**Wagners Hypothesis : Time Series**

**Evidence from Qatar Economy**

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**Abstract**

The Present paper investigates the validity of Wagner's law:

 the tendency of government expenditure to grow as national income

 increases. In other words, this paper aims to test the causality

relationship between real government expenditure and real

GDP for the state of Qatat for the period 1980-2006. In doing

so, the Granger-causality approach is used, and stationary and

cointergation tests are performed to ensure the validity of the

standard OLS regression estimates. The test results suggest the

real GDP and Government expenditure are not stationary in their

levels, but stationary in their first difference. The Johansen cointegration

test does not support the existence of long run relationship

between the variables, as a results the short run analysis is

performed using the Granger-causality approach.

The empirical results show that Granger-causality is a unidirectional

relationship which runs from government expenditure

to GDP. This implies that the Keynesian proposition is applicable

to Qatar economy. Therefore Wagner's law is not valid for - Qatar

economy.

Keywords: Wagner's Low-Granger- causality, cointegration,