Research Article

Effects of Public Expenditure on Economic Growth in Nigeria

Ajayi Foluke Oloruntoba¹, Nyikyaa Miriam Nguavese² and Abubakar Haruna³

^{1&2} Department of Accountancy, Federal Polytechnic Nasarawa–Nigeria
³Department of Marketing, ISM Adonai University, Cotonou, Republic of Benin

Received: Mar 14, 2020	Accepted: Mar 21, 2020	Published: Mar 25, 2020
-------------------------------	------------------------	--------------------------------

Abstract: An examination of the effects of public expenditure on economic growth in Nigeria was carried out in this study for a period of nineteen years (1999-2018). Gross Domestic Product was employed to measure economic growth. The combined effects of recurrent and capital expenditures were ascertained using appropriate time series data extracted from the Statistical Bulletin of the Central Bank of Nigeria. Ex post facto research design was adopted for the study and is supported by the Barro model of public expenditure. The study employed ordinary least square regression method of analysis and the result indicated that public expenditure has a positive effect on economic growth in Nigeria. Based on the individual explanatory variables, the result showed that recurrent expenditure has a positive significant effect on economic growth in Nigeria. It was concluded that public expenditure has the capability of improving GDP in Nigeria. Based on the findings and conclusion, it was recommended that mechanisms to monitor public expenditure should be adopted since it contributes more to the growth of Gross Domestic Product.

Keywords: Capital expenditure, recurrent expenditure, economic growth, GDP, Nigeria.

Introduction

Economic growth denotes a rise in a country's prospective gross domestic product (GDP), even though this varies depending on the measurement of the national product. It is important for the economic growth of a developing economy to continue to grow to be able to break the cycle of poverty (Okwu, 2011). Countries typically adopt fiscal policies to achieve speedier economic growth. According to Tanzi (1994) (as cited in Okwu, 2011), fiscal policy refers to the adoption of fiscal instruments (taxation and government expenditure) in controlling the operation of the economic system, with the prevailing objective of fostering long-term economic growth. The public finance dimension that has gained a great deal of attention in literature, discussion and empirical analysis is the economic effect of public expenditure. Many agree with large public expenditures on the grounds that it brings money into circulation, increases investment and jobs and decreases tax aversion (Okwu, 2011).

Public expenditure does, however, have some clear economic implications. For example, when the government enters the market for factor products or labour, it induces unhealthy competition for these same resources or labour services with private sector firms. As a result, the government turn out to be the major consumer of goods and services due to its broad operations, as demonstrated in Nigeria so far. Hence, Suleiman (2009) asserts that the size and scope of government and its effect on economic growth have arisen as a major issue of fiscal management facing transitional economies. According to Suleiman (2009), previous researches focused primarily on the size of government in developed nations, but given the

openness of most developing countries (DCs), reliance on trade, vulnerability to external shocks and financial instability, the position and size of government in adapting and stabilizing programs became important.

Consequently, public expenditure has been on steady increase in Nigeria for decades, as in any other country in the world. According to Akpan (2005) in Alege (2006), increase in public expenditure being observed seems to extend to most countries irrespective of their economic development level. This informs the necessity to examine if the characteristics of the public expenditure and the Nigerian economy can be based on the Wagner's (1883) Law of Ever-increasing State Activity, or the Keynesian (1936) theory and the hypotheses of Friedman (1978) or Peacock and Wiseman (1979) (Alege, 2006).

Crude oil's discovery in large quantities in the mid-1960s in Nigeria significantly improved the economy's performance in the 1970s. The wealth of the nation as a result of the newly found oil provided for the impressive performance of the economy in terms of real gross domestic product (GDP). During the period 1970 to 1979, these averaged 5 percent per annum. Nevertheless, the economy had started experiencing real problems by the early 1980s. The 1980/81 collapse in world crude oil prices, the severe economic crises in developing industrial countries, combined with political instability and internal ad hoc economic policies following high domestic regime transitions, generated difficult times for the economy between 1980 and 1985 (Chete, Adeoti, Adeyinka & Ogundele, 2016). Negative GDP growth rates began to affect the economy from 1980 to 1985. The GDP went down on average from 5.0 percent in the 1970s. Between 1986 and 1993, real GDP growth was positive at an average rate of 4.62 per annum. Yet, following the Structural Adjustment Program (SAP), real GDP dropped to an average of 2.30 annually from 1986 to 1993. The real GDP growth rate tends to have risen since 1999, at an average annual rate of 4.79 per cent (Chete *et al.*, 2016).

Nigeria's unparalleled oil revenue in the 1970s evidently enabled huge federal government spending. There was a dramatic increase in capital expenditure between 1974 and 1980, reflecting the substantial increase in government revenue accompanying favourable developments on the international petroleum market (Oni, 2014). This period saw an increase in the provision of economic and social infrastructures such as highways, air and maritime ports, housing, schools and hospitals. Nevertheless, the Federal Government's capital expenditure as a percentage of GDP steadily declined from 20.48% in 1980 to 6.27% in 1995. This reflected adherence to SAP's prescriptions and also the effect of the oil glut of the 1980s on government's revenue and its expenditure by extension (Oni, 2014). This dropped to a low of 0.30 per cent between 1999 and 2010, down from 5.23 per cent in 2000. Overall, the period from 1990 to 1998 was characterized by strong nominal growth in capital expenditure, while growth in real terms was only marginal. During the time, the upward trend in nominal capital outlay reflected high inflation rates and the consequent low naira value (Oni, 2014).

No full theory of optimal expenditure policy, which offers well-defined rules for allocating expenditure exists yet (Oni, 2014). Nevertheless, through various kinds of data sets (cross section, primary data, panel data and time series), several quantitative techniques (such as reduced form regressions, investment evaluation approaches, general equilibrium models, incidence analysis) were adopted to compare marginal return ion expenditure across sectors (Fan & Rao, 2003; Loto, 2011; Oni, 2014). However, some of such studies suffer numerous shortcomings. In many cases, the criteria seem ad hoc and do not originate from any of the prevailing economic theories. There are also time differences between when these studies

were carried out and the present time. Government expenditures has rapidly grown overtime to the extent that it has raised questions among the various stake holders in the country. Sadly, these expenditures have not brought in commensurate improvement in standard of living and welfare of the citizenry. Given the pivotal role of public expenditure to economic growth and the gap existing in literature, this study investigated the impact of public expenditure on economic growth in Nigeria. Specifically, this study investigated effects of revenue and capital expenditure on economic growth in Nigeria from 1999 to 2017 adopting GDP as proxy for economic growth.

Literature Review

Economic growth is described as the process by which the real per capita income of a country increases over a long time period. This is determined by the increase in the quantity of goods and services produced in a country at a given time (Jhingan & Modeccai, 1996). Ajayi *et al.*, (1996) viewed economic growth as the increase in real goods and services output of a country over a time period. For the purposes of this study, however, Nigeria's economic growth will be referred to as an increase in the Gross Domestic Product of the country over a period of usually one fiscal year. This refers to an improvement in living standards of a nation's population with continued growth from a basic, low-income economy to a modern, high-income economy (Jhingen, 2010). It also includes striking a balance in the cycle of producing goods and services in all sectors of the economy, be it agriculture, manufacturing, finance, education, health, etc.

The economic problem inherent in the Nigerian economy includes social issues such as poverty, low capital income, unequal home distribution, low capital development, inefficiency in resource mobilization, over-reliance on a single commodity oil as a major source of income, unemployment, inflation, to name a few (Adejumo & Adejumo, 2014).

Several research studies have tested endogenous growth theory's predictions, since it presents governments with a theoretical basis for active participation in the developed economies' growth process (Buti & Van den Noord, 2003; Fatas *et al.*, 2003; Hughes-Hallet *et al.*, 2004; Gali & Perotti, 2003 and Suleiman, 2010). These researches have been driven by the necessity to gain further information about the nature of the relationship between government expenditure and economic growth and, therefore, a better understanding of issues relating to ever-increasing short, medium and long-term public expenditure.

Other researchers have examined the effect of government expenditure on economic growth (Okwu, 2011). One of which is the study by Komain *et al.*, (2007) who employed Granger causality test to examine the relationship between government expenditure and economic growth in Thailand. The study found that government expenditure and economic growth are not co-integrated. The result of the study suggested that a unidirectional relationship exists between government expenditures to growth. Hence, the result indicated a significant positive effect of government spending on economic growth (Okwu, 2011). In their research, Olugbenga and Owoeye (2007) used regression analysis to examine the relationship between government expenditure and economic growth in a community of 30 OECD countries for the period 1970-2005. Their research showed that there is a long run relationship between government expenditure and economic growth in 16 of the countries, thereby supporting the Keynesian government intervention hypothesis. But, causality runs from economic growth to government expenditure in 10 of the countries, thereby confirming the Wagner's law. The

results suggested the presence of feedback relationship between government spending and economic growth for the remaining four countries.

Folster and Henrekson (2001) used different econometric methods in their empirical analysis of the relationship between government expenditure and economic growth to research a sample of developed countries for the period 1970 to 1995. They submitted, based on their findings that more meaningful and reliable results are obtained when economic problems are addressed. A study by Ranjan and Sharma (2008) demonstrates that government expenditure had a significant positive effect on India's economic growth during the 1950-2007 period, and that there exists a co-integration between the two sets of variables.

Cooray (2009) used an econometric model which integrates government expenditure and quality of governance in a cross-sectional study to examine the relationship between government expenditure and economic growth in 71 countries. The study found that both the size and efficiency of governance have positive relationship with economic growth. Whereas, Abu-Bader and Abu-Qarn (2003) used multivariate co-integration and variance decomposition approach to analyze the causal relationship between government expenditures and economic growth in Egypt, Israel, and Syria.

The study found that there was a bi-directional and long-term negative relationship between government expenditure and economic growth in the bivariate context. On the other hand, the causality test in the trivial framework based on the above variables showed that the military burden has a negative impact on economic growth in all countries, while civilian government spending has a positive effect on economic growth for Israel and Egypt (Okwu, 2011).

Many studies in Nigeria have tried to examine the relationship between government expenditure and economic growth and its effects. The relationship between government's expenditure on defense and economic growth in Nigeria was studied by Oyinlola (1993). The study found a positive relationship between defense expenditure and economic growth. Empirical research by Fajingbesi and Odusola (1999) found that government capital expenditure has a significant positive effect on real output, but that real government recurrent expenditure has insignificant effect on growth.

Ogiogio's (1995) study revealed a long-term correlation between government expenditure and economic growth. The study also found that recurrent expenditure exerts more effect than capital expenditure on economic growth. However, some empirical studies in Nigeria suggest no long-run relationship between government expenditure and economic growth (Aigbokhan, 1996; Essien,1997; Aregbeyen, 2006; Babatunde, 2007). Thus, there appears to be a controversy over the long run relationship between government expenditure and economic growth in Nigeria. Akpan (2005) employed a disaggregated method to investigate the relation. The public expenditure components included in his study were capital, recurrent, administrative, cultural, social and community services, and transfers.

The result showed no significant correlation between Nigeria's economic growth and most components of government expenditure. Nurudeen and Usman (2010) noted that increasing government expenditure has not resulted into substantive development since Nigeria continues to rank among the poorest countries in the world. They investigated the impact of government spending on economic growth in Nigeria in the period 1970-2008 using a disaggregated research approach and found that government total capital expenditure, total recurrent expenditure and expenditure ion education have negative effect on economic

growth; but rising government expenditure on transportation and communication, and health exerts positive effect on economic growth. However, this current study faults the extent of disaggregation of the data which constituted the variables of interest in the study by Nurudeen and Usman (2010), since expenditure on education, transportation and communication and health must have been part of total capital and total recurrent expenditure respectively.

Suleiman (2009) observes that such understanding could help to assess the impact on government expenditures and then on deficits arising from a structural deceleration in or from an improvement in the growth potential. Suleiman argues that a good knowledge of the structural relationship between the non-cyclical component of government expenditure and potential output is key to obtaining a benchmark against which to assess the position of the expenditure policy and then of the fiscal policy as a whole.

Consequently, the empirical examination of the relationship between government revenues and expenditures, expenditures and economic growth as a fundamental step in understanding the behavior of the government expenditure and the economy were carried out by Suleiman (2009). The study found support for Wagner's law of ever increasing public finance and Friedman's Hypothesis. The study also showed that growth in real GDP was significant before the mid-1990s but thereafter fell below average government revenue and expenditure. The study concluded that government expenditure was not used as a fiscal instrument during the period 1978–2008 and that revenue growth has guided government expenditure.

Economic Growth Theories

Classical economic growth theories presume the existence of a perfectly competitive economy where the 'invisible hand' maximizes national output (Alege, 2006). The 'trickle-down' theory also discusses how the gain of development equitably affects everyone in society. For the classical economists, accumulation of capital is central to economic growth. Therefore, focus is put on mobilizing savings to generate sufficient resources for investment to speed up economic growth (Todaro, 1994). Neoclassical growth theories, alternatively, provide for factor substitution, declining returns on capital, and exogenous technical changes in a price-taking setting (Alege, 2006). Adopting a production function system, Neoclassical growth theories typically estimate that the per capita long-run income growth rate is independent of the savings rate, but simply based on the rate of technical progress.

Changes in the savings rate only have transitory effects on growth as the economy shifts per capita income from one steady state to another. This suggests that disparities in per capita growth rates will only exist if technological development rates vary across countries. Without this, diminishing returns to capital would ensure that poor countries grow faster than their richer counterparts (Alege, 2006). This will eventually lead to convergence of per capita income rates across countries.

This theory presents that output comes from one or more of three factors: increases in labor quantity and quality (through population growth and education); increases in capital (through savings and investment); and technological improvements (Alege, 2006). In comparison to conventional and neo-classical theories of economic growth, endogenous economic growth theories present models that can produce long-term growth without relying on exogenous technological or population changes. A general feature of these theories is the existence of constant or increasing returns in the factors that can be accumulated (Lucas, 1988; Romer, 1994).

There are a variety of models in which private and social returns on investment vary such that while private returns on scale can decrease, social returns (representing spillovers of information or other externalities) may remain constant or growing (Romer, 1994). There is another set of models without externalities, in which privately determined choices of saving and growth are Pareto optimal (Rebelo, 1991). These models rely on constant returns to (private) capital, broadly defined to encompass human and non-human capital (Romer, 1994).

There are yet others which derive from the original contribution of Barro (1990) who theorized the linkage between public spending and economic growth by adopting an endogenous growth model. This study adopts the Barro (1990) variant, rewrites it in an extended production function framework in which the government expenditure was endogenized.

Methodology

In respect to the existing theoretical and empirical literature, this study perceives a causal relationship between government expenditures and economic growth in Nigeria. Therefore, exploratory causal study design is adopted to investigate the impact of public expenditure on economic growth within the context of the Nigerian economy. The study adopts the empirical econometric approach in analyzing the data considered. This includes the capital expenditure and revenue expenditure components of government expenditure and economic growth. Time series data of relevant variables were extracted from the Statistical Bulletin of the Central Bank of Nigeria. The study period is between 1999 and 2017. Due to the causal relationship perceived between the identified variables of interest in this study, a simple regression model which is stochastic in nature is adopted to study the link between government expenditure and economic growth. This implies that this study is not interested in studying the influence of some random or intervening variables. The variables included in the model, however, are considered to be components of government expenditure necessary to explain economic growth. Meanwhile, economic growth is proxied on Gross Domestic Product (GDP). The OLS regression model is specified thus;

 $GDP_t = B_O + B1_t CAPEXP + B2_t REVCEXP + u_t$

Where;

GDP = Gross Domestic Product; CAPEXP= Capital Expenditure; REVCEXP= Revenue Expenditure; u t = Error Terms; B0 = Constant

Variable	Coefficient	Std. Error t-Statistic		Prob.
С	2.39E+13	1.67E+12 14.33909		0.0000
REVEXP	3.407846	1.245367	2.736419	0.0153
CAPEXP	34.56262	3.233109	10.69021	0.0000
R-squared	0.949857	Mean dependent var		4.32E+13
Adjusted R-squared	0.943171	S.D. dependent var		1.59E+13
S.E. of regression	3.80E+12	Akaike info criterion		60.92141
Sum squared resid	2.17E+26	Schwarz criterion		61.06980
Log likelihood	-545.2927	Hannan-Quinn criter.		60.94187
F-statistic	142.0725	Durbin-Watson stat		1.410648
Prob(F-statistic)	0.000000			

Results and Findings

The result in table 1 above shows the result of the regression analysis. The dependent variable for the study is Gross Domestic Product (GDP) while government expenditure is explained using capital and revenue expenditure (independent variables) for period of eighteen (18) years from 1999 to 2017.

The result shows an R-squared value of 95%, the remaining 6% could be explained by other expenditures not included in the model. The adjusted R-squared which measured the strength of this relationship also indicates 94%.

The F-statistics is 142.0725 while the probability of F-statistics is 0.0000 which is less than 0.05 test criteria which implies that the model is fit and is capable of explaining the relationship between government expenditure and GDP.

However, for the individual explanatory variables, the result indicates that the coefficient of revenue expenditure indicates a positive value of 3.40784 and a P-value of 0.0153. This implies that, revenue expenditure has a positive and significant effect on GDP within the period covered by the study.

That recurrent expenditure can be used to significantly explain the behavior of GDP as evidenced by the P-value which is less than 5%. It was also found that a unit increase in value of capital expenditure thus prompt a positive increase in the GDP by 35% and this relationship is significant to the tune of 99% as evidenced by the P-value of 0.0000. This means that at 1% the relationship is significant. It therefore implies that capital expenditure has a positive effect on the GDP within the period investigated by the study. It can be said that an increase in capital expenditure increases the GDP position.

Post Diagnostic Test

In this section the post diagnostic tests to ensure the robustness of the variables is presented.

Heteroskedasticity Test

Breusch-Godfrey Serial Correlation LM Test:

0.48036	Prob. F(2,15)	0.5014
	Prob. Chi-	
0.49181	Square(2)	0.6053
	Prob. Chi-	
0.062723	Square(2)	0.1796
	0.48036 0.49181 0.062723	0.48036 Prob. F(2,15) Prob. Chi- 0.49181 Square(2) Prob. Chi- 0.062723 Square(2)

The result in the table above shows an F-statistic value of 0.48036 with a corresponding p-value of 0.5014. Since the p-value is greater than 5%, it implies there is no case of Heteroskedasticity.

Normality Test

According to Udo and Effiong (2014), normality tests are used to determine if a data set is well-modelled by a normal distribution and to compute how likely it is for a random variable underlying the data set to be normally distributed.



To determine if this sample data has been drawn from a normally distributed population, a normality test was conducted. The table above shows the result of the study. The mean value indicates a negative figure of -0.006565 while the value for standard deviation was 3.57. The result also shows a positively skewed value of 0.304023 and kurtosis is 2.389717. The value of Jarque-Bera stood at 0.556625 with accompanying probability of 0.757060 which is more than 5% evidencing that data is normally distributed.

Unit Root Test

The Augmented Dickey-Fully Test Statistics is used to test the null hypothesis that unit root is present in a time series sample. In this study, the result of ADF test for GDP shows a t-statistics of value of 1.816466 with a corresponding p-value of 0.9993. This signifies a non-existence of unit root in the data. However, at first difference it was indicated that GDP become stationary with a t-statistics of -3.325672 and P-value of 0.0310 (See appendix). Again, the Dickey-Fully test outcome form capital expenditure shows that at 0.051951, 0.9513 for t-statistics and probability respectively. Also, at first difference the data were also not stationary as evidenced by the t-statistics of -0.649305 and P-value of 0.8265. Meanwhile, at second difference the data indicated presence of unit root as the result showed the t-statistics value of 0.505850 and probability of 0.0002. Meanwhile, the ADF test result for revenue expenditure stood at -1.756836 for t-statistic and 0.3873 which shows absence of unit root. But then at first difference, the data became stationary with t-statistics showing -3.380244 and P-value showing 0.0322.

Conclusion and Recommendation

Based on the results and findings, it was concluded that government expenditure has a positive and significant effect on economic growth of Nigeria. Specifically, it was concluded that both capital and revenue expenditure has a positive and significant impact on the GDP of Nigeria.

Based on the findings and conclusion, it was recommended that government should carry out more of capital expenditure than revenue expenditure since it contributes more to the growth of Gross Domestic Product.

Conflicts of interest

The authors declare no conflicts of interest.

References

- 1. Abu, N. and Abdullahi, U. 2010. Government Expenditure and Economic Growth in Nigeria.
- 2. Abu-Bader, S., Abu-Qarn, A.S. 2003. Government Expenditures, Military Spending and Economic Growth: Causality Evidence from Egypt, Israel, and Syria. Journal of Policy Modeling, 25(6-7): 567-583.
- 3. Aigbokhan, B.E. 1996. Government Size and Economic Growth: The Nigerian Experience, In Beyond Adjustment: Management of the Nigerian Economy.
- Aiyedogbon, J.O. and Ohwofasa, B.O. 2012. Poverty and youth unemployment in Nigeria, 1987–2011. International Journal of Business and Social Sciences, 3(20): 269– 279.
- 5. Akpan, N.I. 2005. Government expenditure and economic growth in Nigeria: A disaggregate approach. CBN Economic and Financial Review, 43(1): 61–67.
- 6. Alege, P.O. 2006. Macroeconomic Policies and Business Cycles in Nigeria: 1970-2004. A Ph.D. Seminar Presentation in Partial Fulfillment of the requirements for the Award of Ph.D. (Economics) of Covenant University Ota. Department of Economics and Development Studies College of Business and Social Sciences, Covenant University. Retrieved from https://vdocuments.mx/macroeconomic-policies-and-business-cycles-innigeria-1970-2004-by-philip.html
- 7. Aregbeyen, O. 2006. Cointegration, Causality and Wagner's Law: A Test for Nigeria, 1970-2003. Central Bank of Nigeria Economic and Financial Review, 44(2).
- 8. Aschauer, D.A. 1989. Is public expenditure productive?. Journal of Monetary Economics, 23(2): 177-200.
- 9. Aschauer, D.A. 2000. Public capital and economic growth: issues of quantity, finance, and efficiency. Economic Development and Cultural Change, 48(2): 391-406.
- 10. Babatunde, M.A. 2007. A bound testing analysis of Wagner's law in Nigeria: 1970-2006.
- 11. Baghestani, H. and McNown, R. 1994. Revenues or Expenditures Respond to Budgetary
- 12. Barro, R.J. 1990. Government spending in a simple model of endogenous growth. Journal of Political Economy, 98(5): 103-125.
- 13. Branson, W.H. 2002. Macroeconomic Theory and Policy. 2nd Edition, Nice Printing Press, Delhi.
- 14. Buti, M. and Van Den, P.N. 2003. Discretionary Fiscal Policy and Elections: The Experience of the Early Years of EMU, OECD Working Paper, 351.
- 15. Canning, D. 1999. The contribution of infrastructure to aggregate output. Policy Research Working Paper No. 2246. Washington, DC: World Bank.
- 16. CBN, 2009. Statistical Bulletin. www.cenbank.org
- 17. Cheng, B.S. and Lai, T.W. 1997. Government expenditures and economic growth in South Korea: A VAR approach. Journal of Economic Development, 22(1): 11-24.
- Chete, L.N., Adeoti, J.O., Adeyinka, F.M. and Ogundele, O. 2016. Industrial development and growth in Nigeria: Lessons and challenges. Learning to Compete (L2C) Working Paper No. 8. Africa Growth Initiative at Brookings (AGI), the African

Development Bank, (AfDB), and the United Nations University World Institute for Development Economics Research (UNU-WIDER) on industrial development in Africa. Retrieved from https://www.brookings.edu/wpcontent/uploads/2016/07/L2C_WP8_Chete-et-al-1.pdf

- 19. Cooray, I.A. 2009. Government Expenditure, Governance and Economic Growth. Comparative Economic Studies, 51(3): 401-418.
- Donald, N.B. and Shuanglin, L. 1993. The Differential Effects on Economic Growth of Expenditures on Education, Welfare, and Defense. Journal of Econamic Development, 18(1): 175-183.
- 21. Dritsakis, N. and Adomopoulos, A. 2004. A causal relationship between government spending and economic development: An empirical examination of the Greek economy. Applied Economics, 36(5): 457-464.
- 22. Ekpo, A.H. 1996. Patterns of public expenditure in Nigeria: 1960-1992. Economic reform and macroeconomic management in Nigeria. Ariyo, A. Eds., Ibadan: Ibadan University Press, England.
- 23. Engle, R.F. and Granger, C.W.J. 1987. Co-integration and error–correction: Representation and testing. Econometrica, 55(2): 251-276.
- 24. Essien, E.A. 1997. Public Sector Growth, An Econometric Test of Wagner's Law" Economic and Financial Review, 35(3):1-23.
- 25. Fajingbesi, A.A. and Odusola, A.F. 1999. Public Expenditure and Growth. A Paper Presented at a Training Programme on Fiscal Policy Planning Management in Nigeria, Organized by NCEMA, Ibadan, Oyo State, 137-179pp.
- 26. Fan, S. and Rao, N. 2003. Public spending in developing countries: Trend, determinants and impact. EPTD discussion Paper No. 99. Washington, D.C: IFPRI.
- 27. Fan, S., Zhang, X. and Rao, N. 2004. Public Expenditure, Growth, and Poverty Reduction in Rural Uganda. International Food Policy Research Institute (IFPRI). DSG Discussion Paper 4. Washington, DC.
- 28. Fatas, A.J., Von Hagen, A. Hughes Hallet, A. Siebert and Strauch, R.R. 2003. Stability and Growth in Europe: Towards a Better Pact, Centre for Economic Policy Research.
- 29. Fölster, S. and Henrekson, M. 2001. Growth effects of government expenditure and taxation in rich countries. European Economic Review, 45(8): 1501-1520.
- 30. Friedman, M. 1978. The Limitations of Tax Limitation. Policy Review, Summer, 7-14.
- 31. Gali, A. and Perotti, R. 2003. Estimating the effects of fiscal policy in OECD countries, Government Expenditures on Education, Welfare, and Defense. Journal of Economic Development, 18(1): 20-32.
- 32. Grier, K.B. and Tullock, G. 1989. An empirical analysis of cross-national economic growth, 1951–1980. Journal of Monetary Economics, 24(2): 259-276.
- 33. Hughes, H.A., Lewis, J. and von Hagen, J. 2004. Fiscal Policy in Europe, 1991-2003. An Evidence-based Analysis, CEPR, London.
- 34. Kelly, T. 1997. Public expenditures and growth. Journal of Development Studies, 34(1): 60-84.

- 35. Keynes, J.M. 1936. General Theory of Employment, Interest and Money, London.
- 36. Komain, J. and Brahmasrene, T. 2007. The Relationship between Government Expenditures and Economic growth in Thailand. Journal of Economics and Economic Education Research, 8(2): 1-10.
- Landau, D. 1986. Government and economic growth in less developed countries: An empirical study for 1960-1980. Economic Development and Cultural Change, 51(1): 35-73.
- 38. Loto, M.A. 2011. Impact of government sectoral expenditure in economic growth. Journal of Economic and International Finance, 3(11): 646-652.
- 39. Lucas, R.E.J. 1988. On the mechanics of economic development. Journal of Monetary Economics, 22(1): 23-42.
- Nurudeen, A. and Usman, A. 2010. Government expenditure and economic growth in Nigeria, 1970-2008: A disaggregated analysis. Business and Economics Journal, 2010(4): 1-11.
- 41. Ogiogio, G.O. 1995. Government Expenditure and Economic Growth in Nigeria.
- 42. Olugbenga, A.O. and Owoye, O. 2007. Public Expenditure and Economic Growth: Ne Evidence from OECD Countries.
- 43. Oluwatobi, S.O. and Ogunrinola, I.O. 2011. Government expenditure on human capital development: Implications for economic growth in Nigeria. Journal Sustainable Development, 4(3): 123–136.
- 44. Oni, L.B. 2014. Analysis of the growth impact of health expenditure in Nigeria. IOSR Journal of Economics and Finance, 3(1): 77–84.
- 45. Oyinlola, O 1993. Nigeria's National Defence Spending and Economic Development: An Impact Analysis. Scandinavian Journal of Development Alternatives, 12(2-3): 241-254.
- 46. Peacock, A.T. and Wiseman, J. 1979. Approaches to the analysis of government expenditure growth. Public Finance Quarterly, 7(1): 3-23.
- 47. Ranjan, K.D. and Sharma, C. 2008. Government Expenditure and Economic Growth: Evidence from India. The ICFAI University Journal of Public Finance, 6(3): 60-69.
- 48. Rebelo, S. 1991. Long run policy analysis and long run growth. Journal of Political Economy, 99(June): 500–521.
- 49. Romer, P.M. 1994. The origins of endogenous growth. Journal of Economic Perspectives, 8(1): 3–22.
- 50. Suleiman, A.S. Aruwa, 2009. Public Finances and Economic Growth in Nigeria: Fiscal Policy Implications in Crises Era. In Faculty conference Proceeding.
- 51. Tanzi, V. 1994. Public Finance in Developing Countries, Edward Elgar Publishing Ltd.
- 52. Todaro, M.P. 1994. Economic development in the third world. London: Longmans Inc.
- 53. Usman, A., Mobolaji, H.I., Kilishi, A.A., Yaru, M.A. and Yakubu, T.A. 2011. Public expenditure and economic growth in Nigeria. Asian Economic and Financial Review, 1(3): 104-113.
- 54. Wagner, A. 1883. Three Extracts on Public Finance. Translated and reprinted in R.A.

www.ijriar.com

55. World Bank, 2009. World Development Report.

Citation: Ajayi Foluke Oloruntoba, Nyikyaa Miriam Nguavese and Abubakar Haruna. 2020. Effects of Public Expenditure on Economic Growth in Nigeria. International Journal of Recent Innovations in Academic Research, 4(3): 20-31.

Copyright: ©2020 Ajayi Foluke Oloruntoba et al. This is an open access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.