



## EFFECT OF INNOVATIVE PUBLIC EXPENDITURE AND DEBT MANAGEMENT ON SUSTAINABLE ECONOMIC PERFORMANCE OF NIGERIA

OYEWOBI<sup>1</sup> Ifeoluwapo Adebimpe and DINAH<sup>2</sup> Samuel Dinah

<sup>1&2</sup>Faculty of Administration, Department of Accounting, Bingham University Karu, Nasarawa State

<sup>1</sup>ifeoyewobi@gmail.com

<sup>2</sup>s.dinah@yahoo.co.uk

### ABSTRACT

*The study examined the relationship between public expenditure, public debt and economic growth in Nigeria from the period of 1981 to 2020. The specific objectives of this study were to examine the effect of recurrent expenditure, capital expenditure, domestic debt and external debt on economic growth over the period of forty years (1981 to 2021). Ex-post-facto research design was adopted for this study. Secondary data used for the study were extracted from Central Bank of Nigeria Statistical Bulletin. The statistical tools employed include unit root test Johansen cointegration test and Error Correction Model (ECM). The study found that recurrent expenditure and capital expenditure exert a positive effect on economic growth in Nigeria in the short-run and long run respectively. It was further found that in the short run, both domestic and foreign debt exert a positive effect on the economic growth of Nigeria while in the long run, domestic debt exerts a negative impact on economic growth and external debt exert a positive effect on economic growth in the long run. The study therefore concludes that public expenditure and public debt significantly impact on the economic growth of Nigeria during the period 1981-2020. The study recommended the need for government to expand its spending share of capital expenditure to further enhance the growth of the economy, given that it has been getting small share as compared to recurrent expenditure. In addition, in order to ensure higher productivity of capital in promoting economic growth, capital allocations should be prioritized based on projects and areas that have strong benefits to the citizens and sound linkages with various sectors of the economy.*

**Keywords:** Central Bank of Nigeria, Debt Management, Economic Performance, Public Expenditure

### 1. INTRODUCTION

The foremost macroeconomic objective of governments in virtually all countries is the achievement of rapid and sustainable economic growth with price stability. Consequently, the ultimate aim of macroeconomic policy is to increase the material welfare of the community (Erdoğan, Asongu & Bekun, 2020). Public expenditure remains an indispensable catalyst in achieving economic growth. It plays a pivotal role in the functioning of any economy at almost all stages of growth and development. Most developing and developed countries today use public expenditure to improve income distribution, direct the allocation of resources in desired areas, and influence the composition of national income (Aluthge, Jibir & Abdu, 2021; Vtyurina, 2020). Government expenditure is a key component for ensuring a nation assigns and spend budgetary resources to achieve a robust economic performance (World Bank, 2015). Public expenditure is classified into recurrent expenditure and capital expenditure. Recurrent expenditure represents all payments other than for capital assets, including on goods and services, (wages and salaries, employer contributions), interest payments, subsidies and transfers while **Capital expenditure** represents payments for acquisition of fixed capital assets, stock, land or intangible assets such as building of schools, hospitals or roads.

The traditional trade-off between herculean government functional obligations and inadequate financial resources availability to sufficiently take care of public expenditure had often culminated in deficit budget and attracted the resort to debt financing as the immediate panacea



among several nations, especially the emerging economies. This is so because in every modern economy, the Central Bank keeps the finances and accounts of the nation, and it is involved in raising money for the execution of government programs. The need to borrow money arises when the total government expenditure exceeds its receipts. To this end, Yusuf and Mohd (2021) aptly submitted that most governmental functions of managing the economy had often been channeled towards a policy thrust of predetermined economic prosperity. The gesture results in certain macroeconomic objectives guided by formulated fiscal and monetary policies, periodic budgetary plans, programmes and other economic framework to actualize the set objectives.

Public debt represents the total outstanding debt obligations or accumulated borrowing of the national government (Adegoroye, 2018). It is usually contracted to bridge budgetary gap. Public debt exist in different category or forms: Marketable debts (are those, which can be bought and sold in the financial market) and Nonmarketable debts (are those that have been issued in favor of specified debt holders and cannot be sold to others.). Funded debt (is a long-term debt for a definite period.) and Unfunded debt (or floating debt on the other hand, is for a short period of less than a year.). Reproductive debt (or productive debt, is expected to create asset that will yield sufficient income to pay off the principal as well as the interest on loan) and Deadweight debt (or unproductive debt is debt that does not increase the productive capacity of the economy because it is not backed by any existing asset.). Internal debt (is that which the country owes to its citizens.) and External debt (on the other hand, refers to debt owed to foreign individuals, governments, international organizations, World Bank Groups' (Adegoroye, 2018). This study as relates to public debt focuses on internal and external debt influence on economic performance.

Economic performance here is considered in terms of economic growth. Economic growth refers to increase in a country's potential GDP, although this differs depending on how national product has been measured. Economic growth must be sustained for a developing economy to break the circle of poverty. Kaune (2018) explained that gross domestic product (GDP) and real gross domestic product (RGDP) among other metrics of economic growth employed as indicators of increased output for economic performance.

The economic effects of public expenditures is one of the aspect of public finance that has received much attention in the literature, debate and empirical analysis. Many supports a large public expenditure on the ground that it puts money into circulation, increased investment and employment and reduces tax averseness. However, public expenditure has some obvious economic consequences. For instance, when the state enters the market for factor inputs or labour, it stimulates unhealthy competition with the private sector firms for these same materials or labour services. As such, the government becomes the largest purchaser of goods and services because of its widespread activities, as hitherto evidenced in Nigeria. In developing countries for instance, the variation in government spending pattern is not only projected to guarantee stabilization but also to spur economic growth and expand employment opportunities (World Bank, 2015)

Governments across the world have to borrow quite often with the object of funding expenditures on public goods and services that enhance growth and increase nation's welfare. The foregoing justifies the essence of debt. In the same light, it is postulated that, the primary objective of public debt management is to ensure that the government's financing needs and its payment obligations are achieved at the lowest possible cost over both medium and long-term, at the same time factoring in prudent degree of risk (Adegbie, Otitolaiye, Aguguom & Ajayi, 2022). It is opined that, the amount that a government should borrow is founded on fiscal policy upon which the targeted level of debt based on a sustainability analysis of government



debt is premised. It has been observed that there is a correlation between government expenditure and government debt in the economy and that increase in deficit spending by government will also bring an increase in the amount of debt. Government borrowing shrinks accessible funds and increases the cost of capital, thereby causing businesses to abandon investment projects in the economy.

Similarly, if government spends more than her receipts (deficit), her decision to borrow funds to finance that deficit will in most cases result to crowding out of private investments and deadweight loss on future taxation. This means that when governments borrow from financial markets, they effectively crowd out other interested borrowers (private investors) and compel them to pay higher interest rates which has the capacity to discourage investment implicitly the higher cost of capital will then make the private investors to abandon the expansion plans that would have brought positive economic outcome. The multiplier effect of government spending has not helped out in counterbalance of impact of public debt in the economy which necessitates further increase in taxes and places burden on current/future generations.

According to Aluthge, Jibril and Abdu (2021), the Nigerian government had periodically instituted diverse economic programmes that would stimulate activities towards a laudable performance of the economy. However, prominent among required resources to drive the economy is huge debt financing from bilateral and multilateral creditors. Fasoranti, Koledoye and Adamu (2019) argued that prosperous economic performance does not emerge spontaneously because it is the product from the process of exercising proper allocation, distribution and stabilization functions within the prescribed fiscal framework to manage, control and direct the affairs of the economy. It includes the managerial acumen for public debt which underlies inputs to stimulate steady economic growth due infrastructural development potentials. Due to the burden of servicing debts and the unwholesome economic implications, some government would have opted out of debt options but the compelling need for developmental fund, socioeconomic amenities, social goods provision and the quest for better economic performance, the practice of borrowing continued.

Over the years, government expenditure has been rising faster than revenue leading to persistent unsustainable fiscal deficits that requires government procuring debts to meet up with huge expenditures. In addition, Sectoral output has experienced fluctuating trend despite the fact that government expenditure has been experiencing an upward trend. This scenario is against Keynes theory and expectations, where Keynes theory suggests that government spending has a positive effect on sectoral output performance and thus economic growth. Given the persistent increase in government expenditure with a corresponding increase in public debt and fluctuating sectoral outputs, the postulations by Keynes theory are questionable for Nigeria and require testing.

Empirical evidences on the relationship between government expenditure and public debt especially for developing economies like Nigeria, present two opposing views, some suggesting that government expenditure has negative effect on economic growth (Adegrooye, 2018; Nworji, Okwu, Obiwuru & Nworji, 2012; Gukat & Ogboru, 2017; Saidu & Ibrahim, 2019; Segun & Adelowokan, 2015). In contrast, other studies established that government expenditure promotes output growth and development of a country (Adegbie, Otitolaiye, Aguguom & Ajayi, 2022; Madugba, Agburuga, Egbide, Oludaro, & Falaye, 2021; Ahuja & Pandit, 2020).

The conflicting results can be attributed to differences in methodological approach, scope, or dataset. Irrespective of which of the argument may be more convincing, what remains obvious is that there is need for further studies to go beyond their specifications and methodologies. Thus, the main objective of this study is to empirically investigate the effects of public



expenditure and debt on the performance Nigeria economy using data from 1981-2020. The choice of this period is due to the availability of data spanning a long period of 40 years. In addition, the choice of this period is also informed by Government policies that has resulted to rising profile of domestic and foreign debt in Nigeria.

This study therefore aimed to test specifically the following hypotheses formulated in null form:

**H<sub>01</sub>:** Recurrent expenditure has no significant effect on the economic growth of Nigeria.

**H<sub>02</sub>:** Capital expenditure has no significant effect on the economic growth of Nigeria.

**H<sub>03</sub>:** Domestic debt has no significant effect on the economic growth of Nigeria.

**H<sub>04</sub>:** External debt has no significant effect on the economic growth of Nigeria.

## 2. LITERATURE REVIEW

This section presents the empirical and theoretical literature reviewed on public expenditure and debt on economic performance. The first section presents the conceptual framework, followed by empirical framework and the theoretical framework underlying government expenditure and public debt.

### The Concept of Public Expenditure

Government expenditure also known as government spending, public spending or public expenditure is the aggregate expenditure by a constituted authority (local, state or federal), all agencies and institutions or such other organizations that has been empowered by the constitution to carry out services that enhance the welfare of the citizenry (Sayari & Rabeh, 2022). Put differently, it can be defined as spending by government at any level. Madugba, Agburuga, Egbide, Oludaro and Falaye, (2021) asserts that Government expenditures consists of spending on real goods/services purchased from outside suppliers; spending on employment in state services such as administration, defense and education; spending on transfer payments to pensioners, the unemployed and disabled; spending on subsidies and grants to industry; and payment of debt interest.

Yovo, (2017) explained that government expenditure is the expense, which a government incurs for its maintenance, the society and the economy, and in helping other countries. Government expenditure serves as a major tool of implementing welfare. Using the theory of Government expenditure, the government contributes and participates in the financial flow in the economy and influences its demand and supply pattern. Government expenditure aids growth, stabilization and other policy attainments in the economy.

According to Sayari and Rabeh, (2022), government expenditure falls within a wider branch of economics called public finance. There is a contrast by scholars (particularly Keynesian analysis) that the growth of government expenditure results in the growth of GDP however the Wagner hypothesis was tested for different countries and their results were conflicting. As conflicting and intricate as government expenditure analysis may be, it is a vital component of public finance and hence instrumental to rapid economic growth and development. Therefore, economic analysis of government expenditure is concerned with its role in the allocation and distribution of resources in the economy.

Sayari and Rabeh, (2022), further reveals that government expenditure is a way of utilizing the national output to meet the wants of the people. It refers to the expenses which any government incurs for its maintenance as well as the society and the economy as a whole, part of such expenses are those spent on other countries in the process of helping or aiding them while the other parts are spent on the citizens of the country. This study sees government expenditure as





spending made by the government of a country on collective needs and wants such as pension, provisions (such as education, healthcare and housing), security and infrastructure.

### ***Capital Expenditure***

According to Ahuja (2012), capital expenditure is defined as any expenditure other than operating a system that represents a large sum of money, the benefit of which it extends over a period exceeding one year. The characteristic of capital expenditure is that at least a major part of the expenditure is made at one point in time and the benefits are related overtime. Capital expenditures represents constructions undertaken by the government on roads, bridges, health centres, military installations and hardware, among others (Eke & Akujuobi, 2021). The benefits expected are inflows of income or advantages resulting from investments. They may take the form of cost saving, additional revenue profit so defined. The size of a capital expenditure differs from one country to another depending on the size of the country's economy.

### ***Recurrent Expenditure***

In contrast to capital expenditure, recurrent expenditures are not high-value items. In its place, they are the repetitive or routine expenses that occur in the usual business of running a government (Aluthge, Jibir & Abdu, 2021). Recurrent expenditure refers to all payments other than for capital assets, including on goods and services, (wages and salaries, employer contributions), interest payments, subsidies and transfers.

### ***Public Debt***

Public debt is the totality of debt owed both internally and externally by the government of a country. Sulaiman and Azeez, (2012) aptly state that public debt is created by act of borrowing. It is a liability represented by a financial instrument or other equivalent employed in the circumstances when government expenditure exceeds its revenue. Babu, Kiprop, Kalio and Gisore (2015) explained that government borrows for two reasons: when the projected revenue targets fall short of the projected expenditure as well as to enable payment of maturing loans. In their opinion, reasonableness extent of borrowing by a developing country is likely to enhance its capital accumulate and productivity growth. Unlike financial structure of a corporate entity that portrays equity and debt, the public debt structure has domestic and external or foreign debts.

Abula and Ben (2016) described domestic debt as the portion of a country's debt borrowed from within the confines of the country. It includes loans obtained from financial institutions and non-bank financial houses. Most domestic debts are contracted through debt instruments like treasury bills, treasury certificates, government development stocks, Bond and Promissory notes etc. Eke and Akujuobi, (2021) submitted that external debts refer to unpaid portion of external financial resources required for developmental purposes and balanced of payment support. The federal government Nigeria contracts a number of debts obligations from external sources which include: Paris club of creditors, London club of creditors, multilateral creditors (IMF, Development Bank), bilateral creditors, Promissory notes creditors etc.

### ***Domestic Debt***

Domestic debt involves liability or debt incurred by a nation within the country. Eke and Akujuobi, (2021) defined domestic debt as debt instrument issued by the federal government and dominated in local currency. According to Abbas and Christensen (2007), domestic debt markets can help strengthen money and financial markets, boost private savings, and stimulate investment. This they said can be achieved with the use of government securities are a vital instrument for the conduct of indirect monetary policy operations and collateralized lending in



interbank markets; the latter helps banks manage their own liquidity more effectively, reducing the need for frequent central bank interventions. Okwu et al., (2016) noted that adequate deployment of domestic debt to key sectors of any economy could enhance short-run growth that might be possibly translated to long-run growth. Policies capable of reducing the size of the domestic debt relative to GDP and deposits, could exert a negative impact on financial market development, and complicate the exit from foreign aid (Abbas & Christensen 2007).

### ***External Debt***

External debt entails debts owed to foreign nations or international institutions. There is abundant proof in the existing body of literature to indicate that foreign borrowing aids the growth and development of a nation. Soludo (2004) was of the opinion that countries borrow for major reasons. The first is of macroeconomic intent that is to bring about increased investment and human capital development while the other is to reduce budget constraint by financing fiscal and balance of payment deficits. Syder and Isagua, (2021) stressed the fact that countries especially the less developed countries borrow to raise capital formation and investment which has been previously hampered by the low level of domestic savings. Ultimately the reasons why countries borrow boils down to two major reasons which are to bridge the savings-investment gap and the foreign exchange gap. For development to take place, it requires a level of investment which is a function of domestic savings and the level of domestic savings is not sufficient enough to ensure that development takes place.

### ***The Concept Economic Performance***

This study explains economic performance in terms of economic growth of Nigeria. Generally, economic growth is seen as the process of increasing the size of national economies and macroeconomic indicators especially the gross domestic product (GDP) (Eke & Akujuobi, 2021). It is obtained by efficient use of the available resources and by increasing the capacity of production of a country. It facilitates the redistribution of income among national populace. Ssempala, Ssebulime and Twinoburyo (2020) posit economic growth as a complex, long-run phenomenon, subjected to constraints; such as excessive in population, inadequate infrastructures, and inefficient utilization of resources, excessive governmental intervention, institutional and cultural models. Nwaoha, Onwuka and Ejem, (2017) adds that it is the change in national income overtime, usually measured over one year. Erdoğan, Asongu and Bekun, (2020) observes that productivity which entails value addition to goods and services is the source of economic growth.

Essentially, productivity comes from new idea, new processes, new technological innovation and better skills among labour force. Away from these, Prasetyo, (2020) identified that gross domestic product is the most important instrument for measuring economic growth as it portrays the increase in productive output. However, the real gross domestic product (RGDP) which considers the inflationary and value discounting factor was adopted for the study.

According to Chete, Adeoto, Adeyinka and Ogundele (2012), the Nigerian economy experienced diverse levels of economic performance as was reported that during the early 1980s the real GDP grew by 6.2 percent with the inception of structural adjustment programme, real GDP growth level stocked at 4percent in 1988-1997. The inception of the millennium, in 2000-2004 the growth rate dropped to 3.0percent. However, stimulating effort of the government moved it to 6.27percent, 7.57percent, and 7.38percent in year 2009, 2010 and 2011 respectively. In 2015, the real GDP dropped to 2.47percent and -0.36 percent in 2016. In 2017 it rose to 1.92 percent, 2.38 in 2018 and 2.01percent in 2019. Unlike the private sector management functions that portray a process as planning, organizing, staffing, directing, controlling etc. the economic growth management introduced a process of exercising



allocation, distribution and stabilization functions within the prescribed fiscal policy framework to manage, control and direct the affairs of the economy towards growth.

### Review of Empirical Studies

Adegbie, Otolaiye, Agugum and Ajayi, (2022) investigated the effect of public debt management on economic growth in Nigeria. An *ex-post facto* research design was employed, while time-series data on the relevance of macroeconomic variables to public debt management and economic growth were sourced from secondary sources. The sample population purposively was chosen from data available from the 2020 edition of the Central Bank of Nigeria's (CBN) Statistical Bulletin, which covers 40 years (1981-2020). Results revealed that public debt management had a positive significant effect on economic growth in Nigeria. The conclusion validated that effective public debt management tends to have a positive significant effect on economic growth in Nigeria. It is therefore recommended that adequate measures be put in place to ensure optimal investment of borrowed funds in productive ventures in Nigeria. Also, loans should be serviced when they are due to avoid sanctions and accumulation default charges.

Sayari and Rabeh (2022) researched on the topic governance quality, public expenditure efficiency, and economic growth. The study first examine the impact of governance quality on public expenditure efficiency. Then, the study try to determine the effect of these expenditures on economic growth. The sample consists of 36 countries observed over the 1996 to 2020 period. This period is known by a significant transition of political regimes. The research model links government expenditure with the returns generated in a country in a given sector. The model introduce the governance variable to examine the impact of government expenditure on returns on a government program in terms of schooling rates and life expectancy. The results indicate that governance quality affects expenditure structure and that efficiency of this expenditure positively correlates with a better governance quality as measured by corruption control and government efficiency. The study also found that efficient expenditure has a positive impact on economic growth.

Eke and Akujuobi, (2021) investigated the effect of public debt on economic growth in Nigeria, covering the period 1981-2018. Employing a co-integration approach, the study revealed prominent among others that a significant short-run relationship exists between Nigeria's public debt and economic growth. Also, the study further showed that whereas both the domestic debt and the external debt variables were statistically significant, only the latter failed the a priori expectation test and thus, exerts a negative contribution to economic growth in Nigeria. On the basis of the findings, the study concluded that most of the external borrowings in Nigeria end up being misappropriated. It was recommended that there should be proper ways of monitoring public borrowings with special emphasis on all external debts contracted with a view to ensuring that misappropriation is drastically reduced, if not eradicated.

Aluthge, Jibir and Abdu, (2021) investigates the impact of Nigerian government expenditure (disaggregated into capital and recurrent) on economic growth using time series data for the period 1970-2019. The paper employs Autoregressive Distributed Lag (ARDL) model. To ensure robustness of results, the study accounts for structural breaks in the unit root test and the co-integration analysis. The key findings of the study are that capital expenditure has positive and significant impact on economic growth both in the short run and long run while recurrent expenditure does not have significant impact on economic growth both in the short run and long run. The study recommends that government should increase the share of the capital expenditure especially on meaningful projects that have direct bearing on the citizen's welfare. Government should also improve the spending patterns of recurrent expenditure



through careful reallocation of resources toward productive activities that would enhance human development in the country.

Syder and Isagua (2021) examined the effect of public debt management on Nigerian economic performance. Ex post facto research design was adopted for the study. Secondary data were obtained from the records of Central Bank of Nigeria and National Bureau of Statistic for 1986 to 2019. Data analysis was with the aid of e-view and statistical package for social sciences. It involved diagnostics as: descriptive statistics, unit root, co-integration with autoregressive distributed lag bound (ARDL). The results indicated some dynamic trends in the effect. Domestic debt related positively and significantly with real gross domestic product within both short-run and long-run in our analytical observation. Similarly, the foreign debt related positively and significantly at the short-run period but indicated insignificantly in the long-run period. The direction of the results justified the implication of foreign exchange rate, interest rate, and market price volatility effects on the Nigeria economy due to currency devaluation and other exogenous economic shocks on the debt financing economy despite the debt managerial tenets in Nigeria. The study therefore recommended that fiscal policies on public debt management should include parliamentary monitoring role on debt resources utilization, fiscal rule on debt performance measurement and civil organization input on debt performance reports.

Madugba, Agburuga, Egbide, Oludaro, and Falaye (2021) investigated public expenditure growth and national consumption costs using a vector error correction approach. The objective is to determine the effect of capital and recurrent expenditure on the consumer price index. The dependent variable in this study is national consumption measured by the consumer price index, while the independent variable is public expenditure measured by capital and recurrent expenditures. An ex post facto research design was adopted, and data for the study spanning from 1981 to 2019 was sourced from the World Bank. Descriptive statistics, unit root tests, cointegration tests and vector error correction estimates were all conducted with the aid of EViews 9. Based on the results, the study concluded that there is a positive but insignificant relationship between the consumer price index and capital and recurrent expenditures of the government in Nigeria. The study recommended that Nigeria's government should increase expenditure on projects that will improve the economy and the living standards of the people. Additionally, there is an urgent need for proper monitoring of allocations contained in the budget to ensure efficient and effective utilization of funds, as this will help to improve the standard of living of the people and improve the economy.

Prasetyo, (2020) investigate the role of government expenditure and investment for MSME Growth: empirical study in Indonesia. Secondary data after the 2008 global financial crisis recorded quarterly from 2009 to 2019 Q3 were analyzed using the Ordinary Least Square (OLS) regression model. The results showed government expenditure has a positive and significant contribution to small- and medium-sized enterprises, but the effect was not significant for micro-businesses. Meanwhile, the investment sector was discovered to have a positive and significant effect on MSMEs. The policy implications of the Indonesian government are expected to focus on its expenditure's role as the most important factor for "social-economic protection of the community" through micro-enterprises, which are numerous and more attached to the real community economic-social life. Therefore, the existence of micro-businesses is very helpful for the lower classes despite their high vulnerability to crisis.

Erdoğan, Asongu and Bekun (2020) examined the impacts of government expenditure s on economic growth with respect to capital expenditure, recurrent expenditure and the government fiscal expansion in line with support for the budgetary allocations to various sectors in the



context of the Nigerian economy. Pesaran's ARDL approach has been applied to carry out the impact analysis using annual time-series data from 1981 to 2017. Empirical findings support the existence of a level relationship between public spending indicators and economic growth in Nigeria. Incisively, recurrent expenditures of government were found to be significantly impacting on economic growth in a negative way while the positive impacts of public capital expenditures were not significant to economic growth over the period of the study. Further results from the Granger Causality Test reveal that fiscal expansion of the government that is hinged on debt financing is strongly granger causing Government expenditure s and domestic investment with the latter also Granger causing real growth in the economy. The study of Erdoğan, Asongu and Bekun (2020) was limited to a period 1981 2017. This present study will differ by extending to 2019.

Nimenibo and Aminadokiari (2020) examined government expenditure and economic growth in Nigeria during the period 1985-2015. The specific objective of this study is to investigate how government capital expenditure affects economic growth in Nigeria. Data extracts from the Central Bank of Nigeria (CBN) statistical bulletin form our major source of information. The study use the Unit root test using Augmented Dickey-Fuller test technique. The result revealed that all the variables in the model were stationary at different levels of test. The Johansson co-integration test result also showed that all the variables in the model have a long-run relationship, and government capital expenditure has a positive and significant impact on economic growth in Nigeria. The government recurrent expenditure also has a positive and significant impact on economic growth in Nigeria having a coefficient of determination of 98.4% variation in the dependent variable being explained by changes in the explanatory variables. While the study of Nimenibo and Aminadokiari, (2020) can be criticized on the bases that it was limited by time coverage to 1985-2015. This present study will differ by extending the scope to 2019.

Ezema, (2019) examined the responsiveness of economic growth to government expenditure in Nigeria. Specifically, the study investigated the responses of pensions and gratuities expenditure on real gross domestic product in Nigeria. Thus, pensions and gratuities served as the independent variables while real gross domestic product served as the dependent variable. The study covered the period 1981 to 2016 and data were collected from the Central Bank of Nigeria (CBN) Statistical Bulletin. To analyze the data, the study employed Ordinary least square model and the Error Correction Mechanism (ECM) technique as the analytical tool. Findings showed that pensions and gratuities expenditure of government has a positive and significant response on economic growth in Nigeria in the long run. While Ezema, (2019) study focused on government Sectoral Expenditure in Pension and Gratuities and its implication to the Economy from 1981 to 2016. This present study will differ by examining government expenditure on economic growth using recent data from 1981-2020.

### **Theoretical Framework**

This study is anchored on Keynesian theory and Debts overhang theory. This is because the Keynesian theory explains public expenditure in the economy while the debts overhang theory explains the effect of debt financing in the economy.

#### ***Keynesian theory***

This theory was put forward by Keynes (1936). He stated that there exist mixed economy where the state and private sector play key role in the economy. Keynes gave more importance on the aggregate demand for goods as the driving force for the economy during downturn periods. He argued that policies by the government promotes demand at macro level and fight unemployment and deflation. The theory explained that when government change tax



collection level and government expenditure in the economy, it impacts the aggregate demand and the levels of financial action with main goal of achieving macroeconomic objectives of full employment, price stability, and economic growth. Keynes proposed that increasing government spending and decreasing tax rates are the most ideal approaches to change aggregate demand, and decreasing expenditure and expanding charges after the economic boom starts.

Keynesians contended this strategy be utilized in times of low economic action, as essential instrument for building the system for strong budgetary advancement and working towards full employment. On a basic level, the resulting deficiencies would be paid for by an expanded economy in the midst of the impact that would take after. In any case, the organizations can use a spending surplus to direct the pace of financial advancement, and to balance out costs when inflation is high. Keynesian theory states that reducing spending from the economy will reduce levels of aggregate demand and get the economy, henceforth balancing out costs. However, this theory has drawbacks since it fails to take into account the inflation problem and also understate the influence of money on real variables in the economy.

### ***Debts Overhang Theory***

Debt overhang was postulated by Stewart C. Myers in 1977 with company valuation in corporate finance and the effect of debt-financing on future investment decision. He advanced a conclusion that high amount of debt or debt itself has distortion implication possibilities for companies to make optimal future investment decision. Consequently, Okwu et al (2016) affirmed that debt overhang implied a rising debt accumulation that compels a cut down on investment expenditure which has glaring capacity of growth potentials. Public debts overhang therefore referred to a circumstance when lump debt burden exceed the capacity to repay as at when due in future. It limits the debtor's opportunities of taking investment projects that have potential of stimulating growth by further borrowing. These positions point at the implication of debts.

### **3. METHODOLOGY**

The ex-post facto design was employed for the study in obtaining, analyzing and interpreting the relevant data because it allows a framework to obtain information on past economic events and business transaction for evaluation of the behaviours of the variables in the context. In addition, the justification for the choice is that ex-post facto design allows the researcher the privilege of observing one or more variables over a period of time. As such, the researcher collected relevant and factual information/data from the Central Bank of Nigeria statistical bulletins and from other relevant sources on the variables used in the model to establish the cause-effect relationship among them.

Secondary data were obtained from the Reports National Bureau of Statistics and Central Bank of Nigeria for the period (1981-2020). The kind of data required for this study are: data on real gross domestic product (RGDP), data on recurrent expenditure (RE) and capital expenditure (CE), domestic debt (DD) and external debt (ED). The data were obtained mainly from secondary sources, such as Central Bank of Nigeria (CBN) Statistical Bulletin, 2021.

### **Method of Data Analysis**

This study made use of regression analysis as the data analysis method. However, the evaluations were based on descriptive and econometric analytical tools. The descriptive tools were used to show the trends in the various variables included in the model, the tools consist of tables and graphs. The econometric tools consist of unit root test under which Augmented Dickey Fuller test (ADF) was conducted to test the stationarity properties of the variables in the model, the test of co-integration was also carried out to test for the long-run relationship

between variables, the Vector Error Correction test was conducted in order to test for short-run dynamics.

### Model Specification

This study was anchored on the Keynesian theory which establishes the importance of government expenditure in achieving economic growth. In line with Ezema (2019) with modifications, the model for the study was specified as:

Economic Growth= $f$ (Government expenditure and Public debt).

$$RGDP = f(RE, CE, DD, ED) \quad (1)$$

Equation 1 above is an enquiry into the extent in which public expenditure and public debt impacts on economic growth during the study period in Nigeria. The stochastic form of the model can be rewritten as:

$$RGDP = \alpha_0 + \alpha_1 RE + \alpha_2 CE + \alpha_3 DD + \alpha_4 ED + U \quad (2)$$

Where; RGDP = Real Gross Domestic Product (a proxy for economic growth); RE= Recurrent Expenditure; CE = Capital Expenditure, DD = Domestic Debts; ED = External Debt; U = Error Term or Stochastic variable;  $\alpha_0$  = Constant or Intercept;  $\alpha_1 - \alpha_4$  = Coefficient of the Independent Variables parameters to be estimated.

The log-linear form of the model is presented herein

$$\text{LogRGDP} = \alpha_0 + \alpha_1 \text{LogRE} + \alpha_2 \text{LogCE} + \alpha_3 \text{LogDD} + \alpha_4 \text{LogED} + U \quad (3)$$

## 4. DATA PRESENTATION AND ANALYSIS

This section presents the findings of the study. It gives the descriptive statistics and the results of time series property test and diagnostic tests on the model estimated. It also presents the findings and discussions on the effect of public expenditure and public debt on the performance of Nigeria economy.

### Descriptive Statistics of Data Series

This section gives a brief summary of description and summary statistics for variables used in the study. These statistics reveal important features of the variables used in the study in a meaningful way. They include the measures of central tendency such as mean and the median and also the measures of dispersion such as the standard deviation and the range. The data was collected for the variables: Gross Domestic Product (GDP), Recurrent Expenditure (RE), Capital Expenditure (CE), Domestic Debt (DD) and External Debt (ED). The summaries are based on data collected from various sources for the period 1981 to 2021 presented in table 1 below.

**Table 1: Descriptive Statistics**

	LNRGDP	LNRE	LNCE	LNDD	LNED
Mean	3.792663	2.489408	2.205041	1.929410	0.433077
Median	3.882305	2.713585	2.498498	2.041742	0.000000
Maximum	5.515582	4.238899	3.616728	4.069805	3.210479
Minimum	2.143984	0.676767	0.612794	0.000000	-4.924453
Std. Dev.	1.058598	1.067785	0.894459	1.139175	1.300490
Skewness	-0.213872	-0.335779	-0.529270	-0.151318	-1.063661



## ORDER OF PROCEEDING

Kurtosis	1.662867	1.800370	1.892556	1.989018	9.141870
Jarque-Bera	3.284818	3.150170	3.911565	1.856123	70.41345
Probability	0.193513	0.206990	0.141454	0.395319	0.000000
Sum	151.7065	99.57634	88.20166	77.17640	17.32308
Sum Sq. Dev.	43.70460	44.46640	31.20224	50.61110	65.95971
Observations	40	40	40	40	40

*Source: Extraction from E-views 10 Output*

Mean is the average value of the series, which is gotten by dividing the total value of the series by the number of observations. From table 1, the real Gross Domestic Product (RGDP) averaged 30.299 from 1981 to 2021 and median of 3.88 as a percentage of GDP. The output of the data as a percentage of GDP had minimum value of 2.14 and maximum of 5.52 meaning that the economic performance of the Nigeria economy was increasing over the period of the study. However, the skewness of -0.21 showed that the data was negatively skewed and tail was longer to the left. Since the skewness is between -1 and -0.5 the data is moderately skewed and kurtosis of 1.66 shows that the distribution is mesokurtic since the value is close to the threshold of 3, meaning the data is normally distributed. The standard deviation of 1.06 is low indicating that the data deviates less with greater margin from the mean.

The descriptive statistics also showed that recurrent expenditure has a mean and median of 2.49 and 2.71 respectively thus data was normally distributed. The data had minimum and maximum values of 0.68 percent of GDP and 4.24 percent of GDP respectively. The skewness in the data was -0.34 meaning that it is negatively skewed and kurtosis of 1.80 shows that it is platykurtic since the value ranges from zero and three. The standard deviation of 1.07 shows that it had low variation from the mean.

Furthermore, from table 1, the descriptive statistics also showed that capital expenditure has a mean and median of 2.21 and 2.50 respectively thus data was normally distributed. The data had minimum and maximum values of 0.61 percent of GDP and 3.62 percent of GDP respectively. The skewness in the data was -0.53 meant that the data was skewed to the left and kurtosis of 1.89 shows that it is platykurtic since the value ranges from zero and three. However, the standard deviation of 0.89 meant that there was minimal variation from the mean.

More so, the descriptive statistics also showed that domestic debt displayed a mean and median of 1.93 and 2.04 respectively. The data had minimum and maximum values of 0.00 and 4.07 percent of GDP respectively. The skewness in the data was -0.15 meaning that it is negatively skewed and kurtosis of 1.99 shows that it is platykurtic since the value ranges from zero and three. The standard deviation of 1.14 shows that it had low variation from the mean.

Finally, external debt (ED) averaged 0.43 from 1981 to 2021 and median of 0.00. The output of the data had minimum value of -4.92 and maximum of 3.21 implying that the external debt profile of Nigeria was increasing over the period of the study. However, the skewness of -1.06 showed that the data was negatively skewed and tail was longer to the left. Since the skewness is between -1 and -0.5 the data is moderately skewed and kurtosis of 9.14 shows that the distribution is peaked or leptokurtic relative to the normal. The standard deviation of 1.30 is low indicating that the data deviates less with greater margin from the mean.

#### **VAR Lag Order Selection Criteria**

The results of VAR lag selection criteria are presented in Table 2. The VAR lag selection criterion test for the optimal lag that can yield robust results.



**Table 2: VAR Lag Order Selection Results**

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-94.32883	NA	0.000148	5.369126	5.586818	5.445872
1	102.2465	329.3965*	1.41e-08*	-3.905217*	-2.599068*	-3.444738*
2	126.9626	34.73605	1.54e-08	-3.889868	-1.495260	-3.045656

**Source:** Extraction from E-views 10 Output

\* indicates lag order selected by the criterion. LR: sequential modified LR test statistic (each test at 5% level), FPE: Final prediction error, AIC: Akaike information criterion, SC: Schwarz information criterion and HQ: Hannan-Quinn information criterion.

The results presented in Table 3 show that lag one (1) have the least LR, FPE, AIC, SC and HQ relative to the other lags. This implies that the best lag selection for optimal performance of the model is lag one (1).

#### 4.2 Unit Root Test

In order to avoid spurious regression results, stationarity properties of the series used in this study were subjected to tests using Augmented Dickey-Fuller (ADF) test. The results obtained are presented in Table 3

**Table 3: ADF Unit Test Results**

Variables	ADF values	1% critical values	5% critical values	10% critical values	Probability	Order of integration
lnRGDP	-3.434098	-3.621023	-2.943427	-2.610263	0.0160	I(1)
LnRE	-8.208973	-3.621023	-2.943427	-2.610263	0.0000	I(1)
LnCE	-6.322982	-3.621023	-2.943427	-2.610263	0.0000	I(1)
lnDD	-4.108938	-3.621023	-2.943427	-2.610263	0.0028	I(1)
lnED	-9.828233	-3.621023	-2.943427	-2.610263	0.0000	I(1)

**Source:** Extraction from E-views 10 Output

Table 3 shows that all the series became stationary after the first difference. This is because the ADF test statistics of the variables are greater than the critical value at 5% significant levels and their respective probabilities are less than 0.05. This implies that the series are all integrated of order I (1). Based on the Unit root test result, there is enough evidence to assume that the series are cointegrated. To empirically verify the claim, the Johansen test of cointegration was applied to the time series.

#### 4.4 Cointegration Result

The results of the unit root test showed that all the variables used in the model to establish a long-run relationship among the variables were stationary at the first difference. It is on this basis that we have established the long run relationship that existed among the variables using the Johansen Cointegration technique as it is required of series whose order of integrating is I(1). The cointegration tests were conducted and the results are shown in the Table 4 and 5.

**Table 4. Result of Johansen Unrestricted Rank Cointegration Test (Trace)**

Hypothesized of CE(s)	No.	Eigenvalue	Trace Statistic	0.05 Value	Critical	Prob.**
None *		0.602861	83.53012	69.81889		0.0027
At most 1 *		0.465873	49.36176	47.85613		0.0358
At most 2		0.382400	26.15828	29.79707		0.1241
At most 3		0.145546	8.327432	15.49471		0.4311
At most 4		0.065528	2.507606	3.841466		0.1133

*Source: Extraction from E-views 10 Output*

**Table 5: Result of Johansen Unrestricted Rank Cointegration Test (Maximum Eigen Statistics)**

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None *	0.602861	34.16836	33.87687	0.0462
At most 1	0.465873	23.20349	27.58434	0.1650
At most 2	0.382400	17.83084	21.13162	0.1363
At most 3	0.145546	5.819825	14.26460	0.6365
At most 4	0.065528	2.507606	3.841466	0.1133

*Source: Extraction from E-views 10 Output*

The trace statistics test result in Table 4 shows two cointegrating equation at 5% level of significance. Similarly result of the maximum Eigen Value presented in Table 5 indicates one cointegrating equation at 5% significance level. The trace statistics and the Maximum Eigen Values therefore denote the rejection of the null hypothesis of no hypothesize number of cointegrating equations. Thus, the Johansen test of cointegration reveals the existence of long run relationship between government expenditure, public debt and economic growth in Nigeria.

#### **4.5 Long-Run Impact of Government Expenditure and Public Debt on Economic Growth in Nigeria**

Due to the existence of long run relationship among the variables considered in this study, it has become necessary to evaluate the impact of government expenditure and public debt on economic growth in Nigeria in the long run. The long run estimated equation is presented below:

$$\ln \text{RGDP} = + 0.138499 \ln \text{RE} + 0.218428 \text{CE} - 0.589832 \ln \text{DD} + 0.092019 \ln \text{ED} \dots 4.1$$

(0.06792)      (0.03132)      (0.08727)      (0.05285)

Note: Standard error in parentheses

*Source: Extract from Co-integration test presented in Appendix*

Equation 4.1 shows estimates that have been obtained from the model to establish a long run relationship between government expenditure, public debt and economic growth in Nigeria. The estimates or coefficients in the regression are treated as (partial) elasticities of RGDP with respect to the respective independent variables in the equation, since all other variables are held constant in each case when a particular variable is being treated. As shown in Equation 4.1, coefficients of variables in the long-run are significant in all of estimation at 5% level of significance.

From the long run equation, recurrent expenditure has a positive impact on economic growth in Nigeria. This implies that a one percent increase in government recurrent expenditure is associated with a 0.138499% increase in the growth of RGDP (real gross domestic product). This supports Adebisi (2015) and Chinemerem (2018) who disclosed that recurrent expenditure stimulates the growth of the Nigerian economy.

It is shown also from the result that a one percent increase in government capital expenditure is associated with a 0.218428% increase in RGDP. These findings are in consonance with Keynes and Wagner's theory of government expenditure that, government expenditure contributes positively to economic growth. Hence, an increase in government consumption is likely to lead to an increase in employment, profitability, and investment through multiplier effects on aggregate demand.

The result also shows that a one percent increase in domestic debt is associated with 0.589832% decrease in RGDP. The implication of this finding is that increase in domestic debt which are usually incurred on high interest rate and are short term in nature in addition to often being tied to recurrent expenditures leads to decrease in economic growth of Nigeria. Finally, the result found that a one percent increase in ED is associated with 0.092019% increase in RGDP. This is so because external loans are tied to capital projects of government thus stimulates economic growth.

#### 4.6 The Short Run Impact of Government Expenditure on Economic Growth in Nigeria

In the short run, the error correction model is expected to confirm the co-integration in the Johansen Cointegration Test. The result of the short run relationship is presented in Table 6.

**Table 6: Error Correction Estimates**

	Coefficient	Std. Error	t-Statistic
<b>CointEq1</b>	-0.227797	0.05331	-4.27292
<b>D (LnRGDP (-1))</b>	0.613440	0.11303	5.42742
<b>D(LnRE (-1))</b>	0.030109	0.01898	1.58609
<b>D(LnCE(-1))</b>	0.023070	0.01616	1.42758
<b>D(LnDD(-1))</b>	0.065674	0.03849	1.70631
<b>D(LnED(-1))</b>	-0.000778	0.00963	-0.08074
<b>C</b>	-0.005605	0.00999	-0.56125

**Source:** Extraction from E-views 10 Output

The ECM (-1) of -0.227797 is significant at the 5% level of significance. This suggests that variables included in the model, even when they drift away from their equilibrium values in

the short-run, have the ability of returning to their long-run equilibrium values at a speed of adjustment of 51.63%. The F-statistic of 8.980319 shows that the parameter estimates are collectively significant at the 5% level of significant in Nigeria.

From Table 6, government recurrent expenditure and government capital expenditure has positive impact on economic growth in Nigeria but not statistically significant at 5% level of significance. This is in line with the findings of Ahmad, et al (2020). Also, domestic debt has positive impact on economic growth in the short run. Lastly, external debt has a negative relationship with economic growth in Nigeria in the short run.

#### **4.7 Model Checking (Diagnostics)**

A diagnostic check was carried out in order to establish whether the model is valid. In other words, if the model developed has a problem or not. Residual tests were conducted to examine whether estimates are reliable and residuals have exhibited a distribution that can be considered normal and whether estimates can yield reliable statistical inferences. The result of Vector Error Correction VEC residual serial correlation Long run Model (LM) tests shows that there is no serial correlation at lag 1. The result of Vector Error Correction VEC residual normality and heteroscedasticity tests show that there is absence of heteroscedasticity in the model and the residuals are normally distributed. The model used for the study was proven dynamically stable. This means that results or estimates produced are reliable and can stand statistical inferences. The overall significance of the model was good indicating that the results or estimates are not spurious but valid for statistical inference.

#### **4.8 Discussion of Findings**

This study examined the effect of government expenditure, public debt and economic growth in Nigeria from 1981-2020. Following a detailed time series analysis, the findings revealed that all series failed to attain stationarity at levels and became stationary after they were differenced once. Since all the variables were stationary at first difference, the study used Johansen cointegration test to determine whether there is long-run relationship amongst the variables of the study.

In the long run, government recurrent expenditure has a positive impact on economic growth in Nigeria. This implies that a one percent increase in government recurrent expenditure is associated with a 0.138499% increase in the growth of RGDP (real gross domestic product). This supports Adebisi (2015) and Chinemerem (2018) who disclosed that recurrent expenditure stimulates the growth of the Nigerian economy. It is shown also from the result that a one percent increase in government capital expenditure is associated with a 0.218428% increase in RGDP. The positive impact of government capital spending could be credited to the fact that most capital expenditure components enter into productive projects like bridges, roads, schools, airports, hospitals, among others, which have higher social benefits and longer paybacks - serving as a positive externality to economic activities in the economy. These findings are in consonance with Keynes and Wagner's theory of government expenditure that, government expenditure contributes positively to economic growth. Hence, an increase in government consumption is likely to lead to an increase in employment, profitability, and investment through multiplier effects on aggregate demand.

The result also shows that a one percent increase in domestic debt is associated with 0.589832% decrease in RGDP. The implication of this finding is that increase in domestic debt which are usually incurred on high interest rate and are short term in nature in addition to often being tied to recurrent expenditures leads to decrease in economic growth of Nigeria. Finally, the result found that a one percent increase in external or foreign debt is associated with 0.092019%





increase in RGDP. This is so because external loans are tied to capital projects of government thus stimulates economic growth.

Furthermore, in the short-run the log of both government recurrent expenditure and government capital expenditure has positive impact on economic growth. This is in line with the findings of Ahmad, et al (2020). Also, domestic debt has positive impact on economic growth in the short run. Lastly, external debt has a negative relationship with economic growth in Nigeria in the short run. The implication of the findings is that proper debt management, taking cognizance of exchange and interest rates will enhance economic growth and development of the economy.

## **5. CONCLUSION AND RECOMMENDATIONS**

The study examined the relationship between government expenditure, public debt and economic growth in Nigeria from the period of 1981 to 2020. The study found both the long-run and short run relationship between government expenditure, public debt and economic growth. In the long run, government recurrent expenditure and government capital expenditure has a positive impact on economic growth in Nigeria while in the short-run the both government recurrent expenditure and government capital expenditure also has positive impact on economic growth. It was further found that domestic debt in the long run exert a negative impact on economic growth while external debt exerts a positive effect on economic growth. In the short run, both domestic and foreign debt exert a positive effect on the economic growth of Nigeria. The study therefore concludes that public expenditure and public debt significantly impact on the economic growth of Nigeria during the period 1981-2020.

Based on the findings, the study recommended that:

- i. Government should expand its spending share of capital expenditure to further enhance the growth of the economy, given that it has been getting small share as compared to recurrent expenditure. In addition, in order to ensure higher productivity of capital in promoting economic growth, capital allocations should be prioritized based on projects and areas that have strong benefits to the citizens and sound linkages with various sectors of the economy.
- ii. Government should decrease its spending patterns on recurrent expenditure and focus more on human development through appropriate expenditure switching policy.
- iii. Nigerian fiscal policy on public debt should incorporate parliamentary monitoring input, fiscal rule on the use of debt resources and civil organization input on debt performance as part of practical managerial approach with special emphasis on all external debts contracted with a view to ensuring that misappropriation is drastically reduced, if not eradicated to enhance the effect on economic performance
- iv. Government should take more of internal debt for short-term projects while external debt for long-term projects.

## **REFERENCES**

- Abbas, S. M. A. & Christensen, J. E. (2007). The role of domestic debt markets in economic growth: An empirical investigation of low-income countries and emerging markets. *International Monetary Fund (IMF) Working Paper* WP/07/127 African Department.
- Abula, M. & Ben. M. D. (2016). The impact of public debt on the economic development of Nigeria. *Asian Research Journal of Arts & Social Sciences*, 1(1),1-16.



- Adam, A. J., Sule, M., Ayo, A. A., & Ibrahim, M. (2016). The Impacts of Domestic Debt on Economic Performance in Nigeria (1970 - 2013). *Journal of Economics and Sustainable Development*, 7(8), 54-64.
- Adegbie, F. F., Otitolaiye, E. D., Aguguom, T. A. and Ajayi, A. (2022). Public Debt Management and Economic Growth in Nigeria, *WSEAS Transactions on Business and Economics*, 19(92), 1046-1060.
- Adegoroye, A. A. (2018). The Effect of Public Debt on Budget Performance in Osun State, Nigeria. *Advances in Social Sciences Research Journal*, 5(7), 452-464.
- Ahmad, D. A., Aku, Y. Y., Rantan W. M & Wuyah Y. T (2020). Effect of government expenditure on economic growth in Nigeria. *International Journal of Economics and Business Administration*, 6(1), 12-17.
- Ahuja, H. L. (2012). *Macroeconomics Theory and Policy* (18th ed.). New Delhi: Schaw and Company Ltd.
- Aluthge, C., Jibir, A. and Abdu, M. (2021). Impact of Government Expenditure on Economic Growth in Nigeria, 1970-2019. *CBN Journal of Applied Statistics*, 12(1), 139-174.
- Babu, J. O., Kiprop, S., Kalio, A. M., & Gisore, M. (2015). Effect of domestic debt on economic growth in the East African community. *American Journal of Research Communication*, 3(9), 73-95
- Chinemerem, O. C. (2018). Federal government recurrent expenditure and the Nigerian economy. *International Journal of Management Sciences and Business Research*, 7(8), 79 – 86.
- Eke, C. K. & Akujuobi, N. E. (2021). Public Debt and Economic Growth in Nigeria: An Empirical Investigation. *International Journal of Development and Management Review*, 16(1), 178-192.
- Erdoğan, S., Asongu & Bekun, F. V. (2020). An empirical retrospect of the impacts of government expenditures on economic: new evidence from the Nigerian economy. Retrieve <https://journalofeconomicstructures.springeropen.com/articles/10.1186/s40008-020-0186-7>
- Ezema, (2019). Government Sectoral Expenditure in Pension and Gratuities and its Implication to the Economy, Econometric Evidence from Nigeria. *International Journal of Academic Research in Business and Social Sciences*, 9(9), 140–152
- Keynes, J. M. (1936). *General Theory of Employment, Interest and Money*. London: Palgrave Macmilliam Publishers.
- Madugba, J. U., Agburuga, T. U., Egbide, B. C., Oludaro, F. S. & Falaye, J. (2021). Dysfunctional Association between Public Expenditure Growth and National Consumption Cost: A Vector Error Correction Approach. *Asian Economic and Financial Review*, 11(10), 794-804.
- Nimenibo, A. & Aminadokiari, W. S. (2020). The Empirical Evaluation of how Public Expenditure Influences Economic Growth in Nigeria. *Global Journal of Management and Business Research: B Economics and Commerce*, 20(2), 43-57
- Nwaoha, W. C., Onwuka, O. O., & Ejem, C. A. (2017). Effect of aggregated and disaggregated public spending on the Nigerian economy (1980-2015). *International Journal of Economics and Financial Research*, 3(4), 44-53.



- Nworji, I., Okwu, A. T., Obiwuru T. C. and Nworji, L. O. (2012). Effects of Public Expenditure on Economic Growth in Nigeria: A Disaggregated Time Series Analysis Effects of Public Expenditure on Economic Growth in Nigeria: A Disaggregated Time Series Analysis. *International Journal of Management Sciences and Business Research*, 1(7), 1-15.
- Obialor, M. C. (2017). Effect of government human capital investment on economic growth in sub-Saharan Africa: Evidence from Nigeria, South Africa and Ghana (1980-2013). *International Journal of Asian Social Science*, 7(4), 328-339.
- Okwu A. T., Obiwuru, T. C., Obiakor, R.T., & Oluwalaiye, O. B. (2016). Domestic debt and economic growth in Nigeria: Data-based evidence. *Greener Journal of Economics and Accountancy*, 5 (1), 001-012,
- Okwu A. T., Obiwuru, T. C., Obiakor, R.T., & Oluwalaiye, O. B. (2016). Domestic debt and economic growth in Nigeria: Data-based evidence. *Greener Journal of Economics and Accountancy*, 5 (1), 001-012,
- Prasetyo, P. E. (2020). The Role of Government Expenditure and Investment for MSME Growth: Empirical Study in Indonesia. *Journal of Asian Finance, Economics and Business*, 7(10), 471–480.
- Sayari, S. and Rabeh, A. (2022). Governance Quality, Public Expenditure Efficiency, and Economic Growth. *Journal of Modern Accounting and Auditing*, 18(5), 193-211 doi: 10.17265/1548-6583/2022.05.001.
- Soludo, C.C. (2004) Debt, poverty and inequality in Okonjo-Iweala, Soludo and Muhtar (Eds.), *The Debt Trap in Nigeria*. NJ: Africa World Press.
- Ssempala, R., Ssebulime K. & Twinoburyo E. (2020). Uganda's experience with debt and economic growth: an empirical analysis of the effect of public debt on economic growth—1980–2016. *Journal of Economic Structures*, 9(1), 1-18
- Sulaiman, L.A. & Azeez, B. A. (2012). Effect of external debt on economic growth of Nigeria. *Journal of Economics and Sustainable Development*, 3(8), 71-78.
- Syder, I. D. and Isagua, N. M. (2021). Public Debt Management and Nigerian Economic Performance: An Autoregressive Distributed Lag Approach. *African Journal of Business and Economic Development*, 1(9), 89-101.
- Yovo, K. (2017). Public Expenditures, Private Investment and Economic Growth in Togo. *Theoretical Economics Letters*, 7, 193-209.