Econ 411

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**Wagner’s Law: The Impact of Government Spending on Economic Growth**

I am interested in studying the impact of government expenditures on growth in GDP. Specifically, I would like to analyze the validity of Wagner’s law which argues that government spending is income elastic, and that the ratio of government spending to income tends to grow with economic development (Wu, Tang & Lin, 2010). I am interested in developing a simplified version of the panel granger causality test developed by Wu, Tang, and Lin to empirically verify the claims postulated by Wagner’s law.

**Works Cited**

Wu, S., Tang, J., & Lin, E. S. (2010). The impact of government expenditure on economic growth: How sensitive to the level of development? *Journal of Policy Modeling*, *32*(6), 804-817. https://doi.org/10.1016/j.jpolmod.2010.05.011