The relationship between the volume of government spending on Education and Economic Growth in Egypt

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Abstract

The study aimed to clarifying the relationship between the volume of Government expenditure on Education and Economic Growth in Arab Republic of Egypt during the index of Gross Domestic Product (GDP) in the period 1990 - 2014, the study assumed the existence of a causal relationship between the volume of expenditure on Education and GDP. To achieve this some of literature and recognition of the results of some studies in this field have been reviewed and the most important determinants of the expenditure on Education. To verify the assumption of the study two statistical models: were made First linear measuring the impact of the volume of expenditure on Education with the variables of the Economic Study on GDP, and the second testing of the causal link of Granger, which measures the causal relationship between GDP and the volume of expenditure on Education, and GDP volume of expenditure on Education with the variables of the study, the statistical results using the linear model, which measures the impact of expenditures on Education with the variables of the study on the GDP in one direction that when the increase in expenditure on Education by the unit GDP increased by 0.56 this means that Economic Growth is linked to its ability to the preparation of the human resources development, public investments not accompanied by investment in Education has less impact in raising the rate of Economic Growth, Thus, the statistic analysis proved through testing Granger causality to the relation between the volume of expenditure on education and the gross domestic production, the existence of causal link between them which is in line with the assumption of the study.

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