IJAAR PUBLISHING®

International Journal of Advanced Academic Research | ISSN: 2488-9849
Vol. 12, Issue 8 (2026) | https://doi.org/10.46654/1hr98p63

EFFECT OF FISCAL POLICY ON ECONOMIC GROWTH IN NIGERIA

[1]Magaji Ibrahim Yakubu

[2]Philips, Enoch Wazota

[1]Department of Economics, Federal University Wukari, Taraba State

[2]Postgraduate Student, Department of Economics, Federal University Wukari

[1]Email: ymagaji@yahoo.com

[2]Email: philipsenoch27@gmail.com

ABSTRACT

This study examined the effect of fiscal policy on economic growth in Nigeria covering the period 1986–2024. Specifically, the study investigated the effect of government expenditure, government revenue, and public debt on economic growth, while inflation rate and exchange rate were included as control variables. Secondary data were sourced from relevant statistical publications and analyzed using descriptive statistics, Augmented Dickey-Fuller (ADF) unit root test, ARDL Bounds cointegration test, long-run and short-run ARDL estimations, Pairwise Granger causality test, and diagnostic tests. The unit root test results revealed that GDP, government expenditure, government revenue, public debt, and exchange rate were integrated of order one I(1), while inflation was stationary at level I(0). The Bounds cointegration test confirmed the existence of a long-run relationship among the variables. The long-run ARDL result showed that government expenditure and government revenue exert positive and statistically significant effects on economic growth, while public debt, inflation, and exchange rate exerted negative but insignificant effects. The short-run result revealed that inflation and exchange rate negatively affected economic growth significantly, while the error correction mechanism indicated that approximately 61 percent of short-run disequilibrium adjusts annually toward long-run equilibrium. The Granger causality result indicated a unidirectional causality from economic growth to government expenditure and from inflation to economic growth.

The study concluded that fiscal policy plays an important role in promoting economic growth in Nigeria, particularly through productive government expenditure and effective revenue generation. The study recommended increased productive public expenditure, improved revenue mobilization, prudent debt management, exchange rate stabilization, and effective inflation control measures to enhance sustainable economic growth.

***Keywords**: Fiscal policy, Economic Growth, government expenditure, government revenue, public debt ARDL, Nigeria*

INTRODUCTION

Fiscal policy is one of the principal macroeconomic policy instruments used by governments to influence economic activities, promote sustainable growth, stabilize prices, reduce unemployment, and achieve equitable income distribution. It involves the deliberate manipulation of government expenditure, taxation, borrowing, and other fiscal instruments to influence aggregate demand and the overall performance of an economy. According to the International Monetary Fund, fiscal policy plays a vital role in supporting economic stability by stimulating growth during economic downturns and restraining inflationary pressures during periods of economic expansion.

In order to accomplish national economic objectives, the Federal Government frequently uses monetary policy instruments to conduct fiscal policy, which is the government's approach to revenue and spending levels to manage and control the economy. To achieve macroeconomic goals in a particular economy, these two strategies can be applied interchangeably. These policies boost consumer spending and raise average household earnings. Fiscal policy affects employment and total production via increasing infrastructure expenditure in a country, in addition to controlling the demand side of the economy (Central Bank of Nigeria, 2025). Fiscal policy can represent the government's discretionary actions or the impact of "automatic stabilizers" as a tool for stabilizing variations in economic activity. One example of the government's discretionary action meant to boost aggregate demand by raising public expenditure and/or lowering taxes in the economy is a fiscal stimulus package (Central Bank of Nigeria, 2024).

Economic growth refers to a sustained increase in the productive capacity of an economy, commonly measured by the growth rate of real Gross Domestic Product (GDP). Sustained economic growth is essential for improving living standards, reducing poverty, creating employment opportunities, and achieving sustainable national development. Fiscal policy contributes to economic growth by financing public infrastructure, education, healthcare, agriculture, security, and other productive sectors that enhance productivity and private sector development (Afonso & Jalles, 2014).

In developing countries such as Nigeria, fiscal policy has become increasingly important because of the need to address infrastructural deficits, unemployment, poverty, and macroeconomic instability. Since the adoption of the Structural Adjustment Programme (SAP) in 1986, successive Nigerian governments have implemented several fiscal reforms aimed at diversifying the economy, increasing government revenue, improving public expenditure efficiency, and promoting economic growth. Despite these reforms, Nigeria continues to experience fiscal challenges characterized by widening budget deficits, rising public debt, revenue volatility due to dependence on crude oil exports, high inflation, and exchange rate instability (Central Bank of Nigeria [CBN], 2024).

Government expenditure is one of the major instruments of fiscal policy through which the government provides public goods and services. Productive government spending on infrastructure, education, healthcare, transportation, agriculture, and technology enhances economic productivity and stimulates investment. However, excessive recurrent expenditure, poor budget implementation, corruption, and inefficient allocation of public resources may reduce the effectiveness of fiscal policy in promoting economic growth (Onifade et al., 2020).

Government revenue constitutes another critical component of fiscal policy. Nigeria derives substantial revenue from crude oil exports, taxation, customs duties, company income tax, value-added tax, and other internally generated sources. However, fluctuations in

international oil prices, tax evasion, weak tax administration, and a narrow tax base have constrained government revenue generation, thereby limiting the government's ability to finance development programmes (Adebayo & Taiwo, 2024).

Public debt has also become an important fiscal policy issue in Nigeria. Government borrowing is expected to finance infrastructure development and bridge budget deficits where domestic revenue is insufficient. Nevertheless, persistent increases in both domestic and external debt have raised concerns regarding debt sustainability, rising debt-servicing costs, and their implications for long-term economic growth. While moderate borrowing can stimulate investment and economic expansion, excessive debt accumulation may crowd out private investment and reduce future economic performance (World Bank, 2024).

Macroeconomic conditions such as inflation and exchange rate movements also influence the effectiveness of fiscal policy. High inflation reduces purchasing power, discourages investment, and creates uncertainty in the economy, while exchange rate depreciation increases production costs and weakens external competitiveness. Consequently, many empirical studies include inflation and exchange rate as control variables when examining the relationship between fiscal policy and economic growth (Opayinka, 2024).

Although several empirical studies have investigated the relationship between fiscal policy and economic growth in Nigeria, the findings remain inconclusive. While some studies reported that government expenditure and revenue positively influence economic growth (Onifade et al., 2020), others found insignificant or even negative effects due to institutional inefficiencies, corruption, poor fiscal discipline, and weak policy implementation (Felix, 2023). Similarly, studies on public debt have produced conflicting results regarding its contribution to economic growth.

These divergent findings suggest the need for further empirical investigation using recent data and appropriate econometric techniques. This study therefore examines the effect of fiscal policy on economic growth in Nigeria over the period 1986–2024, using government expenditure, government revenue, and public debt as fiscal policy variables, while inflation and exchange rate are included as control variables. The study employs the Autoregressive Distributed Lag (ARDL) model to capture both the short-run and long-run relationships among the variables.

1.2 Statement of the Problem

Fiscal policy has remained one of the major policy instruments adopted by the Nigerian government to stimulate economic growth, reduce unemployment, improve infrastructure, and enhance the welfare of citizens. Over the years, successive governments have increased public expenditure, introduced tax reforms, and relied on both domestic and external borrowing to finance budget deficits and development programmes. Despite these fiscal interventions, Nigeria has continued to experience slow economic growth, high unemployment, persistent inflation, exchange rate volatility, and increasing public debt (CBN, 2024).

Government expenditure has risen substantially over the past decades, yet the expected improvements in infrastructure, industrial productivity, and inclusive economic growth have not been fully realized. Concerns persist regarding inefficient public spending, budget implementation challenges, corruption, and leakages in public finance management, which may reduce the effectiveness of fiscal policy in promoting economic growth (Onifade et al., 2020).

Government revenue has also remained unstable due to excessive dependence on crude oil exports, fluctuations in global oil prices, low tax compliance, and weak revenue administration. These factors have constrained the government's fiscal capacity and increased reliance on borrowing to finance development expenditure. Consequently, Nigeria's public debt has increased significantly, raising concerns about debt sustainability, rising debt-servicing obligations, and the potential crowding-out effect on private investment (World Bank, 2024).

Furthermore, persistent inflationary pressures and exchange rate depreciation have weakened macroeconomic stability and reduced the effectiveness of fiscal policy. High inflation erodes purchasing power and discourages investment, while exchange rate volatility increases production costs and creates uncertainty for both domestic and foreign investors (Opayinka, 2024).

Empirical evidence on the relationship between fiscal policy and economic growth in Nigeria remains inconclusive. While some studies have found that government expenditure and revenue positively influence economic growth, others reported insignificant or negative effects. Likewise, the impact of public debt on economic growth remains controversial. These inconsistencies may be attributed to differences in study periods, variable selection, estimation techniques, and model specifications.

Given these conflicting findings and recent changes in Nigeria's fiscal and macroeconomic environment, there is a need to re-examine the effect of fiscal policy on economic growth using updated data from 1986 to 2024 and a robust econometric framework. This study therefore seeks to investigate the effects of government expenditure, government revenue, and public debt on economic growth in Nigeria, while controlling for inflation and exchange rate, and to provide evidence that can inform fiscal policy formulation and implementation.

2.0 LITERATURE REVIEW

Conceptual Review

Fiscal Policy

Traditionally, the phrase fiscal policy has been connected with the use of taxation and public expenditure to control the level of economic activities. Government’s budget is the primary instrument of fiscal policy execution. The budget is thus more than a scheme for the administration of the government sector. It both reflects and conditions the economic life of a nation. The most significant thing about a public budget is that it is used as a tool in the administration of a nation’s economy (Omitogun & Ayinla, 2017).

Types of Fiscal Policy

Governments adopt three types of fiscal policy namely:

Expansionary Fiscal Policy: This involves a decrease in taxes or an increase in government expenditure to stimulate aggregate consumption, demand, investment, and output levels. It is generally implemented to promote growth when the economy functions behind its full employment potential. An expansionary budget occurs when government expenditure surpasses its revenue.

Contractionary Fiscal Policy: This involves raising taxes or reducing government spending to temper aggregate consumption, demand, investment, and output levels. It is often

implemented when the economy is functioning over its maximum employment potential, experiencing overheating and escalating inflation. A contractionary budget occurs when government revenue surpasses its spending.

Balanced or Neutral Fiscal Policy: This involves maintaining tax and spending levels to ensure that revenues align with expenditures. This is often used when the economy functions at full employment potential, and the government seeks to preserve both internal and foreign economic stability. A balanced budget occurs when government revenue equals spending, resulting in neither a deficit nor deficit financing.

Government Spending

Government spending is the entire amount of money that the government spends on products and services. This includes spending on things such as infrastructure, education, health and security. Government spending is a significant driver of economic growth in Nigeria via influencing aggregate demand and productive capacity (Olayemi & Osabuohien, 2021).

In Nigeria, government spending is divided into capital and recurrent spending. Capital expenditure involves spending on long-term infrastructure and development projects that have an influence on economic growth. Recurrent spending, on the other hand, covers wages, subsidies and administrative expenditures. Both are important but capital expenditure is seen as more growth friendly (National Bureau of Statistics [NBS], 2023).

Public Debt

Public debt is the total amount of money that a government owes to internal and external creditors. Nigeria's national debt has become a serious fiscal concern due to recurrent budget deficits and dwindling revenues, especially from oil, which is still the main source of revenue for the country. The effect of public debt on economic development is a controversial issue that has been widely studied and discussed in policy circles. In Nigeria, public debt is frequently utilized to finance infrastructure projects, boost economic activity and alleviate short-term budgetary imbalances. Public debt, when properly managed and spent in profitable initiatives, may stimulate economic growth by upgrading infrastructure, boosting productivity, and creating jobs (Afolabi & Uche, 2021).

Theoretical Framework

The Keynesian model asserts that fiscal policy, enacted by the government, is critical for managing aggregate demand, particularly in times of economic decline. Keynesian economics suggests that spending by the government boosts and/or tax cuts can boost aggregate output and demand in the near run (Keynes, 1936). In the Nigerian context, increasing public investment on infrastructure, health and education has the potential to boost productivity and encourage economic activity (Ariyo & Raheem, 2021). But efficacy is sometimes compromised by problems such as corruption, inefficiency and mismanagement. Fiscal stimulus was used to get Nigeria out of recession (IMF, 2018) through the implementation of the Economic Recovery and Growth Plan (ERGP) (2017–2020). It includes. The Solow-Swan model highlights the importance of capital buying and selling, labor and technical innovation in long-run growth. Fiscal policy may impact savings and investment behavior, and thus can effect growth. The Nigerian government has spent money on capital creation such as roads and electricity infrastructure which has increased the marginal efficiency of private capital thus contributing to the long run rate of economic growth (Olayungbo & Quadri, 2019). But if the government has to borrow too much to pay for its deficits, it might "crowd out" investment from the private sector.

2.3 Empirical Review

There are several studies on the effect of fiscal policy on economic growth in both advanced and developing economies. However, some of these studies will be reviewed here to provide empirical basis for the current study as:

Alesanmi Abraham Idebi, Olabode Agunbiade and Ganiyat Adejoke Adesina-Uthman (2024) conducted a study titled "Effects of Disaggregated Tax Revenues on Economic Growth in Nigeria (1995–2023): ARDL Bound Test Approach." The objective of the study was to investigate the impact of disaggregated tax revenue components on economic growth in Nigeria. The study utilized annual time series data sourced from the Federal Inland Revenue Service and Central Bank of Nigeria. Multiple regression analysis and ARDL techniques were employed. The findings showed that Value Added Tax (VAT), Companies Income Tax (CIT), Petroleum Profit Tax (PPT), and Personal Income Tax (PIT) positively influenced economic growth in Nigeria. The study recommended strengthening tax administration, improving anti-corruption measures, and ensuring efficient utilization of tax revenue.

Jane Uchechi Ukangwa, David Wolugbon, Domnic Udochi Nwanosike, and Justice Ezechimere Ekpendu (2023) carried out a study titled "The Impact of Fiscal Policy on the Economic Growth of Nigeria." The objective of the study was to investigate the relationship between fiscal policy and economic growth in Nigeria. The study utilized annual time series data and employed regression analysis and cointegration techniques. The findings revealed that fiscal policy variables significantly influenced economic growth in Nigeria. The study recommended strengthening fiscal institutions, prudent debt management, and effective implementation of fiscal policies.

Olufemi Samuel Adegboyo, Sunday Anderu Keji and Oluwadamilola Tosin Fasina (2021) conducted a study titled "The Impact of Government Policies on Nigeria Economic Growth: Case of Fiscal, Monetary and Trade Policies." The objective of the study was to investigate the combined effects of fiscal, monetary, and trade policies on economic growth in Nigeria from 1985 to 2020. Secondary time series data were analyzed using the Vector Error Correction Model (VECM). The study found that fiscal policy significantly influenced economic growth in Nigeria. The researchers recommended proper coordination among fiscal, monetary, and trade policies to achieve sustainable economic growth.

Oluwabukola O. Adesuyi, Babatunde O. Binuyo, Habeebulahi O. Akinola, and Olamide M. Idowu (2024) conducted a study titled "Effects of Monetary and Fiscal Policy on Economic Growth in Nigeria: An Analysis." The objective of the study was to examine the effects of monetary and fiscal policy instruments on economic growth in Nigeria using annual data from 1986–2020. The study adopted Augmented Dickey-Fuller and Phillips-Perron unit root tests, ARDL Bounds cointegration technique, and ARDL estimation model. The findings revealed that fiscal policy instruments significantly influenced economic growth in both the short run and long run. The study recommended strengthening fiscal institutions, maintaining fiscal discipline, and ensuring effective implementation of public policies.

Stephen Taiwo Onifade, Savaş Çevik, Savaş Erdoğan, Simplice Asongu, and Festus Victor Bekun (2020) carried out a study titled "An Empirical Retrospect of the Impacts of Government Expenditures on Economic Growth: New Evidence from the Nigerian Economy." The study aimed at investigating the impact of government capital expenditure, recurrent expenditure, and fiscal expansion on economic growth in Nigeria. Annual time series data from 1981 to 2017 were used, while the ARDL estimation technique was adopted for the analysis. The findings showed that government expenditure had a significant positive effect on economic growth in the long run. The study recommended increased budgetary

allocation to productive sectors of the economy and improved monitoring of government expenditure.

In addition, examination of the sample searching for outliers as well as testing for parameter heterogeneity is not conducted in most studies. Other potential problems include serial correlation in the error terms. In our work, we take some of the above problems into account and refine existing research, disaggregating government spending and revenue, searching for evidence that is robust to changes in specification and estimation methods Osuala and Jone (2014) in their "Empirical Analysis of the impact of Fiscal Policy on Economic Growth of Nigeria" found that about 68.5% of the total variation in the real gross domestic product was as a result of variation in the independent variables namely: Federal government non-oil taxes; federal government recurrent expenditure; federal government capital expenditure and federal government total debt defined as domestic and foreign borrowings, included in the model. They further revealed that there is evidence of a long-run equilibrium relationship between fiscal policy and economic growth in Nigeria. However, Bergh and Henrekson (2011) suggest that these estimates are driven by the unique dataset and specification used.

Godwin Simeon Anigboro (2025) conducted a study titled “Efficacy of Public Spending and Economic Growth: The Nigeria Experience (1980–2024).” The objective of the study was to examine the effectiveness of public spending in stimulating economic growth in Nigeria. The study employed annual time series data and utilized cointegration techniques and the ARDL Bounds testing approach. The findings showed that capital expenditure positively influenced economic growth, while recurrent expenditure exerted weak effects on economic performance. The study recommended increased capital expenditure on infrastructure and reduction in unproductive recurrent expenditure.

Ify Michael Chijuka and Andrew OsaretinIzekor (2025) conducted a study titled “Tax Revenue and Economic Growth in Nigeria (2015–2023): An Empirical Analysis.” The objective of the study was to examine the effect of tax revenue components on economic growth in Nigeria. The study employed quantitative research design and regression analysis using annual data from 2015–2023. The findings revealed that Petroleum Profit Tax (PPT), Customs and Excise Duties (CED), VAT, and Companies Income Tax (CIT) positively and significantly influenced economic growth. The study recommended improved tax administration and diversification of government revenue sources.

Adesodun Isaac Adebayo and Isaac Babatope Taiwo (2024) conducted a study titled “Convergence of Fiscal Policy and Economic Growth in Nigeria.” The objective of the study was to examine the convergence relationship between fiscal policy and economic growth in Nigeria using annual data from 1986–2023. The study adopted descriptive statistics and Ordinary Least Squares (OLS) regression analysis. The findings showed that public expenditure significantly and positively influenced economic growth, while public debt negatively affected growth. The study recommended prudent debt management and increased public investment in productive sectors.

Olusola Joel Oyeleke and Olufemi Gbenga Onatunji (2024) conducted a study titled “Macroeconomic Effects of Fiscal Policy Shocks in Nigeria: A New Proof from Mixed-Frequency Vector Autoregression Approach.” The objective of the study was to investigate the macroeconomic effects of fiscal policy shocks on the Nigerian economy. The study utilized mixed-frequency data and adopted the Mixed-Frequency Vector Autoregression (MF-VAR) technique. The findings demonstrated that fiscal policy instruments were effective in stimulating and stabilizing economic activities in Nigeria, although the magnitude of their effectiveness depended on prevailing macroeconomic conditions. The study

recommended sustainable fiscal reforms and proper management of fiscal shocks to improve economic performance.

Taiwo Kolade Opayinka (2024) conducted a study titled "The Interplay between Fiscal Policy, Inflation and Economic Growth in Nigeria: An ARDL Approach." The objective of the study was to examine the relationship among fiscal policy, inflation, and economic growth in Nigeria using annual data from 1980–2023. The study employed the ARDL estimation technique and Error Correction Model (ECM). The findings showed that fiscal policy positively influenced economic growth in the short run, while inflation negatively affected economic growth. However, the long-run relationship between fiscal policy and economic growth was found to be insignificant. The study recommended effective inflation control measures and improved fiscal management to stabilize the Nigerian economy.

Ashakah Onoriode Felix (2023) carried out a study titled "Government Expenditure, Tax Revenue, and Economic Growth: Empirical Evidence from Nigeria." The study aimed at examining the relationship between government expenditure, tax revenue, and economic growth in Nigeria. Annual time series data covering 1981–2022 were sourced from the Central Bank of Nigeria and analyzed using the ARDL model. The findings revealed that government expenditure and tax revenue had positive but statistically insignificant effects on economic growth in Nigeria. The study recommended that government should channel tax revenue toward productive investments and formulate stable fiscal policies capable of improving economic growth.

Emmanuel A. Onwioduokit and Lovina N. Onwuneme (2023) conducted a study titled "Fiscal Decentralization and Economic Growth in Nigeria: A Re-examination." The objective of the study was to investigate the relationship between fiscal decentralization and economic growth in Nigeria. The study used disaggregated fiscal data and employed Ordinary Least Squares (OLS) and Error Correction Mechanism (ECM) techniques. The findings revealed that fiscal decentralization did not directly impact economic growth, although effective fiscal management improved economic performance indirectly. The study recommended improved fiscal management and efficient resource allocation at all levels of government.

A review of the empirical literature on the effect of fiscal policy on economic growth in Nigeria reveals several conceptual, methodological, empirical, and temporal gaps that justify the present study. In summary, the literature reveals inconsistent empirical findings, limited inclusion of public debt and macroeconomic control variables, methodological differences, and the use of outdated datasets. The present study addresses these shortcomings by examining the effect of government expenditure, government revenue, and public debt on economic growth in Nigeria over the period 1986–2024, while controlling for inflation and exchange rate using the ARDL estimation technique. It therefore provides updated and more comprehensive evidence to inform fiscal policy formulation and implementation.

3 Methodology

3.1 Research Design

The study used ex post facto research approach to assess the impact of fiscal policy on economic development in Nigeria. It will be collected from CBN statistics Bulletins and the World Development Indicators for the time frame of 1986 to 2024. This research acquired data on real gross domestic product, government spending, and revenue. It encompasses currency rates and inflation for the study to determine their impact on economic growth in Nigeria.

3.2 Model Specification

The study uses John Maynard Keynes's (1935) Keynesian theory framework to look into how fiscal policy affects economic growth in Nigeria. It was thought that there would be a strong link between both dependent and independent variables in this study. This study uses the Keynesian model to look at how fiscal policy, which is different from government spending and taxes, affects economic growth in a certain country. Think about how the growth changes when both revenue from taxation and government spending change. If government spending goes down, economic growth goes down, and if tax revenue goes up, economic growth goes up as well.

Keynes thought that a society was efficient whenever all of its resources were being used to their full potential, which meant that there was a real market for its goods. Keynesian economists are aware that the government could discourage investment by making it more expensive to borrow money, which is called interest rates (Okpanachi, 2007).

Economic growth and fiscal policy is postulated as:

$$Y = C + I + G \quad \text{..... (3.1)}$$

Where: Y is the gross domestic product, C is the consumption/Savings, I is the investment. And G is the government expenditure. In accordance with the Keynesian model, we can incorporate other macroeconomic variables in order to run up the statistical analysis. Therefore, the equation will be:

$$Y = C + I + G \quad \text{..... (3.2)}$$

In summary, fiscal policy is influenced by many economic variables and it influences most macroeconomic indicators.

$$GDP = f(GEX, GRV, PD, INF, EXR) \quad \text{..... (3.3)}$$

Moreover, the equations 3.1 and 3.2 states the fiscal functional and mathematical forms of the variables where: GDP = Real Gross Domestic Product, government expenditure as a share of GDP (GEX), government revenue as a share of GDP (GRV), total debt as a share of GDP (PD), inflation rate (INF) and exchange rate (EXR) are the explanatory variables in the equation.

The α_1 is the intercept of the equation and the $\alpha_2-\alpha_6$ are the coefficients and slope of the equation. In this model it is determined by the predicted economic theory and it is expected that the parameters in these equations have the proper signs and magnitude then the hypothesis is accepted else it is rejected. On apriori assumptions; it is predicted that the efficiency of fiscal policy cut or grow real GDP within the economy depending on the current scenario of Nigerian Economy.

3.3 Method of Data Analysis

The Autoregressive Distributed Lag (ARDL-Bounds) testing strategy to co-integration, which was introduced by Pesaran et al. (2001), is the methodology that was used in this study effort. All series will be checked for a unit root before regression models are estimated. This is done to lower the risk of false regression. The Augmented Dickey Fuller (ADF) test and the Phillips-Perron test will then be used to check the data's stationarity. The Akaike Information Criterion (AIC) was used to find the best lag length because unit root tests are sensitive to it. To find unit roots, the Augmented Dickey-Fuller (ADF) tests (Dickey and Fuller, 1979 and

1981) are used. A lot of the research on unit roots is about whether time series are changed by shocks that last a long time or a short time.

Justification of the Model

The ARDL model is regarded as the best acceptable econometric technique when the variables are fixed at I (0) or integrated of order I (1). One of the benefits of the ARDL test is that it is more trustworthy and performs better with small sample sizes, which is perfect for our investigation. According to the research goals, it is a superior model than others at capturing the short- and long-run effects of independent factors on dependent variables (Frimpong & Oteng, 2006).

4.0 DATA PRESENTATION AND ANALYSIS

4.1 Data presentation

This study provided its data in Appendix I. The data includes the values of real Gross Domestic Product (GDP), government expenditure (GOX), government revenue (GOR), public debt (PUD), inflation, and exchange rates of the economy.

4.2 Descriptive Statistics

Table 4.1: **Descriptive Statistics** GEX, GRV, PD, INF, EXR
Sample: 1986 2024

	LOG(GDP)	LOG(GXE	LOG(GRV)	LOG(PDB)	INF	EXR
Mean	10.55	5.81	7.56	7.38	20.40	180.69
Median	10.56	6.25	8.49	7.33	13.01	128.65
Maximum	11.29	8.61	11.01	11.16	72.84	1544.19
Minimum	9.75	1.85	2.53	3.35	5.38	2.02
Std. Dev.	0.53	1.79	2.22	2.07	17.25	265.18
Skewness	-0.005	-0.74	-0.64	-0.24	1.54	3.73
Kurtosis	1.38	2.68	2.41	2.23	4.31	19.23
Jarque-Bera	4.22	3.70	3.27	1.34	18.13	518.59
Probability	0.12	0.16	0.19	0.51	0.000	0.000
Sum	411.65	226.62	294.87	287.74	795.72	7046.85
Sum Sq. Dev.	10.69	121.62	186.94	162.79	11315.9	267.21
Observations	39	39	39	39	39	39

Source: Author's Computation Using Eview Version 10, 2026

Table 4.1 shows the descriptive statistics of the variables used to examine the impact of fiscal policy on Nigerian economic development from 1986 to 2024. Economic growth is measured by the logarithm of Gross Domestic Product [LOG(GDP)], government spending [LOG(GEX)], government revenue [LOG(GRV)], public debt [LOG(PDB)], inflation rate (INF), and exchange rate (EXR).

It turns out that LOG(GDP) has a mean value of 10.55 and a median value of 10.56. This means that the distribution is pretty even. The highest value, 11.29, and the lowest value, 9.75, show that economic growth changed only slightly over the study time. A standard deviation of 0.53 means that economic growth was not very volatile, which means that Nigeria's real output was pretty stable during the time period under study. The skewness value of -0.005 shows that the distribution is pretty much symmetrical, and the kurtosis value of 1.38 shows that it is a platykurtic distribution, which means that the series is flatter than a

normal distribution. The chance value of 0.12 from Jarque-Bera is higher than 0.05, which means that the GDP series is normally distributed. In terms of the economy, this means that Nigeria's growth followed a pretty stable trend, even though there were changes due to macroeconomic shocks and fiscal operations.

The average amount spent by the government was $5.81, and the middle amount spent was $6.25. The wide range of numbers (8.61 to 1.85, respectively) shows that government spending changed a lot during the study time. The standard variation of 1.79 is more proof that changes in government spending are clear. The skewness measure of -0.74 shows that government spending is negatively skewed, which means that higher spending values happened less often than lower spending values. The kurtosis number of 2.68 is just below 3, which means that the distribution is pretty close to usual. Based on the 0.16 Jarque-Bera chance, it looks like the series is normally distributed. In terms of the economy, changes in government spending could be due to shifting goals when it comes to taxes, building infrastructure, regular spending, and how Nigeria handles economic disasters. The pretty wide range of numbers suggests that government spending has been changing over time.

The mean government revenue is 7.56, while the median is 8.49, suggesting that revenue creation was consistently elevated over the time. The standard deviation of 2.22 indicates considerable variability in revenue performance. The greatest value of 11.01 and the low value of 2.53 indicate significant oscillations in income generation, possibly attributable to reliance on oil revenue and variations in global crude oil prices. A skewness value of -0.64 signifies a negatively skewed distribution, whereas a kurtosis value of 2.41 denotes a platykurtic distribution. The Jarque-Bera probability value of 0.19 indicates that the variable follows a normal distribution. The variability in public revenues underscores the susceptibility of Nigeria's fiscal framework to external shocks, particularly variations in petroleum revenue. This affects budget execution and the sustainability of economic development.

The public debt exhibited a mean of 7.38 and a median of 7.33, suggesting a relatively equitable distribution. The greatest value of 11.16 and the smallest value of 3.35 indicate a significant escalation in debt accumulation over time. The standard deviation of 2.07 indicates considerable volatility in public debt. A skewness coefficient of -0.24 denotes a small negative skew, whilst a kurtosis value of 2.23 indicates a platykurtic distribution. The Jarque-Bera probability of 0.51 suggests that the public debt series follows a normal distribution.

The rising public debt may indicate the government's dependence on borrowing to fund budget deficits, infrastructure initiatives, and economic stabilization programs. Although debt may foster development when well-managed, excessive accumulation may impose service costs and hinder profitable investment.

The inflation rate had a mean of 20.40 percent and a median of 13.01 percent, showing that Nigeria experienced continuously significant inflationary pressure during the research period. The greatest inflation rate of 72.84 percent and the minimum of 5.38 percent indicate severe price changes. The significant standard deviation of 17.25 demonstrates that inflation is very volatile. The skewness score of 1.54 shows positive skewness, implying that extremely high inflation happened more often. The kurtosis value of 4.31 indicates a leptokurtic distribution with extreme values and sharp peaks. The Jarque-Bera probability value of 0.000 suggests that the inflation series is not normally distributed.

Economically, excessive and volatile inflation may discourage investment, lower buying power, skew saving behavior, and slow economic development. The outcome reflects Nigeria's historical macroeconomic instability, currency depreciation, and structural bottlenecks.

The exchange rate had a mean of 180.69 and a median of 128.65. The greatest value of 1544.19 and the smallest value of 2.02 signify considerable depreciation of the native currency over the research period. The substantial standard deviation of 265.18 indicates significant volatility in exchange rate fluctuations. The skewness coefficient of 3.73 indicates significant positive skewness, suggesting the occurrence of exceptionally high exchange rate values at certain times. The kurtosis score of 19.23 indicates a markedly leptokurtic distribution characterized by substantial outliers. The Jarque-Bera probability value of 0.000 indicates that the exchange rate series deviates from normal distribution.

The significant depreciation and volatility of the currency rate economically indicate ongoing foreign exchange pressures, reliance on imports, oil price fluctuations, and macroeconomic imbalances in Nigeria. Fluctuations in exchange rates may negatively impact inflation, investment, and economic growth.

Overall, descriptive statistics show that most fiscal policy variables are normally distributed, with the exception of inflation and exchange rates, which are highly volatile and non-normal. The findings also show significant swings in fiscal variables and macroeconomic indicators across the research period, demonstrating the dynamic character of Nigeria's economy and fiscal policies. These variances call for further econometric study to identify the long- and short-run impacts of fiscal policy on economic growth.

4.2 Unit Root Test

Table 4.2 Unit Root Test

	Level			**First Difference**		
Variable	ADF	Critical Value	Remark	ADF	Critical Value	Remark
GDP	-0.684854 (0.8383)	-2.943427	I(1)	-3.985714 (0.0039)	-2.943427	
GEX	-1.416895 (0.5639)	-2.941145	I(1)	-7.009897 (0.0000)	-2.943427	
GRV	-2.096687 (0.2471)	-2.941145	I(1)	-6.243989 (0.0000)	-2.943427	
PDB	-0.722814 (0.8288)	-2.941145	I(1)	-4.938507 (0.0003)	-2.943427	
INF	-2.864655 (0.0590)	-2.941145	I(0)	-	-	
EXR	0.925377 (0.9948)	-2.943427	I(1)	7.277654 (0.0000)	-2.943427	

Note: *Figure in parenthesis is the p-value for the rejection of null hypothesis of unit root in the variable.*

Source: Author Computation, 2026

The Augmented Dickey-Fuller (ADF) unit root test results shown in Table 4.2 were used to find out if the factors used in the study were stationary. The unit root test is important because it tells you if the values stay the same over time or change over time. If you use a non-stationary series in economic analysis without changing it, you might get wrong

regression results. A stationary series, on the other hand, has a mean and variance that stay the same over time.

The ADF test decision rule states that if the absolute valueof the ADF test statistic exceeds the critical value at the 5 percent significance level, or if the p-value is below 0.05, the null hypothesis of a unit root is rejected, indicating that the variable is stationary. If not, the variable is deemed non-stationary.

Economic output at the national level At the level, the ADF test statistic for GDP is -0.684854, which is lower than the critical value of -2.943427 in absolute terms, and the likelihood value is 0.8383, which is larger than 0.05. At the level of analysis, this shows that GDP is not stagnant. In contrast, the ADF statistic grew to -3.985714 after the first differencing, an absolute value higher than the critical threshold (and a probability value of 0.0039 lower than 0.05). So, GDP is incorporated of order one, I (1), and becomes stationary after the first differentiation.

This indicates that Nigeria's economic development has undergone variations and trends throughout time, requiring differencing to attain stability.

The Government spending (GEX) recorded an ADF statistic of -1.416895 at level, which is lower than the critical threshold of -2.941145, with a likelihood value of 0.5639. This indicates that the federal government spending was less than the critical value. According to this, there is non-stationarity at the level. The ADF statistic changed to -7.009897 with a probability value of 0.0000 after the first difference, which indicates that stationarity was achieved after the first difference.

As a result, the expenditures of the government are integrated of the first order, I (1). This implies that changes in fiscal policies, budgetary allocations, and macroeconomic circumstances during the research period caused Nigeria's government expenditure to display persistent volatility. These alterations were caused by alterations in the financial situation.

Official Revenue (GRV) it is less than the crucial value of -2.941145, with a probability value of 0.2471, and the ADF statistic for government revenue at level is -2.096687. This indicates that the variable is not steady at the level. The ADF statistic changed to -6.243989 with a probability of 0.0000 at first distinction, showing that there was stationary ness at first difference.

So, tax money goes into the government coffers on an I (1) level of integration. This finding lends credence to the idea that oil price swings, tax increases, and decreases, among other potential causes of revenue volatility in Nigeria, may have contributed to this pattern.

Public Debt (PDB) has an ADF statistic of -0.722814 at level, accompanied with an likelihood value of 0.8288, above the 0.05 threshold. This signifies that the variable is non-stationary at the level. Initially, the ADF statistic was -4.938507 with a p-value of 0.0003, indicating stationarity after initial differencing. Consequently, national debt has been integrated of order one, I(1). This indicates that public indebtedness in Nigeria has shown a rising trajectory over time, driven by escalating fiscal deficits and financial needs.

The inflation rate was measured as -2.864655 at the level with a value of probability of 0.0590 according to the ADF statistic. Research concluded that inflation is stationary at level I, even if the likelihood value is marginally more than 0.05 (0). This suggests that inflation is largely mean-reverting and does not have a unit root. This suggests that, economically speaking, despite short-term shocks and policy disruptions, deflationary changes in Nigeria tend to oscillate around a stable mean.

Rate of Exchange (EXR) The currency rate has a likelihood value of 0.9948 and an ADF statistic of 0.925377 at level, which indicates that it is very non-stationary at level. According to the results of the first difference, the ADF statistic was -7.277654, and the probability value was 0.0000. This indicates that stationarity was established at the first difference. Because of this, the exchange rate is integrated of order one, often known as I(1). On the economic front, this is a reflection of the continual devaluation and volatility of the Nigerian currency during the course of the research period. This was caused by shortages of foreign cash, shocks from the outside world, and instability in the macroeconomic environment.

After initial differencing, the results of the unit root test indicate that the gross domestic product (GDP), government expenditures, government revenues, public debt, with the exchange rate are all stable. This indicates that they are integrated of order one, I(1), while the inflation rate is immobile at level I(0).

The presence of I(0) and I(1) variables validates the use of the Autoregressive Distributed Lag (ARDL) model for this research, since the ARDL methodology may include variables integrated at varying orders, given that none are integrated of order two, I(2). The result therefore validates the appropriateness of the ARDL bounds testing methodology for examining the correlation between fiscal policy and economic development in Nigeria.

4.3 Determination of Lag Length

Table 4.3 presents the findings for lag length determination, with the ARDL model selection criteria identifying ARDL (1,2,0,3) as the best specification based on the Akaike Information criteria (AIC). This signified one lag of the dependent variable (GDP).

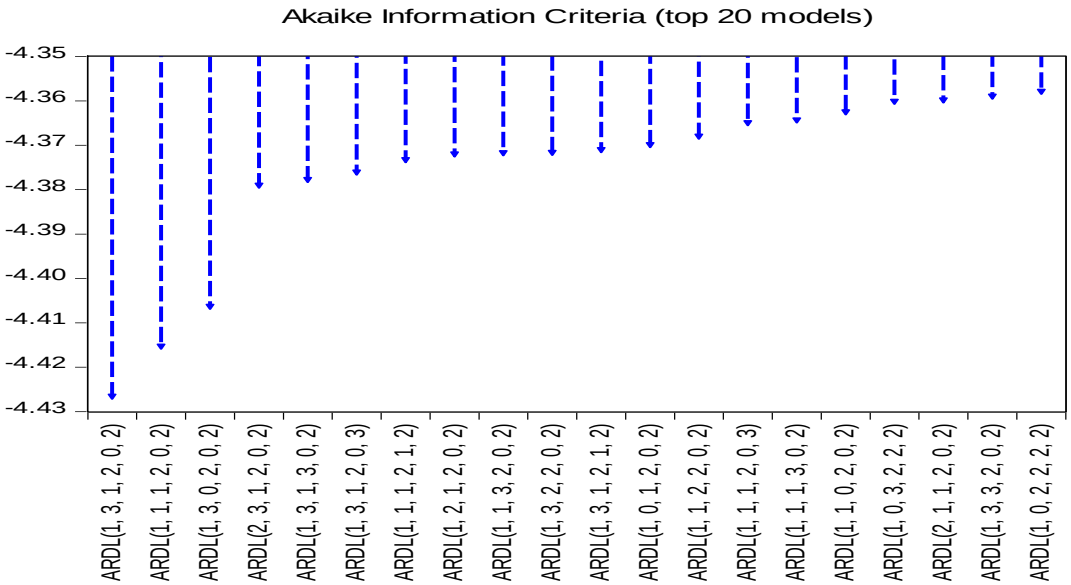


Figure 4.1: ARDL lag order selection criteria for model

Model Selection Criteria (AIC) is indicated as ARDL (1, 3,1,2,0,2)

4.4 Co-integration Test

Table 4.4 Cointegration Test

Table 4.4: ARDL Bound test for Long-run Equilibrium

F-Bounds Test			Null Hypothesis: No levels relationship	
Test Statistic	Value	Signif.	I(0)	I(1)
			Asymptotic: n=1000	
	8.997524			
F-statistic		10%	2.483	3.708
K	5	5%	2.962	4.338
		2.5%	3.25	4.49
		1%	4.045	5.898

Table 4.4 displays the findings of the ARDL Bounds Cointegration Test performed to ascertain the existence of a long-term equilibrium connection among the variables used in the model. The variables include Real Gross Domestic Product (RGDP) as the dependent variable, with fiscal policy indicators and control variables as explanatory factors.

The ARDL Bounds testing methodology established by M. HashemPesaran and colleagues is used to evaluate the null hypothesis of the absence of a long-term connection among the variables, juxtaposed with the alternative hypothesis of cointegration.

Decision Rule

The decision rule for Bounds test is: Reject the null hypothesis of no cointegration if the estimated F-statistic is larger than the upper limit critical value. If the F-statistic obtained is less than the lower limit critical value, accept the null hypothesis. If the calculated F-statistic is between the top and lower limits, the result is inconclusive.

The output reveals that the calculated value of F-statistic is 8.997524. The result is higher than the upper limit critical values for 10 percent, 5 percent and 1 percent which are 3.708, 4.338 and 5.898 correspondingly. In particular: At 10% level : 8.997524 > 3.708 At 5% level 8.997524 > 4.338 At 1% level: 8.997524 > 5.898

Since the computed F-statistic is more than all the upper limit critical value, the null hypothesis of no long run connection is rejected. Thus, the analysis indicates that there is a long term equilibrium connection (cointegration) between the variables in the model.

Economic Implication

Cointegration indicates that fiscal policy variables and economic growth are aligned in the long term in Nigeria, notwithstanding short-term variations. This indicates that governmental fiscal activities, including spending, income generation, and debt management, have long-term impacts on economic development. The findings suggest that although macroeconomic variables may experience temporary deviations owing to economic shocks, policy changes,

inflationary pressures, or exchange rate volatility, they generally converge towards equilibrium over time.

This study substantiates the assertion that efficient fiscal policy is essential for fostering sustained economic development in Nigeria. This indicates that policymakers may use fiscal measures to affect long-term economic performance.

Implication for Model Estimation

Given that there is cointegration among the variables, the research may continue to estimate both the long-run and short-run dynamics by using the ARDL Error Correction Model (ECM). The presence of cointegration is another evidence that the regression findings derived from the ARDL model will not be false and are appropriate for policy analysis and inference given that they are acceptable for these purposes.

4.5 Long-run Result

Table 4.5 Long-run Result

Dep. Var. GDP	Coefficient	Std. Error	t-Statistic	P-value
LOG(GEX)	0.033764	1.182166	5.705285	0.0084
LOG(GRV)	0.039968	0.656886	4.974246	0.0410
LOG(PDB)	-1.013105	1.731125	-0.758527	0.4566
INF	-0.032871	0.032315	-1.017197	0.3206
EXR	-0.000116	0.002674	-0.043215	0.9659

Source: Authour's Computation, 2026

To see how fiscal policy affected GDP growth in Nigeria, we utilized the ARDL model, and the predicted long-run coefficients are in Table 4.5. Government spending (LOG(GEX)), government revenue (LOG(GRV)), public debt (LOG(PDB)), inflation rate (INF), and exchange rate (EXR) are the explanatory factors that affect the dependent variable, GDP. How much and in what direction the explanatory factors contribute to long-term economic development may be understood from the long-run coefficients.

The budget for the government: With a probability value of 0.0084—less than 0.05—the coefficient of government spending is 0.033764. This shows that, over the long term, government spending does, in fact, contribute to economic development. This means that, all else being equal, a 1% increase in government spending results in a GDP growth of around 0.03%.

This finding has important economic implications for Nigeria. It shows that when the government invests more in areas like infrastructure, education, healthcare, and security, it increases aggregate demand, which in turn boosts productivity and ultimately leads to economic development.

The results are in line with the claims made by proponents of Keynesian economic theory, who contend that government spending is a powerful tool for boosting economic activity and GDP.

Government Revenue [LOG(GRV)]: At the 5% level of significance, the coefficient of government revenue is 0.039968, with a probability value of 0.0410.

The outcome proves that tax income from the government significantly and favorably impacts GDP growth over an extended period of time. Roughly 0.04 percentage points more GDP results from a 1% increase in tax revenue.

From an economic perspective, this conclusion suggests that when taxes are raised more effectively, the government can better fund public services and developmental initiatives, both of which contribute to economic growth.

In order to promote sustainable economic growth in Nigeria, this outcome also shows how important it is to have efficient tax administration, increase domestically produced income, and manage oil revenue well.

The coefficient of public debt is -1.013105, with a probability value of 0.4566, above 0.05. This suggests that public debt has a negative albeit statistically inconsequential influence on long-term economic growth. The negative coefficient indicates that an escalation in governmental debt diminishes economic growth. A 1 percent rise in public debt results in an estimated 1.01 percent decline in GDP, albeit this impact lacks statistical significance.

The outcome suggests that excessive borrowing might lead to debt payment challenges, inhibit private investment, and diminish resources allocated for productive economic endeavors. Nevertheless, the insignificance of the variable indicates that public debt may not independently have a substantial impact on economic development throughout the research period.

This may result from ineffective use of borrowed capital, corruption, or a focus on recurring rather than productive capital expenditures.

Inflation Rate (INF): The coefficient of inflation rate is -0.032871 and its probability value is 0.3206. It shows that inflation has negative and statistically negligible influence on economic growth. This means that in the long term, a one-unit rise in inflation decreases GDP by around 0.03 units, although this impact is not statistically significant.

High inflation diminishes buying power, inhibits investment, generates uncertainty in the economy and hurts productive activity economically . However, the triviality of the outcome seems to imply that inflationary stress throughout the time of research may not have had a meaningful long-run influence on economic development in Nigeria.

Exchange Rate (EXR): the exchange rate coefficient is -0.000116 with the probability value of Economic Growth and Exchange Rate (EXR): A negative and statistically insignificant association between the two variables is shown by the exchange rate coefficient, which is -0.000116, with a probability value of 0.9659. Although the impact is small and not statistically significant, the conclusion implies that a depreciation of the exchange rate somewhat slows economic development.

Concerning the economy, fluctuations in the exchange rate have the potential to raise the cost of imports, exacerbate inflation, and deter investment from outside. But as the conclusion is not statistically significant, it follows that changes in the exchange rate did not substantially

impact long-term economic development within the time frame considered. This might be because of the Nigerian economy's inherent flaws, its reliance on foreign goods, and its lack of industrial sector diversification. Economic growth in Nigeria is positively and statistically significantly affected by government spending and income, and negatively and statistically insignificantly by public debt, inflation, and currency rate, according to the long-run ARDL conclusion.

According to the results, government spending and taxation are two of the most essential fiscal policy tools for promoting economic development in the long term. This finding lends credence to the idea that sound fiscal management is a key factor in a flourishing economy. Prudent debt management, effective inflation control measures, and currency rate stabilization policies are necessary to boost sustainable economic development in Nigeria, as shown by the negative consequences of public debt, inflation, and exchange rate volatility.

4.6 Short-Run Result

Table 4.6 Short run result

Dependent Variable: GDP

Variable	Coefficient	t-statistics	P-value
DLOG(GEX)	0.016278	0.527665	0.6033
DLOG(GEX(-1))	0.018592	1.651472	0.1135
DLOG(GEX(-2))	0.023079	1.974295	0.0616
DLOG(GRV)	0.026207	0.539623	0.5951
DLOG(PDB)	0.056085	2.442389	0.0235
DLOG(PDB (-1))	-0.069300	-2.816175	0.0103
DLOG(EXR)	-0.050005	-3.812599	0.0256
DLOG(EXR(-1))	0.000698	3.042773	0.0062
DLOG(INF)	-0.050005	3.812599	0.0256
CointEq(-1)	-0.610768	-8.175497	0.0000
	R^2= 0.768374,	R^{-2} = 0.688196	

Source: Author's computation

Table 4.6 displays the short-run dynamics and the results of the Error Correction Model (ECM) derived from the ARDL estimate. The short-run coefficients elucidate the immediate impacts of fiscal policy variables on the dependent variable, while the error correction term quantifies the rate at which discrepancies from long-run equilibrium are rectified.

The coefficient of determination (R^2) is 0.768374, indicating that around 76.8 percent of the variability in the dependent variable is elucidated by the explanatory factors used in the model. The modified R^2 score of 0.688196 indicates that about 68.8 percent of the overall variance is accounted for by the model after correcting for degrees of freedom. This indicates that the model has substantial explanatory power.

Government spending [DLOG(GEX) The corresponding coefficient of government spending (0.016278) with the probability value (0.6033) suggests a positive but statistically negligible influence of government expenditure on economic growth in the near term. The initial lag of government spending, DLOG (GEX (-1)) has a coefficient of 0.018592 and a probability value of 0.1135 which is likewise statistically insignificant. However, the second lag associated with government expenditure, DLOG (GEX (-2)) has the coefficient of 0.023079 with its probability value of 0.0616, which is marginally significant at 10 per cent level.

The finding economically implies that government spending does not have an instant meaningful influence on financial performance in the short term but the effect is seen after some period of time lag. This might be as a result of delay in budget execution, administrative procedures and time needed for government programs to impact on productive activity in Nigeria.

The government revenue has a positive but statistically negligible influence in the short term, with a coefficient of 0.026207 and a probability value of 0.5951. This suggests that a rise in tax income does not instantly have a major impact on GDP growth. From an economic perspective, this might be due to a lack of efficiency in the use of revenues, a failure in the administration of public funds, or the slow conversion of tax hikes into useful investments. The public debt has a positive and statistically significant influence on economic growth in the short term, as shown by its contemporaneous coefficient of 0.056085 and probability value of 0.0235 (DLOG (PDB)). This indicates that, at least in the near run, the economy benefits from a rise in the national debt. This could be due to the fact that infrastructure projects, investment incentives, and government spending are all financed with borrowed money. But the coefficient of -0.069300 with a probability value of 0.0103 for the lagged value of public debt, DLOG (PDB (-1)), shows that there is a negative and statistically significant influence. This suggests that public borrowing could boost GDP in the short term, but it might have a negative impact on economic performance in the long run due to debt service responsibilities and payback constraints.

Exchange Rate [DLOG (EXR)]: In the short term, the exchange rate has a negative and statistically significant influence, as the contemporaneous coefficient is -0.050005 with a probability value of 0.0256. Therefore, in the near term, economic growth is dampened by exchange rate depreciation. Depreciation has a negative impact on the Nigerian economy since it drives up the cost of imports, output, and investment. A positive and statistically significant impact is shown after one period lag by the lagged exchange rate coefficient, DLOG (EXR (-1)), which is 0.000698 with a probability value of 0.0062. It seems that, in the long run, changes to the exchange rate have the potential to boost competitiveness and inspire export-oriented endeavors. The inflation rate had a negative and statistically significant impact on economic growth in the short term, as shown by the coefficient of -0.050005 and the probability value of 0.0256, as noted in the DLOG (INF) equation. Increasing inflation dampens economic activity because it lowers buying power, deters investment and savings, and causes macroeconomic instability. Inflationary pressures are a major obstacle to Nigeria's long-term economic progress, the finding shows. A negative, statistically significant, and properly signed error correction term is shown by the following: the probability value of the term is 0.0000, the error correction coefficient is -0.610768, and the equation is cointEq (-1). The significant level shows that the variables' short-run disequilibrium adjusts back to their long-run equilibrium, and the negative sign demonstrates that there is a long-run equilibrium link among them. A yearly correction of almost 61% toward the long-run equilibrium path is shown by the coefficient value of -0.610768. Economically speaking, these points to a reasonably fast rate of adjustment in Nigeria's economy, which means that short-run shocks that deviate from long-run equilibrium are swiftly rectified. All things considered, the short-run ARDL outcome shows that: In the near term, the benefits of government spending and income are favorable but negligible. There are positive and negative lag effects of public debt. There is a strong negative correlation between inflation and economic growth, as well as exchange rate depreciation. In the long term, the variables' stable connection is confirmed by the error correction process. Results indicate that institutional and structural rigidities could delay the noticeable impact of fiscal policy actions on GDP growth. Inflation and

changes in the currency rate cause macroeconomic instability, which has a substantial impact on the short-term performance of the Nigerian economy.

4.7 Pairwise Granger Test

Table 4.7 Pairwise Granger Test

Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
LOG(GEX) does not Granger Cause LOG(GDP)	37	0.89393	0.4190
LOG(GDP) does not Granger Cause LOG(GEX)		2.48683	0.0191
LOG(GRV) does not Granger Cause LOG(GDP)	37	2.34363	0.1122
LOG(GDP) does not Granger Cause LOG(GRV)		0.50580	0.6078
LOG(PDB) does not Granger Cause LOG(GDP)	37	1.84666	0.1742
LOG(GDP) does not Granger Cause LOG(PDB)		1.21531	0.3099
INF does not Granger Cause LOG(GDP)	37	3.76398	0.0340
LOG(GDP) does not Granger Cause INF		1.49825	0.2388
EXR does not Granger Cause LOG(GDP)	37	0.14222	0.8680
LOG(GDP) does not Granger Cause EXR		2.85364	0.0724
LOG(GRV) does not Granger Cause LOG(GEX)	37	0.75481	0.4783
LOG(GEX) does not Granger Cause LOG(GRV)		1.68429	0.2016
LOG(PDB) does not Granger Cause LOG(GEX)	37	2.37599	0.1091
LOG(GEX) does not Granger Cause LOG(PDB)		0.10223	0.9031
INF does not Granger Cause LOG(GEX)	37	0.53461	0.5910
LOG(GEX) does not Granger Cause INF		1.58908	0.2198
EXR does not Granger Cause LOG(GEX)	37	2.86880	0.0715
LOG(GOX) does not Granger Cause EXR		0.59825	0.5558

Using two lag periods, the Pairwise Granger causation Test was used to investigate the direction of causation between fiscal policy factors and economic development in Nigeria. The Granger causality test establishes if one variable's historical values may reliably predict another. According to the decision rule, Granger causality between the variables is implied if the probability value is less than 0.05, rejecting the null hypothesis of no causality. Government Spending and Economic Development The result demonstrates that: Because LOG (GDP) has a probability value of 0.4190, which is higher than 0.05, LOG (GEX) does not Granger. Because LOG (GEX) has a probability value of 0.0191, which is less than 0.05, LOG (GDP) does not Granger. This suggests a one-way causal relationship between government spending and economic growth. Economically speaking, this means that although government spending does not substantially predict economic development throughout the research period, changes in economic growth have a major impact on government spending in Nigeria. This might imply that when the economy develops and government income rises, the government increases the amount of money it can spend on public services and infrastructure.

Economic Growth and Government Revenue the outcome shows that: LOG (GRV) does not Granger cause LOG (GDP) has a probability value of 0.1122, whereas LOG (GDP) does not Granger cause LOG (GRV) has a probability value of 0.6078. There is no correlation between government revenue and economic growth, since both probability values are higher than 0.05. From an economic perspective, this implies that throughout the research period, government revenue and economic growth did not substantially predict one another. This might be a result of inefficiencies in the mobilization and use of funds as well as the government's strong reliance on erratic oil receipts.

Economic Growth and Public Debt The results indicate that: The probability value of LOG(PDB) does not Granger cause LOG(GDP) is 0.1742; the probability value of LOG(GDP) does not Granger cause LOG(PDB) is 0.3099. There is no causal connection between public debt and economic growth since both probability values are greater than 0.05. From an economic perspective, this suggests that neither the amount of public borrowing in Nigeria during the time under consideration nor the buildup of public debt substantially predicted economic growth. This might mean that borrowed money was not used wisely for profitable ventures that could boost economic growth.

Economic Growth and Inflation the result shows that: Because LOG (GDP) has a probability value of 0.0340, which is less than 0.05, INF does not Granger. Because INF has a probability value of 0.2388, which is higher than 0.05, LOG (GDP) does not Granger. This implies a one-way causal relationship between inflation and economic expansion. In Nigeria, economic growth is strongly predicted by inflation. This suggests that changes in inflationary patterns have an impact on buying power, investment choices, productive activity, and macroeconomic performance as a whole. However, throughout the research period, economic growth had little effect on inflation.

Economic Growth and Exchange Rates the outcome demonstrates that: LOG (GDP) does not Granger because EXR has a probability value of 0.0724, and EXR does not Granger cause LOG (GDP) has a probability value of 0.8680. At the five percent significance level, there is no meaningful causal association between the exchange rate and economic growth since both probability values are bigger than 0.05. At the 10% level, however, the likelihood value of 0.0724 indicates little evidence of a causal relationship between economic growth and exchange rates. This suggests that throughout the research period, economic development was not substantially predicted by changes in exchange rates.

Government Income and Spending The results show that: The probability value of LOG(GRV) does not Granger cause LOG(GEX) is 0.4783; the probability value of LOG(GEX) does not Granger cause LOG(GRV) is 0.2016. This shows that there is no causal relationship between government spending and revenue. Economically speaking, the outcome points to Nigeria's poor fiscal coordination between tax collection and spending control.

Government Spending and Public Debt The outcome shows that: LOG(PDB) does not Granger cause LOG(GEX) has a probability value of 0.1091, and LOG(GEX) does not Granger cause LOG(PDB) has a probability value of 0.9031. This suggests that public debt and government spending are not causally related. From an economic perspective, this might imply that throughout the research period, government borrowing choices were not directly impacted by spending trends.

Government Spending and Inflation The outcome demonstrates that: LOG (GEX) does not Granger because INF has a probability value of 0.2198; INF does not Granger cause LOG

(GEX) has a probability value of 0.5910. This suggests that there is no link between government spending and inflation.

Government Spending and Exchange Rates The results show that: LOG(GEX) does not Granger cause EXR with a probability value of 0.5558, and EXR does not Granger cause LOG(GEX) with a probability value of 0.0715. The currency rate has a mild predictive effect on government spending at the 10 percent significance level, but there is no meaningful causation at the 5 percent level.

In general, unidirectional and non-causal interactions between the variables are shown by the Granger causality finding. The main conclusions are: There is a unidirectional causal relationship between government spending and economic development. There is a unidirectional causal relationship between economic growth and inflation.

Economic growth and government revenue are not causally related. Public debt and economic growth are not causally related. The exchange rate and economic growth are not significantly correlated.
The results suggest that, apart from indirect macroeconomic channels like inflation, fiscal policy variables do not significantly predict economic growth in the near term. The outcome also implies that macroeconomic stability is still crucial for maintaining Nigeria's economic expansion.

Table 4.7 Diagnostic Tests
Dependent Variable: GDP

Test	F- statistics	P-value
Ramsey RESET: Functional Form Mis-specification	0.0627	0.8042
Breusch-Godfrey: Serial Correlation LM Test	0.0471	0.8299
Breusch- Pagan-Godfrey: Homoskedasticity Test	1.7969	0.1172
Jarque- Bera Test for Normality of Residual	23.3763	0.0000

Source: Author's computation

Table 4.7 shows the post-estimation diagnostic tests run to assess the reliability, validity and robustness of the estimated ARDL model. Diagnostic tests are crucial because they assist to verify whether the estimated model fulfills the classical linear regression assumptions needed for proper inference from statistical data and policy interpretation.

The diagnostic tests used include Ramsey RESET test for functional form definition, Breusch-Godfrey Serial Correlation LM test, Breusch-Pagan-Godfrey heteroskedasticity test and Jarque-Bera normality test.

Ramsey RESET Test for Misspecification of Functional Form Ramsey RESET test is used to assess the estimated model for functional form misspecification or omitted variable bias. The result exhibits an F-statistic of 0.0627 with a probability value of 0.8042 which is more than the 5 percent significance limit. Hence the null hypothesis of proper model definition is accepted. This suggests that the model is properly stated and that there is no indication of functional form misspecification or omission of key variables in the estimated ARDL model. This suggests that the explanatory factors in the model sufficiently describe the association between the fiscal policy variables and the dependent variable economically in Nigeria. Breusch-Godfrey Test for Serial Correlation LM Test TheBreusch-Godfrey LM test is used to test for serial correlation in the residuals of the estimated model.

The result shows the F-statistic of 0.0471 with a probability value of 0.8299 which is larger than 0.05. So, the null hypothesis of no serial correlation cannot be rejected. This suggests that the residuals do not suffer from the concerns of autocorrelation. Economically and statistically, the lack of serial correlation suggests that the error factors are independent across time and the computed coefficients are accurate and unbiased for policy interpretation.

Breusch-Pagan-Godfrey Heteroskedasticity Test TheBreusch-Pagan-Godfrey test tests for constant variance of the residuals (homoskedasticity) or non-constant variance of the residuals (heteroskedasticity). The outcome is F-statistic of 1.7969 with a p-value of 0.1172 which is more than 0.05. The null hypothesis of homoskedasticity is therefore accepted. This means that variance of residuals is constant and the model does not have heteroskedasticity concerns. The lack of heteroskedasticity means that the standard errors are efficient and the t-statistics and probability values may be used for hypothesis testing.

Jarque-Bera Test for Residual Normality The normality of the residuals is tested using the Jarque-Bera test. The result shows Jarque-Bera statistic of 23.3763 with probability value of 0.0000 . This is below the 0.05.Hence; the null hypothesis of normal distribution is rejected. This means that the residuals are not regularly distributed. The non-normality of the residuals may be attributable to the existence of outliers, structural breakdowns, macro-economic shocks, currency rate volatility, inflationary instability or fiscal operations changes that Nigeria faced over the period of investigation. However, the model may be deemed credible even if the residuals are non-normal, since other important diagnostic tests such as serial correlation, heteroskedasticity and functional form definition suggest that the model is stable and well described. The overall findings of the diagnostic tests show that the estimated ARDL model is statistically sufficient and econometrically dependable for analysis and policy advice. More specifically: Model is accurately stated. There is no serial correlation in the residuals. The model is free from heteroskedasticity.

Even if residuals are not normally distributed, the overall model is resilient and adequate for empirical study. The findings consequently support the validity of the estimated ARDL model in explaining the influence of fiscal policy on economic development in Nigeria.

4.8 A CUSUM

Figure 4.2 CUSUM

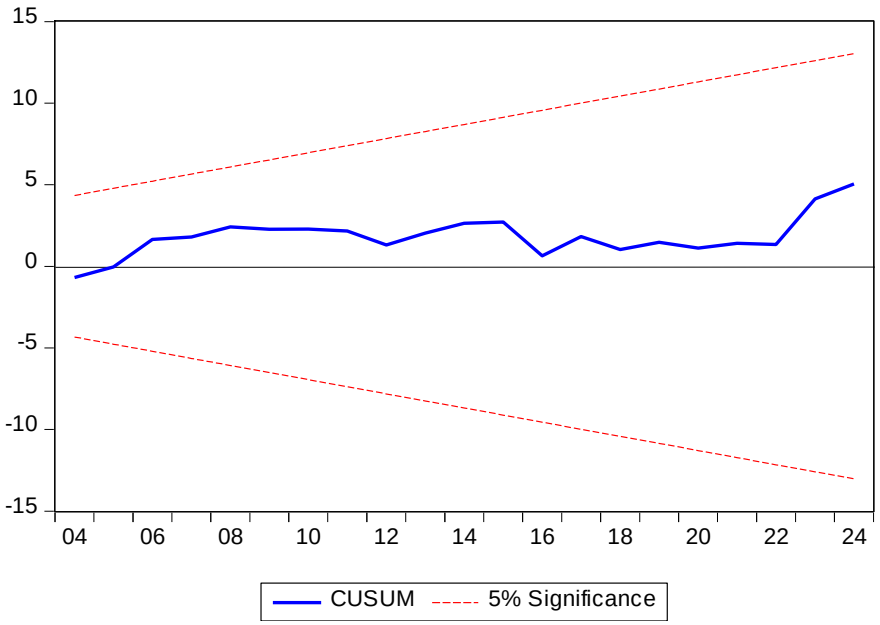


Figure 4.8a CUSUM coefficient stability graph

The CUSUM stability test indicates that the model's parameters are stable given that the line remains within 5% significance bounds, demonstrating coefficient stability over the study period.

4.8b CUSUM Q

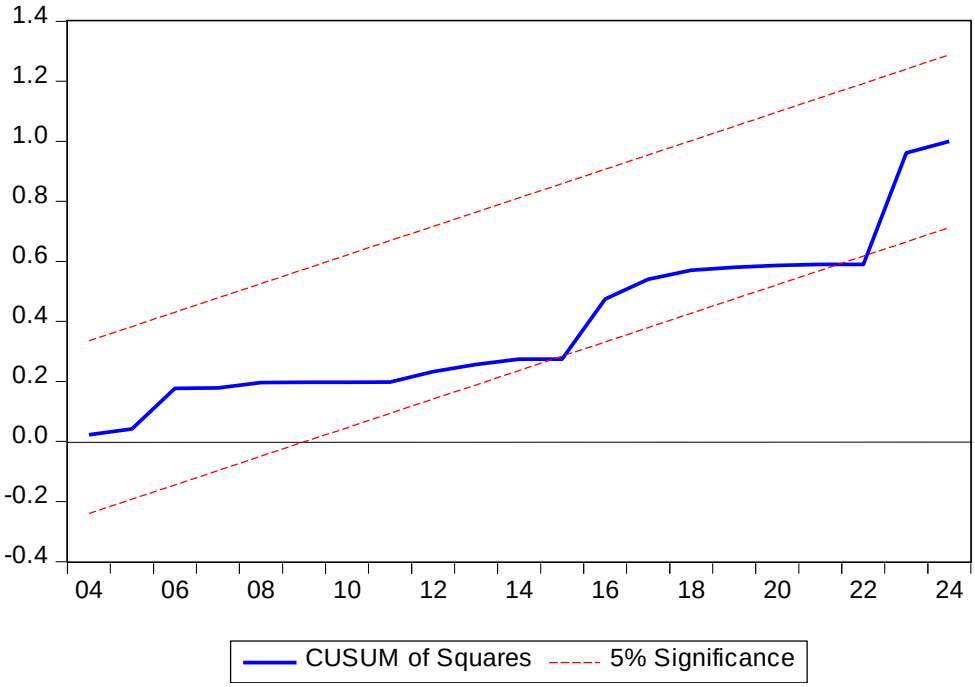


Figure 4.8b CUSUM Squared coefficient stability graph

The CUSUM of Squares test also shows the coefficients were stable as the line relatively remains within 5% critical bounds, confirming model stability.

4.8 Hypotheses Testing

The hypotheses of the study were tested using the probability values of the estimated ARDL long-run coefficients at 5 percent level of significance. The decision rule states that:

Reject the null hypothesis (H_0) if the probability value is less than 0.05.

Accept the null hypothesis (H_0) if the probability value is greater than 0.05.

Hypothesis (H_{01}) Government expenditure has no significant effect on economic growth in Nigeria.

From the long-run result, government expenditure [LOG(GEX)] has a probability value of 0.0084, which is less than 0.05.DecisionThe null hypothesis is rejected. Hence, Government expenditure has a positive and statistically significant effect on economic growth in Nigeria.Implication: This implies that increased government spending on infrastructure, education, healthcare, transportation, and other productive sectors contributes significantly to economic growth.

Hypothesis (H_{02}): Government revenue has no significant effect on economic growth in Nigeria.

The probability value for government revenue [LOG(GRV)] is 0.0410, which is less than 0.05.Decision: The null hypothesis is rejected. Therefore, Government revenue has a positive and statistically significant effect on economic growth in Nigeria.Implication: This indicates that efficient revenue generation enhances the government's ability to finance developmental projects and improve productive economic activities.

Hypothesis (H_{03}): Public debt has no significant effect on economic growth in Nigeria.

The probability value for public debt [LOG(PDB)] is 0.4566, which is greater than 0.05.Decision: The null hypothesis is accepted. Thus, Public debt has a negative but statistically insignificant effect on economic growth in Nigeria.Implication: This suggests that public borrowing during the study period did not significantly stimulate economic growth, possibly due to poor debt management and inefficient utilization of borrowed funds.

Hypothesis (H_{04}): There is no causal relationship between fiscal policy variables and economic growth in Nigeria. The Pairwise Granger Causality test revealed:

A unidirectional causality from economic growth to government expenditure with probability value of 0.0191, A unidirectional causality from inflation to economic growth with probability value of 0.0340.Decision: The null hypothesis is partially rejected. Thus, There exists partial causal relationship among some fiscal policy variables and economic growth in Nigeria.Implication: The result implies that economic growth significantly influences government expenditure, while inflation significantly influences economic growth. However, other fiscal policy variables did not exhibit significant causal relationships with economic growth during the study period.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Conclusion

Based on the empirical findings, the study concludes that fiscal policy plays a significant role in influencing economic growth in Nigeria. Government expenditure and government revenue were found to be the major fiscal policy instruments that positively stimulate economic growth in the long run. The study further concludes that although public debt may provide short-term economic stimulus, excessive borrowing and poor debt management tend

to exert negative effects on economic growth over time. Similarly, inflation and exchange rate instability constitute major macroeconomic challenges that adversely affect economic performance.

The existence of long-run equilibrium among the variables indicates that fiscal policy measures and economic growth are closely linked over time. Therefore, effective fiscal management, prudent allocation of public resources, sustainable debt financing, and macroeconomic stability are necessary for achieving sustainable economic growth in Nigeria.

Recommendations

Based on the findings of the study, the following recommendations are made:

i The government should increase productive public expenditure, particularly on infrastructure, education, agriculture, healthcare, and industrial development, as government expenditure was found to positively and significantly influence economic growth.

ii Government should strengthen revenue generation mechanisms through efficient tax administration, diversification of revenue sources, and reduction in overdependence on crude oil revenue.

iii Public borrowing should be properly managed and directed toward productive investments capable of generating returns sufficient to offset debt servicing obligations.

The monetary and fiscal authorities should implement effective inflation control policies in order to maintain price stability and improve macroeconomic performance.

iv Government should adopt policies aimed at stabilizing the exchange rate to reduce uncertainty in the economy and encourage investment activities.

v Fiscal policy implementation should be accompanied by transparency, accountability, and proper monitoring mechanisms to ensure efficient utilization of public funds.

vi Policymakers should ensure proper coordination between fiscal and monetary policies to enhance sustainable economic growth in Nigeria.

References

Abdulazeez MN (2016). Impact of monetary policy on the economy in Nigeria.*Pyrex Journal of Business and Finance Management Research. 2*(10):163-179. 25.

Abubakar, A. B. (2016). Dynamic effects of fiscal policy on output and unemployment in Nigeria: an econometric investigation. *CBN Journal of Applied Statistics 7*(2), 101-121. https://www.researchgate.net/publication/323243362

Adebayo, A. I., & Taiwo, I. B. (2024). Convergence of fiscal policy and economic growth in Nigeria. Journal of Social and Development Sciences, 15(1), 1–14.

Adegbite, T. A. &Alabi, W. O. (2013). Monetary policy and economic growth: The Nigerian experience (1970-2010)," *Prime Journal of Business Administration and Management, 3*(1), 21-56.

Adegboyo, O. S., Keji, S. A., & Fasina, O. T. (2021). The impact of government policies on Nigeria economic growth: Case of fiscal, monetary and trade policies. Future Business Journal, 7(59), 1–17.

Adegoroye, G. (2006). Public service reform for sustainable development: The Nigerian Experience. A keynote Address delivered at the Common wealth Advance Seminar, Wellington, New Zealand. 20th Feb-3rd March Bureau of Public Service Reforms.

Adesuyi, O. O., Binuyo, B. O., Akinola, H. O., & Idowu, O. M. (2024). Effects of monetary and fiscal policy on economic growth in Nigeria: An analysis. Journal of Economics and Allied Research.

Adigwe PK, Echekoba FN, Onyeagba JB (2015). Monetary policy and economic growth in Nigeria: A critical evaluation. *Journal of Business and Management,17*(2),110-119.

Aganga, O. (2010, September 15th). Rising unemployment rate is unacceptable – Goodluck Jonathan Business Facts and Figures Magazine September, 2010, p. 15-p17.

Ajie, A.H. (2011). *Fundamentals of monetary economics*, pearl publishers, p.60,108, 418.

Akinjare V, Babajide A. A, Isibor A. A &Okafor T. (2016). Monetary policy and its effectiveness on economic development.*International BusinessManagement*, 10(22), 5336-5340.

Aladejare, S.A. (2022). Deficit financing components, inflation and capital formation in Nigeria: New evidence from a direct and indirect analysis. *Asian Journal of Economic Modelling* 10(1), 27-42.

Alex, E.O. & Ebieri, J. (2014). Empirical analysis of the impact of fiscal policy on economic growth of Nigeria.*International Journal of Economics and Finance, 6*(6), 21-45.

Aliero, H.M., Ibrahim, S.S. & Shuaibu, M. (2013). An Empirical Investigation into the Relationship between Financial Sector Development and Unemployment in Nigeria.*Asian Economic and Financial Review,* 3(10),1361-1370.

Amade, M. A., &Oyigebe, P. L. (2024). Budget deficit and economic growth in Nigeria: An empirical analysis. International Journal of Health Economics and Policy, 9(1), 1–12.

Amassoma, D., & Esther, F. 0. (2015). The efficacy of monetary policy variables in reducing unemployment rate in Nigeria. *International Finance and Banking, 2*(2), 52-110

Anigboro, G. S. (2025). Efficacy of public spending and economic growth: The Nigeria experience (1980–2024). GPH-International Journal of Social Science and Humanities Research, 8(2), 45–61.

Anthanasios O. T (2013). The unemployment effects of fiscal policy: recent evidence from Greece. *Iza Journal of European Labor Studies, 2*(1), 1-12. https://doi.10.1186/2193-9012-2-11

Anyanwu J.C, Oyefusi A, Oaikhenah. H, Dimowo F.A. (1997). *The structure of the Nigerian Economy.* Onitsha: Joanee Educational Publishers Ltd.

Anyanwu, J. C. (1993). *Monetary Economics: Theory, Policy and Institutions*. Onitsha: Hybrid Publishers.

Apere, T.O, & Karimo, T.M. (2014). Monetary policy effectiveness, output growth and inflation in Nigeria.*International Journal of Economics, Finance and Management 3*(6),301-307.

Attamah, N., Anthony, I. &Ukpere, W. (2015). The impact of fiscal and monetary policies on unemployment problems in Nigeria (Managerial Economic Perspective). Risk Governance and Control: *Financial Markets Institutions*, *5*(2), 102–109.

Austin, A.M. & Ogbole, F. O. (2014). Public sector spending and macroeconomic variables in Nigeria.*European Journal of Business and Management, 6*(18), 2-14.

Ayodeji, A & Oluwole, A. (2018) Impact of monetary policy on economic in Nigeria. *Open Access Library Journal,5*(4),1-12

Balami, D. H. (2006). *Macroeconomic Theory and Practice.* Salawe prints, Off Leventies,Wulari, Maiduguri.

Balogun, A. Q., Obele, T. E., & Adeniyi, T. M. (2024). Oil revenue, institutional quality and economic growth in Nigeria. ABUAD Journal of Social and Management Sciences, 5(2), 20–35.

Barro, R. J. & Sala-I-Martin, X. (1992).Public Finance in Models of Economic Growth. Review of Economic Studies, 59:645-661.

Barro, R. J. (1989).*Economic Growth in a Cross Section of Countries.*Working Paper no. 3120. Cambridge, Mass.: NBER, September 1989.

Bassani A. & Duval, G. (2006). Employment pattern s in OECD Countries: reassessing the role of policies and institutions. *OECD Economic Department Working Papers* 486, OECD Publishing.

Baunsgaard, T. (2003) *Fiscal Policy in Nigeria: Any Role for Rules*? Available at: https://www.imf.org/external/pubs/ft/wp/2 003/wp03155.pdf (Accessed: 2 June 2016).

Central Bank of Nigeria (1987). *Annual Report and Statement of Accounts*", Lagos.CBN.

Chamberlin, G. and Yueh, L. (2006). *Macroeconomic*s. London: Thomson Publishers.

Chijuka, I. M., & Izekor, A. O. (2025). Tax revenue and economic growth in Nigeria (2015–2023): An empirical analysis. Global Journal of Accounting, 11(2), 44–58.

Chinonye, E. O. (2022). The impact of fiscal and monetary policy on unemployment rate in Nigeria (1981- 2020), Eco Res & Rev, 2(3), 226-235.

Christopher N. E, Joel I. O., Ubong E. E. (2019). Study on Fiscal Policy and Unemployment: The Nigerian Conundrum, *International Journal of Management Studies, Business & Entrepreneurship Research, 4*, (3), 47-50.

Chuku, C. A. (2009). Measuring the effects of monetary policy innovations in Nigeria.*African Journal of Accounting, Economics, Finance and Banking Research*, 5 (2), 141-153

Damachi N. A. (2001). *Evaluation of Past Policy Measures for Solving Unemployment Problems*, in CBN Bullion, 25 (4), 1-45.

DeJong, D. N., Nankervis, J. C., Savin, N. E, & Whiteman, C. H. (1992). The power problems of unit root tests in time series with autoregressive errors. *Journal of Econometrics, 53*,323-343.

Dickey, D. A & Fuller, W. A., (1979). Distributions of the Estimators for Autoregressive Time Series with a Unit Root: *Journal of American Statistical Association. 74*(366), 427-481.

Dornbusch, R, & Fischer, S. (1990). *Macroeconomics (5th ed.)* New York: McGraw-Hill

Dwivedi, D.N. (2005). *Managerial Economics* Sixth Edition VIKAS Publishing house PVT LTD New Delhi India

Easterly W.,&Rebelo S. (1993). Fiscal policy and economic growth: An empirical investigation. *Journal of Monetary Economic,* 32, 417-458.

Egbulonu K.G. &Amadi, K.W. (2016). Effect of Fiscal Policy On Unemployment in The Nigerian Economy, *International Journal of Innovative Finance and Economics Research 4* (3),1-7.

Ekeocha, P. C. (2012). An analysis of the federal budgeting process in Nigeria: *Implications for institutional reforms for achieving timeliness.* Developing Country Studies, 2(6), 64-77.

Elekwa, P., Aniebo, C. & Ogu, C. (2016). Do foreign portfolio investments affect employment growth in Nigeria? *Journal of Economics and Sustainable Development, 7*(12), 81-84

Enders, W. & Lee, B. S. (1990).Current Account and Budget Deficits; Twin or Distant Cousins?*The Review of Economics and Statistics.*72, 373-81.

Englama, A. (2001), *Unemployment Concepts and Issues* in CBN Bullion vol.25 No. 4

Enyoghasim, M.O, Hycenth O. R, Glory, I.C & Abieyuwa E. I. (2022). The Impact of Fiscal Policy on Unemployment in Nigeria.*Saudi Journal of Economics and Finance,vol.6,2022,* DOI: 10.36348/sjef. 2022.v06i08.003

Ezeabasili, V.N, J. N. Mojekwu & Herbert, W.E (2012). An empirical analysis of fiscal deficits an inflation in Nigeria. *Canadian Research & Development Center of Sciences and CulturesInternationalBusinessandManagement,4*(1),105-120. https://doi:10.3968/J.IBM.1923842820120401.0185

Fadayomi, T.O. (1992). *Migration Development Sand Urbanization policies in sub-Saharah Africa,* CODESRIA Books series Ibadan, 27-30.

Fasanya, I. O, Onakoya, A. B & Agboluaje, M. A. (2013). Does monetary policy influence economic growth in Nigeria? *Asian Economic and Financial Review, 3*(5),635-646.

Felix, A. O. (2023). Government expenditure, tax revenue, and economic growth: Empirical evidence from Nigeria. Jalingo Journal of Social and Management Sciences, 5(1), 1–15.

Folawewo, A. O. &Adeboje, O. M. (2017). Macroeconomic determinants of unemployment: *empirical evidence from the economic community of West African states*. African Development Review, 29(2), 197-210.

Frimpong, M. J. &Oteng, E. F. (2006) Bound Testing Approach: *An Examination of Foreign Direct Investment, Trade and Growth Relationships.* MPRA Paper No. 352, pp. 1–19.

Gbosi, A. (2011). *Contemporary Macroeconomic Problems and Stabilization Policies in Nigeria.*Port Harcourt:Antovic Ventures

Gbosi, A. N. (1997), TheLabour Market in Nigeria Under Regulation and Deregulation: *A Comparative Analysis*. Bradford *England, International Journal of Manpower, vol. 17 No. 8, pp.46-53.*

Gomme, P. (1998). Canada's Money Targeting Experience," *Federal Reserve Bank of Cleveland Economic Commentary* (February 1.)

Grill, E. & Zanalda, G. (1995). Growth and Employment in Developing Countries: *Where Do We Stand?*" Development Studies Working Papers No. 86, October, The International Development Centre.

Grossman, P. J. (1997). Fiscal Decentralization and Public Sector Size in Australia.*The Economic Record*, 68(202), 240 – 246

Haris, S. E. (2005). *The New Economic: Keynes' Influence on Theory and Public Policy.* Whitefish: Kessigner Publishing.

Holden.S & Sparrman, V. (2016). *Do government purchases affect unemployment?* http://folk.uio.no/sholden/wp/fiscal-U.pdf (Accessed April 20, 2016)

Horton, M. & El-Ganainy, A. (2009). *What is fiscal policy*? International Monetary Fund Retrieved from: https://www.imf.org/external/pubs/ft/fandd/2009/06/pdf/basics.pdf.

Hottz-Eakin, D., Lovely, M. E. & Tosin, M. S. (2009). Generating Conflict, Fiscal Policy, and Economic Growth.*Journal of Macroeconomics*, 26, 1-23.

Hussain, M. N. & Nadol, C. (1997); "Employment, Growth and the Demand Side: *The Case of Some African Countries",* African Development Bank's Economic Research Papers, No. 28. The African Development Bank.

Idebi, A. A., Agunbiade, O., &Adesina-Uthman, G. A. (2024). Effects of disaggregated tax revenues on economic growth in Nigeria (1995–2023): ARDL bound test approach. European Journal of Economic and Financial Research, 8(5), 1–18.

Idris, M., Bakar, R., & Tunku Ahmad, T. S. (2018). The effects of fiscal operations on economic growth and stability in Nigeria: Empirical evidence based on time series data. International Journal of Accounting and Economics Studies, 6(1), 36–47.

Imoisi, A.I, Olatunji, L. M, Ekpenyong, B.S. (2013). Monetary policy and its implications for balance of payment stability in Nigeria.*International Journal of Economics and Finance*, 5(3),196-204.

Imoughele, L. E, &Ismaila, M. (2015).Monetary policy and balance of payments stability in Nigeria.*International Journal of Academic Research in Public Policy and Governance, 2*(1),1-15.

Isiaka, S.B., Abdulraheem, M., & Mustapha, Y.A. (2011).Impact of fiscal policy and monetary policies on the level of economic activities in Nigeria.*Lapai Journal of Management Science, 12*(0002), 1-22

Kelechukwu, I.U., &Amadi, O.I. (2016).*Monetary Economics*, 1st edition, Jaen Publication Limited.

Kwiatkowski, D., Phillips, P. C. B., Schmidt, P., & Shin, Y., (1992). Testing the null hypothesis of stationary against the alternative of unit root: How sure are we that economic time series have a unit root? *Journal of Econometrics*, 5(4), 159-178.

Layard R, Nickell S & Jackman, R. (1994).*The Unemployment Crisis*, Oxford, Oxford University Press.

Magazzino, C. (2011). *The nexus between public expenditure and inflation in the Mediterranean countries*. MPRA Paper No. 284-393.

Mahdavi, S., & Alanis, E. (2013). Public expenditures and the unemployment rate in the American states: panel evidence. *Applied Economics, 45*(20), 2926-2937.

Medee, P.N & Nembee, S.G. (2011).Econometric Analysis of the impact of Fiscal Policy Variables on Nigeria's Economic Growth (1970 - 2009). *International Journal of Economic Development Research and Investment, 2*(1), page 8.

Michael, B. & Ebibai, T. S. (2014). Monetary policy and economic growth in Nigeria (1980 2011). *Asia Economic and Financial Review*, 4(1), 20-32.

Monacelli, T & Perotti, R. (2010). "Fiscal policy, the real exchange rate, and traded goods" *Economic Journal,* 120, 437-461

Morakinyo, F.O.; David, J. O. & Alao, J. A. (2018).Impact of fiscal policy instrument on economic growth in Nigeria.*International Journal of Economics and Financial Management, 3(1),* 14-29.

Mukolu MO, Illugbemi AO, Otalu JA. (2017) Monetary policy and its implication for balance of payment stability in Nigeria. *Asian Journal of Economic Modelling.;5*(4),480-492.

Musa, Y., Asare, B. K. & Gulumbe, S. U. (2013).Effect of Monetary-Fiscal Policies Interaction on Price and Output Growth in Nigeria.*CBN Journal of Applied Statistics, 4*(1), 55 – 74.

Nasko, A. M. (2016). Impact of monetary policy on the economy of Nigeria.*Pyrex Journal of Business and Finance Management Research, 2* (10), 163-179.

Nathan, P.A. (2012). The impact of fiscal policy on the Nigerian economy. *International Review of Social Sciences and Humanities, 4*(1), 142-150.

National Bureau of Statistics, (2020).*National Unemployment Rates* (1995 - 2020).

National Bureau of Statistics. (2017). *Unemployment/under-employment report* (Q4 2016). Abuja: National Bureau of Statistics.

Nenbee, S. G. &Madume, J. V. (2011). The Impact of Monetary Policy on Nigeria's Macroeconomic Stability (1970-2009). *International Journal of Economic Development, 20-67.*

Nwani, C &Bassey, J. O (2016). Economic growth in oil-exporting countries: *Do stock market and banking sector development matter?*Evidence from Nigeria'.Cogent Econ.Financ.4, 1153872.

Nweke, O. (2022). Economic policies and the growth of the Nigerian economy: The role of monetary and fiscal policies. British International Journal of Applied Economics, Finance and Accounting.

Nwosa P. I (2014) *"Government Expenditure, Unemployment and Poverty Rates in Nigeria*" JORIND 12 (1), 1596–8308.

Nwosa, P. I. (2014). Government expenditure, unemployment and poverty rates in Nigeria.*Journal of Research in National Development (JORIND), 12*(1), 77-84.

Obadan, M. I. &Odusola, F. A. (2010).Productivity and Unemployment. Ibadan: *National Centre for Economic Management and Administration.*

Obayori, J. B. (2016). Fiscal policy and unemployment in Nigeria.*The International Journal of Social Sciences and Humanities Invention, 3*(2), 1887-1891.https://doi.10.18535/ijsshi/v3i2.09

OECD (2022), *General government revenue* (indicator).doi: 10.1787/b68b04ae-en (Accessed on 08 November 2022)

Ogbole, F. O., Amadi, S. N., & Essi, I. D. (2011). Fiscal policy: Its impact on economic growth in Nigeria (1970-2006). *Journal of Economics and International Finance, 3*, 407-417. http://www.academicjournals.org/JEIF

Ogunjimi, S.O (1997). Public finance: Bida, Lekem Production. Adegoroye, G. (2006). Public Service Reform for Sustainable Development: *The Nigerian Experience*. A keynote Address delivered at the Commonwealth Advance Seminar, Wellington, New Zealand. 20th Feb- 3rd March. Bureau of Public Service Reforms.

Okonjo-Iweala, N. & Osafo-Kwaako, P. (2007) Nigeria's economic reforms progress and challenges. A vailableat :http://www.interreseaux.org/IMG/pdf_Nigeria_Economic_Reforms_Okonjo_2007.pdf(Accessed: 26 February 2016).

Okoro, A. S. (2013). Impact of monetary policy on Nigeria Economic Growth.*Prime Journal of Social Sciences*. 2 (2), 195-199.

Okoro, A. S. (2015). Impact of monetary policy on Nigeria Economic Growth.*Prime Journal of Social Sciences.* 2 (2), 195-199.

Okwo, I. M. Eze, F. & Nwoha, C. Evaluation of monetary policy outcomes and its effect on price stability in Nigeria.*Research Journal Finance and Accounting*. 3(11), 37-47.

Olawunmi, O. & Tajudeen, A. (2007).Fiscal Policy and Nigerian Economic Growth.*Journal of Research in National Development, 5*(2), 5-17.

Olayungbo, D. O. (2013), Government spending and inflation in Nigeria: An symmetry causality test, *International Journal of Humanities and Management Sciences*, *1* (4), 12-27.

Oloye, D.O. (2012). Fiscal Approach to Balance of Payments: *A Case of Nigeria.* A Published MS.c Thesis Submitted to the Department of Economics and Development Studies, College of Development Studies Covenant University Ota, Nigeria, May, 2012.

Omitogun O. and Ayinla, T. A. (2007). Fiscal policy and Nigerian economic growth.Journal in Research and National development.5 (2), 42.

Onifade, S. T., Çevik, S., Erdoğan, S., Asongu, S., & Bekun, F. V. (2020). An empirical retrospect of the impacts of government expenditures on economic growth: New evidence from the Nigerian economy. Journal of Economic Structures, 9(6), 1–13.

Onwioduokit, E. A., & Onwuneme, L. N. (2023). Fiscal decentralization and economic growth in Nigeria: A re-examination. International Journal of Social Sciences, 6(2), 1–15.

Onyeiwu, C. (2012). Monetary policy and economic growth of Nigeria.*Journal of Economics and Sustainable Development, 3* (7), 1-21.

Onyeiwu, C. (2012). Monetary policy and economic growth of Nigeria.*Journal of Economic and Sustainable Development*, 3(7), 62-70.

Opayinka, T. K. (2024). The interplay between fiscal policy, inflation and economic growth in Nigeria: An ARDL approach. International Journal of Research and Innovation in Social Science, 8(15), 259–274.

Osinowo, O.H. (2015). Effect of fiscal policy on sectoral output growth in Nigeria.*Advances in Economics and Business,* 13(6), 21-30

Osinubi, T.Y. (2006). *The Politics and Solutions*, Vanguard July 19, page 14

Osuala, A., & Jones, E. (2014). Empirical analysis of the impact of fiscal policy on economic growth of Nigeria. International Journal of Economics and Finance, 6(6), 203–211.

Otto, G. & Ukpere, W. I. (2015). The impact of fiscal policy on inflation in Nigeria.*Risk governance & control: financial markets & institutions*, *5*(1), 123-132.

Oyeleke, O. J., & Onatunji, O. G. (2024). Macroeconomic effects of fiscal policy shocks in Nigeria: A new proof from mixed-frequency vector autoregression approach. Vision: The Journal of Business Perspective, 1–18.

Ozoh F. O.; Uma K. E. & Odionye J. C. (2016). The assessment of the effects of fiscal policy on unemployment and inflation reduction: the case of Nigeria. *International Journal of Research in Management, Economics and Commerce*, *06*(09), 1-10. Research and Investment, 2(2), 174 – 183.

Pesaran, M. H. & Smith, R. J. (1998).Structural Analysis of Cointegration VARS. *Journal of Economic Surveys.12*,471-505.

Pesaran, M. H., & Pesaran, B. (1997). Working with Microfit 4.0: *Interactive econometric analysis.* Oxford, Oxford University Press.

Pesaran, M. H., Shin, Y. & Smith, R. J. (2001). Bound Testing Approaches to the Analysis of level Relationships, *Journal of Applied Econometrics,* 16,289-326

Publishing Company.

Reem, H. (2009) "What is Fiscal Policy" *Bond International Monetary Fund*. (on-line-www.imf.org)

Samira & Khalil, S. (2015) "The Effect of Government Expenditure on Unemployment Rate for Iran". *International Journal of review in life science 5*(7), 109-116

Shokpeka, S.A. & Nwaokocha, O.A. (2009) 'British colonial economic policy in Nigeria, the example of Benin province 1914 -1954' *Journal of Human Ecology*, *28*(1), 57-66.

Stockhammer, E., & Sturn, S. (2011). The impact of monetary policy on unemployment hysteresis.*Applied Economics*, 44(21), 2743-2756

Tagkalakis, A. O. (2013). The unemployment effects of fiscal policy: recent evidence from Greece. *IZA Journal of European Labor Studies*, *2*(11), 1-32.

Thirlwall, A. P. (1979). The Balance of Payments Constraint as an Explanation of International Growth Rate Differences.BancaNazionaledelLavoro Quarterly Review, 128(1), 45-53.

Ubah, J. I., Bowale, E. K., Ejemeyovwi, J. O., & Okereke, Y. (2021).Effects of Technological Diffusion and Access to Electricity on Employment in Nigeria.*International Journal of Energy Economics and Policy, 11*(2), 227-233.

Ubesie, M. C. (2016). The effect of fiscal policy on economic growth in Nigeria.*Journal of Finance and Accounting. 4*(3), 140-145. https:// doi.10.11648/j.jfa.20160403.16

Udu, E. & Agu, G.A. (2005). *New System Economics.* Onitsha; Africana First Publishers Ltd. Wikipedia Encyclopedia (2011). Unemployment. Retrieved.http://en.wikipedia.org/wiki/un employment Accessed 14/01/2011.

Ufoeze, L.O., Odimgbe, S. O., Ezeabalisi, V. N. & Alajekwu, U. B. (2018) Effect of monetary policy on economic growth in Nigeria: *An empirical investigation.* Annals of SpiruHaret University, Issue 1.

Ujumadu, V. (2016, September, 26th). Vanguard newspapers Nigeria. Retrieved November 26, 2023, from https://www.vanguardngr.com/2016/09/nigeria-deeply-divided-says-un-report/

Ukangwa, J. U., Wolugbon, D., Nwanosike, D. U., & Ekpendu, J. E. (2023).The impact of fiscal policy on the economic growth of Nigeria. European Journal of Theoretical and Applied Sciences, 1(6), 741–750.

Unal, U. (2015). The unemployment effects of fiscal policy in Netherlands. *Journal of Faculty of Economics and Administrative Sciences*, *20*(1), 143-153