

The Impact of Foreign Direct Investment on Dynamic Net Social Welfare in Saudi Arabia - A quantifying macroeconomic approach - Time Series Analysis

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Abstract

The paper adopts a theoretical framework that depends on the development of Weitzman (2001)'s theory in dynamic net social welfare and tries to quantify the concept of the net social welfare within a theoretical macroeconomic framework. The paper tests the impact of the foreign direct investment inflows to Saudi Arabia on the social welfare of Saudi Arabia according to the definition adopted in this paper over time. To do so the paper utilized an intervention time series analysis that gave a clear evidence of the significant positive impact of the foreign direct inflows on the social welfare of Saudi Arabia over time on the macro-level. The paper is important for policy decision makers in the country to adopt more openness policies to enhance social welfare over time.

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