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**Estimating total consumption function in the Palestinian economy for
the period 1994 * 2016**

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“Abstract”

This study aimed to estimating the aggregate final consumption function in the Palestinian economy in the period (199 -2016). The study also aimed at highlighting the reality of consumption in the Palestinian Territories and building an econometric model that illustrates the relationship between the aggregate final consumption per capita as a dependent variable. And the per capita aggregate disposable income. Aggregate saving and public debt in addition to political stability as

independent variables. The descriptive approach was used to present the theoretical concepts related to consumption and to highlight the most important factors affecting it. The researcher analyzed the development of final consumption and its components in Palestine. And the determinants of

this consumption during the study period. The quantitative approach was used to construct an econometric model for estimating the consumption function in the Palestinian economy by using the statistical program EViews.9. The study concluded that there is a high consumption tendency in

the Palestinian Territories during the study period because of their exceptional circumstances, where the final consumption contribution in the Gross Domestic Product reached 122%. The study concluded that there is a positive relationship between the dependent variable, which is

(aggregate final consumption per capita. and the independent variables, which are (aggregate disposable income, public debt) per capita. However, the relationship was negative between each of the independent variables (aggregate saving per capita, political stability) and the

dependent variable. The adjusted coefficient of R-Square was (99.13%). This means that the independent variables included in the estimated model account for 99.13% of the change in the dependent variable. The remaining ratio is due to other independent variables, which were not

included in the model, in addition to the random error in the estimation. The study presented several recommendations, including the need to develop economic policies that promote the increase in production at the expense of consumption. There is also a need to enhance the awareness of the Palestinian society about the importance of consumption rationalization and the importance of saving. The

Palestinian Authority should work to formulate policies that limit the effect of Israeli

occupation on the Palestinian society aspect of life, and adjust consumption determinants in a way that reduces both budget deficit and public debt rates.

الملخص:

" هدفت هذه الدراسة إلى تقدير دالة الاستهلاك النهائي الإجمالية في الاقتصاد الفلسطيني في الفترة (199 - 2016). كما هدفت الدراسة إلى إبراز واقع الاستهلاك في الأراضي الفلسطينية وبناء نموذج اقتصادي قياسي يوضح العلاقة بين إجمالي الاستهلاك النهائي للفرد كمتغير تابع. ونصيب الفرد من إجمالي الدخل المتاح. إجمالي الادخار والدين العام إضافة إلى الاستقرار السياسي المتغيرات المستقلة. تم استخدام المنهج الوصفي لعرض المفاهيم النظرية المتعلقة بالاستهلاك وإبراز أهم العوامل التي تؤثر عليه. وقام الباحث بتحليل تطور الاستهلاك النهائي ومكوناته في فلسطين. ومحددات هذا الاستهلاك خلال فترة الدراسة. تم استخدام المنهج الكمي لبناء نموذج اقتصادي قياسي لتقدير دالة الاستهلاك في الاقتصاد الفلسطيني باستخدام البرنامج الإحصائي EViews.9. وخلصت الدراسة إلى أن هناك اتجاهًا مرتفعًا للاستهلاك في الأراضي الفلسطينية خلال فترة الدراسة لظروفها الاستثنائية حيث بلغت مساهمة الاستهلاك النهائي في الناتج المحلي الإجمالي 122٪. وخلصت الدراسة إلى أن هناك علاقة موجبة بين المتغير التابع وهي (إجمالي نصيب الفرد من الاستهلاك النهائي والمتغيرات المستقلة وهي (إجمالي الدخل المتاح ، الدين العام) للفرد. ومع ذلك ، كانت العلاقة سلبية بين كل من المتغيرات المستقلة (إجمالي الادخار للفرد ، الاستقرار السياسي) والمتغيرات المستقلة. المتغير التابع. كان المعامل المعدل ل-R Square هو (0.99.13). هذا يعني أن المتغيرات المستقلة المدرجة في النموذج المقدر تمثل 99.13٪ من التغيير في المتغير التابع. النسبة المتبقية ترجع إلى متغيرات مستقلة أخرى ، والتي لم تكن كذلك المدرجة في النموذج بالإضافة إلى الخطأ العشوائي في التقدير. وقدمت الدراسة عدة توصيات من بينها ضرورة وضع سياسات اقتصادية تعزز زيادة الإنتاج على حساب الاستهلاك. كما أن هناك حاجة لتعزيز وعي المجتمع الفلسطيني بأهمية ترشيد الاستهلاك وأهمية الادخار. يجب أن تعمل السلطة الفلسطينية على صياغة سياسات تحد من تأثير إسرائيل الاحتلال على جانب الحياة في المجتمع الفلسطيني ، وتعديل محددات الاستهلاك بما يقلل من عجز الموازنة ومعدلات الدين العام.

Introduction

Macro-consumption is an important part of national income calculations and plays a strong role both consumption and savings in influencing long-term productive capacity in the economy, as well as identifying fluctuations at the macroeconomic level and the trade cycle more proportionately, as the structural forms of consumption States and theories

are key to solving many issues related to the trade cycle. In general, and simplified terms, the consumption function refers to the relationship of consumption to income. Consumption expenditures vary with changes in income, usually when income increases consumption increases but less than income increases. consumption expenditures

constitute the largest proportion of gross domestic product in most countries. it is necessary to know how society spends income in the economy of a state in order to understand the consumption behavior of that society. in developed countries, consumption of luxury goods is higher, while in developing countries they consume mainly commodities such as food and clothing. Consumption theories have evolved over decades, and various consumption states have been built where, after the Great Depression of the 1930s, consumption theories have become the focus of many economists and researchers, the most famous work being by Keynes (1936) and the Life Cycle Hypothesis by Magliano and Bromberg (1957). In addition to GDP, total consumption is the most important macroeconomic variable as it affects the various sectors of the economy directly or indirectly. For example, consumption is the largest component of aggregate demand and is therefore a major determinant of economic fluctuations. in addition to these known effects of consumption, it has a number of other effects that are closely related from a policy perspective. for example, changes in consumption are strongly linked to changes in government tax revenues, particularly where most tax revenues are

collected through consumption taxes, trade balance disparities, inflation, etc. Given the difficult situation faced by Palestinian society, due to the lack of security and political stability resulting from the policies of the Israeli occupation, which form several obstacles and large in the Palestinian economy so that the walks of life living in the Palestinian territories,

making the Palestinian society is unable to meet the total demand for all goods and services, where the economy is based Palestinian economical consumption because most of the total disposable income is spent on consumption, as demonstrated, for example, but not limited to the proportion of final consumption per gross national

disposable income, respectively 119.69% and 95.36% In the year 2016. Based on the foregoing, this research is in the process of trying to answer the determinants of total consumption in the Palestinian territories, where the study includes annual Time series data for the period (1994-2016) in an attempt to estimate the total consumption function in the Palestinian economy which contains the following components (total gross disposable income and government debt in Palestine

State of the Problem

The Palestinian economy is characterized as a consumer economy where final consumption exceeds gross domestic product by about 25% on average during the school years. Thus, many at the stage of the final consumption volume in Palestine are of particular importance. These consecutive annual increases in final consumption over GDP are financed through disposable income, the size of which is influenced by the size of foreign assistance. in other words, final consumption is financed by income and such external assistance. thus, estimating the total consumption function in Palestine will help determine the future directions of consumption and its determinants. Therefore, the main

question of the study can be formulated as follows: what are the main factors affecting the neutralization of future trends in consumption and its determinants. The main question of the study can be formulated as follows: what are the main factors influencing the determination of the Palestinian total consumption function?

The importance of study

Since all industries and economic activities aim to satisfy the needs of society, consumption stimulates the production and investment processes on the one hand and increases human energy in the productive process by providing a decent life for members of society on the other hand. In the context of talking about the Palestinian economy, the society lives an unstable and volatile economic life due to the instability of political conditions such as the closure of crossings, restrictions on movement, and the lack of necessary resources that would provide a decent life for the Palestinian society, which in turn reflects negatively on the Palestinian economy as a whole.

The importance of the study lies in the following points:

1. It analyzes final consumption and its function, a major economic activity that affects many economic modifiers.
2. It attempts to estimate the function of total consumption in Palestine, which helps determine the size of future consumption and its impact on the size of national savings.
3. The study acquires specific importance as the final consumption represents one of

the most important aspects of expenditure of GDP, and since it exceeds it in most years, this increases the importance of analyzing this and knowing its causes and consequences. Study objectives Since consumption is a prominent key component of the national income of the state and one of the indicators of well-being in society, where all studies of consumption have sought to try to know its determinants, and K consumption has a significant impact on the economy of any country from being the main engine of economic activity to ending its importance in. The main objective of this study is to estimate the total consumption function in Palestine using an appropriate standard model.:

1. Identify theories that change consumption behavior.
2. Analysis of the development of final consumption during the study period.
3. Identify the components of final consumption and its development.
4. Determine the determinants of final consumption and their development during the study period.

Study hypotheses:

Based on a study and review of previous literature and studies on estimating the total consumption function, this study will test the following hypothesis:

- * There is a statistically significant relationship at the level of 5% between dependent and independent variables that limit the total consumption function, which is the per capita total final consumption of the function over total

consumption as a dependent variable, per capita for both (total disposable income, total savings, government debt) and political stability as independent variables.

Study methodology:

In order to answer the problem, a descriptive method was used by presenting the various concepts and theories related to consumption and highlighting their most important official sources through the data published on the Palestinian Central Statistics website and the data published on the Palestinian Monetary Authority website, the centres for studies and research and the handbook. the quantitative method was also used by building a standard model based on time-series data (1994-2016) for the determinants of Palestinian total final consumption and finding the relationship between variables in obtaining results related to the research subject using the statistical programme EVIEWS.9).

Previous studies:

Within the framework of the subject of the study, many researchers have dealt with this study in many ways, where the studies of these researchers formed the basis from which our current study in building the standard model and identifying the most important independent variables that explain the dependent variable, these studies have varied between local, Arab and white number (4) studies and finally Foreign Studies: (A) local and Arabic studies:

1. Study (Ghaith 2016) the determinants of family consumption and its impact on economic growth in Palestine The study aimed to highlight the most important determinants of household consumption in Palestine for the period (1994-2016) and its impact on economic growth.

The descriptive and quantitative approach was used using the statistical program (EVIEWS 9), and two standard models (Sav, Gvex, Inf, Yd) $f = \text{Cons}$ and the second model (Cons) $f = \text{Gpc}$ were built. The study found that the factors that affect per capita household consumption are: per capita (disposable income, public spending and savings), family consumption significantly affects economic growth.

Among the recommendations of the study: rationalize consumption and optimize the use of available resources by rationalizing expenditures and directing public spending to sectors that play a prominent role in job creation.

2. Study (El Hassan, 2016) the study of consumption in Sudan – application of the equation of multiple regression The study aimed to apply multiple regression models to the consumption function in the period (1985 – 2012), clarify and indicate the most important factors affecting consumption (savings, disposable income, inflation, exchange rate, population size) and work to predict the values of the phenomenon studied by obtaining the best function. The study used a historical approach to the phenomenon and assemble the data under study, and treatment of descriptive and analytical method to describe and analyze the phenomenon and the use of the product

standard for measuring the relationship between variables and estimate the model by multiple regression using (EViews.6) . The study found a statistically significant direct relationship between consumption and both disposable income and population size, and a statistically significant inverse relationship between consumption and savings, inflation and exchange rate, since the model estimated during the period is the best model of the consumption function in the Sudan. 3. Study (al-Harazin, 2015) estimating the saving function in the Palestinian economy: The study aimed to estimate the saving function in the Palestinian economy for the period (1995-2013), identify the saving situation in the Palestinian territories and build a standard model showing the nature and extent of the relationship between saving and the following economic factors (final consumption, total capital formation, per capita disposable income, unemployment rate, grants and foreign aid, participation labor force ratios, public debt). The study concluded that there is a negative relationship between final consumption and savings and a positive relationship between savings and both (per capita gross disposable income, debt, grants and foreign aid, unemployment, labour force participation.) Among other things, the study recommended: work to rationalize consumption in Palestinian society and seek financial mechanisms and tools for the Palestinian financial market that fit with the Palestinian economy.

4. Study of Masoud, Yousef Khalaf, and Sami, Sami Omar(2016) Estimating the consumer spending function using the relative income hypothesis (Applied study

on the Libyan economy for the period 1962-2014). The study aims to identify the incomes earned by individuals in the Libyan economy, and their impact on consumer spending in the long or short term, and to analyze and interpret the most important economic variables affecting consumer spending, and to determine the trends of this relationship with the Libyan economy for the period 1962-2014. The results revealed a long-term relationship between consumer spending and disposable income and the previous highest income, and a direct relationship between the previous highest income and consumer spending. In the short term, the results showed that the previous year's consumer spending variable and the previous highest income variable had an inverse effect on current consumer spending, and had a direct relationship with the disposable personal income variable.

(B) Foreign Studies:

1. Study (Zafar, Tanweer 2017) Time series analysis of total consumption function in Pakistan. A Time series analysis of aggregate consumption function for Pakistan The study aimed to analyze the function of ironing consumption in Pakistan for the period (1973-2010), based on the fact that total consumption constitutes an important part of the national income accounts and given the strong role played by both consumption and total savings in influencing the long-term productive capacity in the economy and identifying fluctuations at the level of the ironing economy. The standard analytical approach was used to estimate the consumption function of the Pakistani

economy. The researchers found a stable and steady relationship between income and consumption and that current consumption is a good indicator for predicting future consumption.

2. Study (Santos, 2015) estimation of the consumption function under the permanent income hypothesis: comparison between Nigeria and South Africa

Estimating consumption function under Permanent Income Hypothesis:

A comparison between Nigeria and South Africa. This study aimed to estimate the consumption function in Nigeria and South Africa according to the permanent income hypothesis using time series data of household final consumption, real GDP and real interest rate for the period (1980-2013). The study resulted in a positive long-term relationship between consumption and income for both countries, and found that relative to Nigeria consumer behavior is forward looking in the sense that their consumer behavior is based on expected future income, and that consumer behavior in South Africa is based on future expectation but not to the degree of the Nigerian consumer. It also found that the impact of government policy on tax cuts would have a greater impact on consumption if consumers viewed the policy as permanent, and therefore income distribution is likely to be more expansive than tax cuts targeted at the upper segment, because low-income households have a marginal propensity to consume higher.

3. Study (Iona. 2015) theory and modern economy of the Russian Federation.

Keynesianism and modern economy-Russian federation The study aimed to analyze the Basic Laws of the Keynesian theory by building a linear regression model, using the data for the period (2001 –2010) to examine the applicability of the models built to predict economic variables, the variables of the study were as follows: total consumption as a dependent variable and both GDP, gross income) as independent variables to see which The study found that gross income is the variable most convenient for use and consumption depends on current income and past.

. The theoretical framework of the study Consumption in economic thought:

Introduction:

Consumption is one of the most prominent topics touched on by economic thought at length, and the topic of consumption was touched on in previous research and studies because it is influential and influenced by economic activity, as it is the main goal of economic activity and one of the most important factors driving production and development, and as consumption of important economic terms Definition of consumption:

Consumption according to Keynes is the expenditure on the purchase of consumer goods and services, and divides consumption into commodity consumption and service consumption (bulti, 2015, p. 35), defines consumption as the use of goods and services for the purpose of satisfying revenue-related needs in the sense of the end use of goods and services (Nuri, 2007, p. 16) and also defines consumption as the physical destruction of consumer goods, and at a certain rate, the second part is subjective is

not affected by income changes to change it at a certain rate, and the second part is subjective is not affected Income is referred to as consumption when the income is equal to zero (Al-wazzani, al-Rifai,2005, p.164).

Absolute income theory (AIH), edgeman 1999, pp. 141-142)

According to the theory consumption determines the absolute level of income, and that the basic relationship between income and consumption is the short-term consumption function, if we define in a graph the total consumption points corresponding to the levels of total income for ten years and draw a line passing through the points, we will find that the line is relatively flat and cuts the points for statistical data for another ten-year period . Most points will be above and to the right of the first ten, and when you draw a line between these points it will be relatively flat and intersect the main axis at a positive level of consumption, but this line C_{sr1} is above the line of the original short-term consumption function C_{sr0} .

The Relative income hypothesis):

According to the theory of dizen Brie (RIH) of 1949, consumption is a function of current income relative to the higher level of previous income, where dizen Brie sees that there are strong trends in people to emulate

their neighbors and seek to raise the standard of life, if the incomes of individuals increased research the distribution of income remains the same, consumption National remains steady from period to period with

steady rise On the basis of the fact that income increases in the long term referred to earlier, therefore, under the theory of

relative income, the basic function of consumption becomes a function in the long term, and

the function of consumption in the short term arises from changes in income (abedjeman, 1999, pp. 143-144).

Habit Persistence Hypothesis):

Thomas Brown proposed his hypothesis (HPH) for the year 1952 based on consumption habits that affect the level of current consumption, where Brown emphasizes that the effect of these consumption habits on income is continuous and related, and is not low in cases where consumption falls from the consumption of the summit, he has explained on the impact of these consumption habits on the level of:

$$C_t = B_0 + B_1 C_{t-1}$$

Where: (C_{t-1}) represents the slow consumption, which is the consumption of the previous period, (B_0) reflects the effects of previous consumption habits, (B_1) represents the marginal tendency of consumption in the short term, $(1-B_1/B_1)$ represents the marginal tendency of consumption in the long term (Hussein and Saeed, 2004,p.153).

About the Palestinian economy:

Since the Israeli occupation of the West Bank and the Gaza Strip in 1967, the Palestinian economy has been working directly and indirectly to weaken any structural activity of the Palestinian economy to make it

integrated and dependent on the Israeli economy, where the Israeli occupation imposed several restrictions to impede any development prospects of the Palestinian

economy, where the occupation remained a key determinant of the growth of the Palestinian the Palestinian economy is suffering The World Bank in 1993 described the economic environment in Palestine as manifestly inadequate, complex and unpredictable during the Israeli occupation.

GDP development and growth rates:

Gross domestic product (GDP) is one of the best indicators available to indicate the level of economic activity, through which the outcome of the annual economic activity of the state is measured and through which the state of the economy is measured or its decline, as it is an indicator that measures the total value added of all economic activities through the output of goods and crisis World finance in 1929 to urge politicians in the United States of America to look for an indicator that shows the success of economic policies and measures taken to reduce the decline Anak and return the wheel of the economy to circulation, an

indicator was developed that includes only the value of industrial production and stock exchange prices, and after several years The Economist Kuznets developed the methodology and as national product Gross domestic product (GDP) is one of the indicators used to measure the level of economic activity.it has long been used by international institutions as a standard measure. however, because of the increasing impact of the net revenues of the elements of production abroad on the growth rates of gross national product (GNP), the view has been settled with the use of GDP as a measure of growth in order to avoid the impact of the net revenues of the elements of production abroad..

His mouth following table (1-3) shows the evolution of GDP in Palestine during the period of the study table no. (1-3) the evolution of gross domestic product (GDP) per capita at constant prices in the Palestinian territories for the period (1994 - 2016).

growth rate (%)		The per capita share is in dollars	GDP in million dollars	year
Per capita	gross domestic product			
0	0	1330.18	3080.70	1994
0.03%	7.12%	1330.65	3300.00	1995
-4.56%	1.22%	1270.00	3340.10	1996
8.480%	14.670%	1377.70	3830.00	1997
10.75%	14.33%	1525.78	4379.00	1998
4.99%	8.28%	1610.89	4741.60	1999
-11.25%	-8.56%	1421.61	4335.90	2000
-11.63%	-9.31%	1256.29	3932.20	2001
-14.49%	-12.49%	1068.66	3441.10	2002
10.92%	14.02%	1158.32	3923.40	2003
7.42%	10.34%	1273.29	4329.20	2004
7.63%	10.80%	1370.49	4769.70	2005
-6.83%	-3.90%	1276.90	4609.60	2006
3.72%	6.59%	1324.37	4913.40	2007
3.02%	6.08%	1364.42	5212.10	2008
5.62%	8.66%	1441.12	5663.60	2009
5.16%	8.10%	1515.42	6122.30	2010
9.17%	12.41%	1654.40	6882.30	2011
3.06%	6.28%	1705.08	7314.80	2012
-0.79%	2.22%	1691.63	7477.00	2013
-3.03%	-0.18%	1640.31	7463.40	2014
0.56%	3.43%	1649.42	7719.30	2015
1.30%	4.12%	1670.89	8037.00	2016

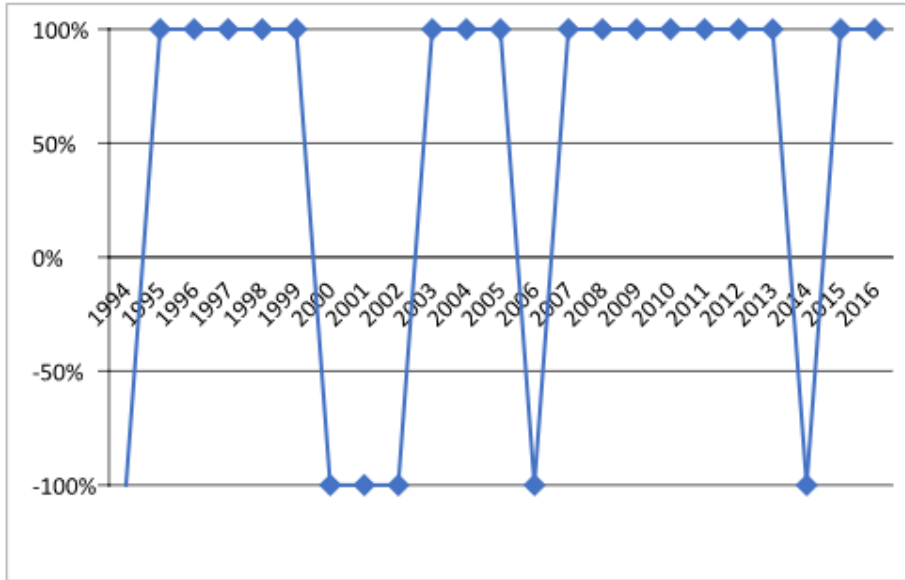


Figure (1.3) evolution of GDP growth rate at constant prices in Palestine for the period (1994-2016)

Source: researcher preparation based on Table Data (1.3).

The Palestinian GDP growth rate of 4.12% in 2016 was higher than that of neighboring countries, with Jordan, Lebanon and Egypt reaching 1.9%, 1.4% and 2.6% respectively for the same year (ESCWA, 2016, p.10). Obstacles to the Palestinian economy:

1. The Israeli occupation is a burden on the Palestinian economy.
2. The political role of foreign aid.
3. Weak economic policy formulation (UNCTAD, 2001, p. 2))
4. Trade balance deficit (UNCTAD, 2012, p. 5))
5. The general budget deficit of the Palestinian state (Al-hurrah, 2013, p.32)
6. Lack of strong infrastructure (Al-Awda, Ahmed, 2008)
7. Not having a Palestinian national currency (Muharraq, 2015)
8. Weakness of the government sector and misuse of public finances (2008, p. 32)
9. Limited natural resources (Arab Monetary Fund, 2015)

10. Poverty and unemployment rates are high (Palestinian statisticscenter, 2016, P. 26)

11. Absence of legal and investment environment

12. Division between the two parts of the homeland.

The development of gross disposable income per capita at constant prices in the Palestinian territories for the period (1994-2016).

growth rate (%)		Per capita share of it	Gross disposable income	year
Per capita share of it	Total disposable income			
-	-	1712.13	3965.30	1994
-1.76%	5.20%	1681.89	4171.30	1995
-4.28%	1.51%	1609.96	4234.20	1996
6.16%	12.22%	1709.21	4751.60	1997
11.34%	1459%	1903.10	5461.90	1998
4.84%	813%	1995.27	5906.00	1999
-9.96%	-723%	1796.96	5479.20	2000
-6.88%	-444%	1672.81	3235.90	2001
-10.15%	-756%	1503.07	4849.90	2002
-2.13%	91%	1471.06	4869.20	2003
5.60%	848%	5153.50	5281.9	2004
14.50%	1787%	1778.77	6225.70	2005
-3.47%	-44%	1717.04	6198.50	2006
16.60%	1983%	2002.13	7427.90	2007
13.58%	1695%	2274.06	8686.90	2008
-9.22%	-660%	2064.43	8113.20	2009
-6.76%	-415%	1924.83	7776.30	2010
-0.47%	248%	1915.75	7969.50	2011
7.73%	1109%	2063.75	8853.50	2012
-3.89%	-89%	1983.50	8767.09	2013
-0.91%	201%	1965.24	8943.00	2014
2.35%	527%	2011.67	9414.60	2015
4.25%	715%	2097.23	10087.70	2016

Source: (Palestinian Central Bureau of Statistics, National Accounts Palestinian 2016)

Descriptive statistical metrics used Statistical metrics were used to describe the data of the study variables, where each variable was computationally described separately and given preliminary indicators of it over time using the results of both the arithmetic mean, the median, the standard deviation, and the minimum and maximum value.

Table (1.5): shows the most important statistical measures of study variables.

Maximum	Minimum	Std. Dev	Median	Mean	Variable
2056.45	1371.70	177.63	1758.64	1756.04	PAC
2274.05	1471.05	213.97	1909.42	1849.77	PYD
545.57	-114.79	134.70	69.07	93.90	PS
578.69	38.83	156.20	322.23	344.69	PGD

Descriptive analysis of the total consumption per capita variable

(PAC):

In Table 1.5, the per capita value of final consumption of the Palestinian Territories was estimated at about dollars 1,756.04 as an average calculation for the study period (1994-2016), recording a standard deviation of 177.63 دولار and the median value was 1,758.64, while the lowest per capita value of final consumption was estimated 1,371.70 in 1994 with the beginning of the formation of the Palestinian Authority, and the highest per capita value of final consumption was estimated at dollars 2,056.45 2016 with a growth rate of 2.76% over the previous year, where household consumption recorded the highest growth rate of 3.95% against the decline in the growth rate of non-profit enterprises (-3.46%) and the growth rate of about 0.14% for government consumption.

Descriptive analysis of the gross disposable national income per capitavariabile (PYD):

The table (1.5) shows the value of the average per capita gross disposable national income for the Palestinian territories of dollars 1,849.77 for the study period (1994-2016), recording a standard deviation of dollars 213.97 and the median value was

estimated where the lowest 1,909 per capita value of gross disposable national income was recorded at dollar 14,710.05 for the year 1994, and the highest value was recorded in 2016 is 2,274.05doller transfers from abroad.

□ Descriptive analysis of the per capita variable of total savings (PS):

In Table 1.5, the per capita value of total savings for the Palestinian Territories was estimated at about 93.90 as an average calculation for the study period (199-2016), recording a standard deviation of 13.70 dollars and the median value was 69.07, while the lowest per capita value of total savings was 114.79 dollars in 2004, recording a negative growth rate of 4.7% from 2003, the largest per capita value of total savings is 545.75dollers for the year 2008 with a growth rate of 129.6% over the previous year.

Descriptive analysis of the per capita variable (PGD):

The public debt in the study period (1994-2016) saw an average calculation of about 344.69dollers and the standard deviation of 156.20 dollersn was offset by the median of about 322.23 dollers in 1995, when the Palestinian governments began to resort to public debt to cover their expenses,

especially current ones, and also reached the highest per capita value of Palestinian public debt. It is noticeable that the periods of political instability and security that prevailed in the Palestinian territories and the beginning of the uprising oil in 1996 and aggression and siege on the Palestinian territories for the period (200-2003) as well as for the years (2006-2016) which saw the aggression on the Gaza Strip and the continuation of the song repeated the Palestinian territories, especially to get applied and continuing on the Gaza Strip, which reflected all the negative variables of the study which are described and analyzed in detail in Chapter II.

Findings and recommendations: -

Results:

1. Palestinian GDP growth was affected by political instability in Palestine, where growth rates in the Palestinian Territories fluctuated during the period (1994-2016) and 1997/ around 14.67%, while the lowest growth rate for 2002 was around -12.49%.
2. The average growth rate of final consumption of Palestinian land was about 0.045% during the study period, and there were negative growth rates in five years in this period, with the highest growth rate recorded in 2004 at about 14.88% and the lowest growth rate in 2002 at about -10.45%.
3. The total final consumption of Palestinian land during the period (199-2016) accounted for an average of 122.58% of Palestinian GDP and 95.19% of total disposable national income.

4. The study highlighted that Palestinian total final consumption is affected by key determinants (total disposable income, total savings, public debt) and essentially total disposable income had the greatest impact on consumption.

5. Consumption by households, government and non-profit organizations accounted for 7.54%, 21.61% and 3.85% of total final consumption, respectively, and government consumption averaged 6.57% during the study period as the highest growth rate among the components of final consumption.

6. The growth rate of gross national disposable income fluctuated by an average of 4.45% during the period (1994-2016), and it reached 19.83% as the highest growth rate in 2007 and by contrast in 2002 recorded the lowest growth rate of about -7.56%, and gross national disposable income accounted for an average of 109.46% of GDP for the same period.

7. The growth rates of total savings for the Palestinian Territories varied greatly during the study period, where the savings reached negative values for four years, the lowest value of which was (-390.3) million dollars in 2004, and the year 2008 saw the largest total savings value in the Palestinian territories at about 135.65%, and 5.28% of total final consumption.

8. The public debt of the Palestinian territories increased significantly beginning in 1995 as the lowest value of about 96.30 million dollars and 2537.30 million dollars for the year 1995 as the largest value of public debt reached by the Palestinian territories during the study period (199-2016), and the growth rate of public debt

averaged 18.78% during this period and 21.61% of the total final consumption of the Palestinian territories for the same period.

9. The average growth rate of the total capital composition of the Palestinian Territories was about 3.41% during the period (1994-2016), and its growth was negative for eight years, and in 2000 the lowest growth rate was about -29.98%, while the highest growth rate was 37.65% for the year 1999 and the total capital composition was 25.92% on average of Palestinian GDP during this period.

10. Sustainability of the deficit in the Palestinian trade balance, which grew on average during the study period (1994-2016) by about 3.27, and the trade balance deficit on average amounted to (-48.77) of the Palestinian GDP.

1. Recommendations:-

After the study reaches an important set of findings, the researcher will make some recommendations to the competent authorities and to the relationship with the subject of the study.

1. The Ministry of economy has developed economic policies that promote increased production to growth at the expense of consumption.

2. The Ministry of economy worked to raise the awareness of Palestinian society to rationalize consumption and the importance of saving, and to reduce spending on imported goods, especially luxury ones, to create a surplus of disposable income to convert it into national savings.

3. The Ministry of Finance works to influence consumption determinants to help

reduce the budget deficit and reduce the growth rates of Palestinian public debt.

4. The need for the Palestinian national authority to work tirelessly and formulate policies to reduce the hegemony and encroachment of the Israeli occupation on aspects of the life of Palestinian society, especially economic ones, and to push the international community to put pressure on the occupation and its practice.

5. Teach the PA to re-see the Paris economic agreement to suit the Palestinian economic situation and develop strategies to remove structural distortions of this economy.

6. The need for the Ministry of economy to provide the appropriate investment environment to encourage domestic and foreign investment to play the key role in the development process and to alleviate the chronic deficit in the trade balance.

7. The work of the Palestinian Authority to achieve Palestinian –Palestinian reconciliation and to ensure public reconciliation by providing the appropriate economic climate and bringing in foreign investment because of its importance for the advancement of the Palestinian economy.

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