in Ethiopia

By Frew Hailu

GRIN Verlag Gmbh Okt 2014, 2014. Taschenbuch. Book Condition: Neu. 211x151x11 mm. Neuware - Master's Thesis from the year 2014 in the subject Economics - Finance, grade: 1 (A), Wollega University (wollega University), course: Development Economics, language: English, abstract: This study attempts to investigate the effect of government expenditure on private investment in Ethiopia over the period 1980-2012. The central question of this study is weather government expenditure has a positive or crowding in effect (complementary hypothesis) or a negative or crowding out effect (the substitutability hypothesis )on private investment in Ethiopia. To achieve its objective it adopted a modified flexible accelerator model to enlighten on the economic relationship between private investment and the other variables and used the modern technique of vector auto regressive model (VAR) and vector error correction model(VECM)as its methodology. The study also used the Johansen-Juselius (1990) cointegration analysis of a multivariate system of equation to estimate the long run relationship between government expenditure and private investment to determine the order of integration of the variable and Granger-Causality test was undertaken to determine causal relationship between the variables. In addition to this the study employs the Augmented Dicky-Fuller (ADF) unit root test and phillip perron test....

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