

Government Expenditure and Consumer Behavior in an Economy

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The relationship between government expenditure and consumer behavior has been extensively studied in economics and has a rich literature available to peruse. However, the main ideation of these hitherto conducted studies is to highlight an increase in government spending to stimulate economy at the expense of private expenditure termed as crowding out. Conversely a dip in government expenditure aims to arrest the inflation and promote the private expenditure termed as crowding in. This paper attempts to introduce new dimension to this well-known economic concept by exploring the existence of a relationship between government expenditure and consumer behavior.

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