ABSTRACT

Economists have tried to come up with an explanation in regard to the relationship between public finance and economic growth relative to the previous works of J.M Keynes and Adolph Wagner. The subject matter can be bidirectional depending on which perspective the study is being conducted, less developed or developed countries.

The main aim of this paper is to establish the relationship between government expenditures and economic growth in Kenya using time series data on GDP values, government expenditures and other economic indicators for the period of 2001-2010. Use of Keynesian's theory will show the effect of public finance and economic growth, as it is a positive relationship effect.