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An Empirical Relationship Between Fiscal Policy Measures and Economic Growth in Nigeria (1981 - 2018)

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ABSTRACT

The study investigated the relationship between fiscal policy and economic growth from 1981 to 2018. Specifically the study ascertained the extent of relationship between government revenue, government expenditure, government borrowing and economic growth in Nigeria. Endogenous growth theory was employed as the theoretical basis for the study. Gross domestic product was employed as the dependent variable proxy for economic growth. Data used in the study were sourced from 2018 Central Bank of Nigeria Statistical Bulletin. In analysing the data, Augmented Dickey-Fuller (ADF) test statistics showed that all the variables used in the study are stationary at level. Johansen Cointegration result showed that a long term relationship exists between the variables used for the study. The regression results indicated that government revenue, government expenditure and government borrowings showed significant positive relationship with economic growth in Nigeria within the period under investigation. The study concludes that fiscal policy had a positive relationship with economic growth within the same period. The study recommended that government should ensure that policy inconsistencies and policy reversals are properly checked for both short and long run effects on the economy.

Key Words: Fiscal Policy, Government Revenue, Government Expenditure, Total debt, stock, Inflation

INTRODUCTION

The role of fiscal policy in economic growth cannot be overemphasized. Fiscal policy as a major economic instrument deals with government deliberate actions in revenue generation and expenditure money with the main objective of influencing sustainable economic growth, high employment creation and low rate of inflation. Thus, it is the means by which the government adjusts its level of revenue generation and expenditure sources in order to monitor and influence the development of the nation's economy (Agu, Idike, Okwor & Ugwunta, 2014). Fiscal policy is used along with the monetary policy which the Central Bank uses to influence money supply and price stability in a nation. These two policies are used simultaneously to achieve macroeconomic goals in developing nation such as Nigeria.

In other words, fiscal policy is a major economic stabilization weapon that involves measure taken to regulate and control the volume, cost and availability as well as direction of government revenue and expenditure profiles in an economy to achieve certain macroeconomic policy objectives in the economy. Invariably, the attainment of these macroeconomic objectives cannot be left to the market forces of demand and supply as

well as other instruments of stabilization such as monetary and exchange rate policies among others. The cyclical fluctuations in the country's economic activities has led to the periodic increases in Nigeria's continuously rising unemployment and inflation rates as well as the external sector disequilibria. There is no gainsaying the fact that fiscal policy is a major economic stabilization weapon which involves measures taken to enhance government revenue thereby providing adequate funds for the financing of government expenditures in order to put the economy on the path of rapid and sustainable economic development.

Various researchers have submitted that fiscal policy goals include the following: increasing employment opportunities; attaining full employment; stabilization of domestic prices; promoting economic growth and development through industrialization; achieving equity in income redistribution; achieving stable exchange rate; and increasing the rate of investment in the country (Omitogun and Ayinla,2007); Ogbole, & Essi, 2011). Judging from the above definitions, fiscal policy can be seen as a very powerful government policy used to achieve full employment, price stability, sustainable economic growth and external balance.

LITERATURE

Fiscal Policy

Fiscal policy has been variously conceptualized by different scholars. Generally, Fiscal Policy (FP) is the economic term that defines the set of principles and decisions of government in setting the level of public expenditure and how the expenditure is funded (Badreldin, 2013). Shahid and Naved (2010) defined fiscal policy refers to government's efforts to influence the direction of the economy through changes in taxes or expenditures. It is the planning of revenue and expenditure levels and pattern by government to influence the circular flow, or specifically to promote full employment production, price stability and national welfare. This constitutes basically the objectives of fiscal policy.

Ijeh (2008) refer to fiscal policy as government action plan concerning how to raise funds and disburse funds. He further posited that it is the use of government revenue and expenditure programmes to affect the economy in a way to produce desirable effect such as achieving full employment, general good price level, aggregate demand and economic growth and development. He noted that the instruments of fiscal policy are taxation, government expenditure, government budget, public debts and subsidy. Government intervention in the economy through its fiscal policy is usually enunciated in its budget. Government tries to manipulate the fiscal policy instruments to stabilize the economy and achieve a desired level of economic growth.

Economic Growth

Jhingan (2005) conceptualized economic growth as a gradual and steady change in the long-run which comes about by a general increase in the rate of savings and population. It has also been described as a positive change in the level of production of goods and services by a country over a certain period of time. The top economic goal of Nigeria is to have a sustainable economic growth and development proxied by gross domestic product. It is the total amount of goods and services produced within the economy per annum.

The question of whether changes in government revenue, expenditure and borrowing can affect economic growth has been widely explored in the literature. However, most of such studies paid more attention to developed economies and some include developing countries in case of cross-country studies (Aregbeyen, 2007). There is a popular assertion in the empirical literature that public spending is negatively correlated with economic growth due to inefficiency of the public sector especially in the developing countries where large proportion of public spending is attributed to non-development expenditure like defence and interest payments on debt (Husnain, Khan, Haq Padda, Akram & Haider, 2011) and Nigeria is not an exception.

The Nigeria's drive for growth and poverty reduction seemed unattainable. The major constraint has been the conduct of macroeconomics leading to increase in inflation and decline in real incomes. Other

challenges includes gross mismanagement/misappropriation of public funds, uncoordinated fiscal and economic policies, corruption and uncoordinated macroeconomic plans. The Nigeria experience showed the difficulties of implementing fiscal policy in an environment with highly volatile revenue flows. Over the years, there have been a strong deficit bias and inconsistencies in physical policy, driven largely by oil price developments. The present revenue-sharing arrangement, whereby about half of oil revenue is allocated to state and local governments, has facilitated an expansion of expenditure programs at the subnational level, a tendency that has further constrained the ability of the federal government to stabilize overall expenditure. As a result, fiscal volatility has been transmitted to the rest of the economy, with negative implication for, in particular, the real exchange rate and growth performance.

Despite the huge oil resources that have been spent during the last thirty five years, there is very little to show in terms of economic growth and poverty alleviation. This shows a major challenges to fiscal management and inefficient use of public resources. The overriding concern now must be to break this pattern; however, this will remain a challenge since the fundamental drivers of the process remains the same and unchanged. Furthermore, the debate on the effectiveness of fiscal policy as a tool for promoting growth and development remains inconclusive, given the conflicting results of current studies. In this work, we disaggregate policy fiscal policy into government expenditure, government borrowing and government revenue and examined its relationship with economic growth in Nigeria using time series data from 1981 to 2018.

Theoretical Framework

This research study is anchored on endogenous growth theory. Endogenous growth theory advocates the stimulation of level and growth rate of per capita output through within the model using policies like fiscal (e.g. government spending). More specifically, models of the growth effects of fiscal policy are usually built on the basis of Barro (1990) framework and subsequently Barro and Sala-i-Martin (1992, 1995). This study draws inspiration from these studies by employing a Cobb-Douglas production function in which government expenditure enters as input. Barro and Sala-i-Martin (2004) employed AK model. The AK model production function is a special case of a Cobb–Douglas production function:

$Y = AK^{\alpha}L^{1-\alpha}$

This equation shows a Cobb-Douglas function where Y represents the total production in any economy. A represents total factor productivity, K is capital, L is labour, and the parameter α measures the output elasticity of capital. For the special case in which $\alpha = 1$, the production function becomes linear in capital thereby giving constant returns to scale:
$Y = AK$.

Endogenous growth models are widely used in macroeconomics mainly because they are consistent with the fact that the growth rate of output, the capital-output ratio, the real interest rate etc. are constant over time.

The endogenous growth models predict that an increase in productive spending financed by non-distortionary taxes will increase growth, whilst the effect is ambiguous if distortionary taxation is used. In the latter case, there is a growth-maximizing level of productive expenditure, which may or may not be Pareto efficient. Also, an increase in non-productive spending financed by non-distortionary taxes will be neutral for growth, while if distortionary taxes are used the impact on growth will be negative.

Empirical Review

The nexus between fiscal policy and economic growth has been variously examined by scholars.Dikeogu and Itode (2018) carried out an empirical analysis on fiscal policy and macroeconomic performance in Nigeria from 1970 to 2017. The fiscal policy variables covered in this study include government capital expenditure, government recurrent expenditure and Total Government revenue. Three models were formulated for the study. The fiscal policy variables were regressed against gross domestic product growth, inflation rate and unemployment rate. The study adopts the ARDL, Engle-Granger Co-integration and Error Correction Modeling techniques for the analysis. The results indicate that government capital expenditure

has a positive insignificant effect on unemployment, government capital expenditure and government capital expenditure have a negative insignificant effect on unemployment while government recurrent expenditure has a negative insignificant effect on unemployment. The study further revealed that government capital expenditure negatively impacted on gross domestic product growth rate, government recurrent expenditure has negative insignificant effect on gross domestic product growth rate while TGR has a positive impact on gross domestic product growth rate.

Nwankwo, Kalu and Chiekezie (2017) investigated the impact of fiscal policy on economic growth in Nigeria from the period of 1970 to 2014. The data used was sourced from Central Bank of Nigeria Statistical Bulletin of various issues and World Bank Development Indicator (WDI) and the Co-integration and Error Correction (ECM) approaches were utilized in analyzing the data. The estimated ECM has the required negative sign of -0.447 (45%) and lies within the accepted region of less than unity although, government capital and recurrent expenditures at lagged two years was found insignificant and therefore has no impact on economic growth.

Morakinyo, David and Alao (2018) investigated the impact of fiscal policy instrument on economic growth in Nigeria from 1981 to 2014. Fiscal policy instrument was proxied with government recurrent expenditure, government capital expenditure, public domestic debt, and public external debt while economic growth was proxied with Gross Domestic Product (GDP). The data were analysed using Ordinary Least Square method and vector error correction mechanism was conducted. The study found that recurrent expenditure and public domestic debt exert negative relationship while the capital expenditure and external debt exert positive relationship in the long run on the economic growth (GDP) and in the short-run the entire variables are having positive influence except REC (recurrent expenditure) on the economic growth (GDP).

Abdullah and Evgeny (2018) investigated the impact of fiscal policy on the economic growth of Jordan from 1990 to 2010. This study employed fiscal policy measured such as government expenditure, government revenues, internal public debt, external public debt as well as exports and inflation as the explanatory variables while Gross domestic product growth was employed as the dependent variable. Multiple linear regression and least squares method (OLS) were employed in analyzing the data. The study found that government expenditure, exports and government revenue have positive and significant impact on the Jordanian GDP growth. The study also found that external public debt has a negative but not significant impact on the Jordanian GDP growth.

The existing empirical studies revealed mixed findings. Sikiru and Umaru (2010) found a significant positive relationship between fiscal policy and economic growth in Nigeria. Munongo (2012) study indicates that government consumption expenditure and income tax positively impacted on economic growth. Also, Osuala and Ebieri (2014) found that government recurrent and capital expenditures have significant and positive impact on economic growth in Nigeria. Furthermore, Onwe (2014) results indicate positive impacts of federal expenditures on administration, as well as social and community services on economic growth.

On the contrary, Laura and Iulian (2008) study indicates a significant negative link between fiscal policy and economic growth. Munongo (2012) study indicates that capital expenditure by government has a negative effect on economic growth. Similarly, Osuala and Ebieri (2014) reported that non-oil taxes and government total debts have no significant impact on real GDP. Also, Onwe (2014) found that federal expenditures on economic services and transfer payments has a negative impact on economic growth in Nigeria. Furthermore, Ogbole, Amadi and Essi (2011) results showed that there is a difference in the effectiveness of fiscal policy in stimulating economic growth during and after regulation periods. Following the aforementioned gap created by the earlier researchers in the light of mixed views in findings and conclusion reached by different researchers. This study will aim at filling the gap by introducing a profound and clearer variables and by using a large data set to

analyse the disaggregated effects of fiscal policy on economic growth in Nigeria.

METHODOLOGY

The study adopted longitudinal research design. Longitudinal research is a type of correlational research that involves looking at variables over an extended period of time. The data of this research work was time series and taken from the year 1981 to 2018, so there were total thirty eight (38) years data which was obtained to conduct the study. Data on government revenue, expenditure and borrowing variables were collected from annual reports of Central Bank of Nigeria and National Bureau of Statistics. The data generated were analyzed using descriptive statistics, unit root test, cointegration test and Ordinary Least Square regression technique.

The specification of the model for this work is based on the objective of the study. This model is used to examine the effect of fiscal policy on economic development in Nigeria. This model is a modification on the model of Nwankwo, Kalu and Chiekezie (2017). The functional form of the model used in this study is specified as follows:

RGDP = f(GREV, GEXP, FISD, NDEB, INF)

Where

RGDP = Real Gross Domestic Product

GREV = Government Revenue

GEXP = Government Expenditure

FISD = Fiscal Deficit

NDEB = Government Borrowing

INF = Inflation Rate

From functional form, the econometric form is stated thus:

$$RGDP = \beta o + \beta_1 GREV + \beta_2 GEXP + \beta_3 FISD + \beta_4 NDEB + \beta_5 INF + \mu \quad (1)$$

Where

βo = Autonomous or intercept

β_1 = Coefficient of parameter GREV

β_2= Coefficient of parameter GEXP

β_3 = Coefficient of parameter FISD

β_4 = Coefficient of parameter NDEB

β_5 = Coefficient of parameter INF

To linearize equation 1, we apply logarithm to equation 2 which gives:

$$LRGDP = \beta o + \beta_1 LGREV + \beta_2 LGEXP + \beta_3 LFISD + \beta_4 LNDEB + \beta_5 INF + \mu \quad (2)$$

Where

LRGDP = Log of Real Gross Domestic Product

LGREV = Log of GREV

LGEXP = Log of GEXP

LFISD = Log of FISD

LNDEB = Log of NDEB

Data analysis and interpretation of results

In this section, the data obtained from CBN Statistical Bulletin were subjected to statistical estimation and analysis to determine the relationship between fiscal policy and economic growth in Nigeria from 1981 to 2018.

Descriptive Analysis

This section presents the descriptive statistics on the relationship between fiscal policy and economic development in Nigeria. The aim of the analysis is to examine the performance of the variables during the period under review. The analysis of the individual characteristics of these variables is presented in the table below:

Table 1 Descriptive Statistics

	RGDP	GREV	GEXP	FISD	NDEB	INF
Mean	448.8456	3892.241	2217.378	389.5478	2606.503	19.33375
Median	320.6800	2403.350	1122.085	219.2750	1250.300	12.10000
Maximum	987.8800	11116.85	8302.100	2810.190	10818.40	76.80000
Minimum	101.4900	25.38000	22.02000	0.230000	22.50000	0.200000
Std. Dev.	259.0959	3798.685	2384.714	645.6500	2828.567	18.34192
Skewness	0.648820	0.516225	0.997985	2.864403	1.166920	1.883455
Kurtosis	2.188691	1.826781	2.998124	10.59016	3.673662	5.465717
Jarque-Bera	3.122787	3.256529	5.311863	120.5731	7.867501	27.02582
Probability	0.129843	0.106270	0.350233	0.500023	0.119570	0.1460001
Observations	32	32	32	32	32	32

Source: Authors Computation from E-View Version 8.0

This table present the summary of statistics used in the analysis. It provides information about the mean, median, maximum and minimum value, standard deviation and Jarque Bera of the variables used in the study. Table 1 above shows that real gross domestic product (RGDP), government revenue (GREV), government expenditure (GEXP), fiscal deficit (FISD), government borrowing (NDEB) and inflation rate (INF) recorded mean value of 448.8, 3892.2, 2217.4, 389.5, 2606.5 and 19.3 with a standard deviation of 259.1, 3798.7, 2384.7, 645.7, 2828.6 and 18.3 respectively.

The Jarque-Bera statistics measures the difference between skewness and kurtosis of the series to determine whether the series is normally distributed. The Jarque-Bera values and their respective corresponding probability showed that real gross domestic product, government revenue, government expenditure, fiscal deficit, government borrowing and inflation rate are normally distributed.

Unit Root Test

In this study, the data used were subjected Augmented Dickey Fuller unit root test to determine the stationarity or otherwise of the variables used.

Table 2 ADF Unit Root Test for Stationarity

Variables	ADF Statistic	Test Critical Values	Order Of Integration	Probability values
LRGDP	-7.164442	-3.724070	1(0)	0.0000
LGREV	-5.152924	-3.670170	1(0)	0.0002
LGEXP	-3.862905	3.769597	1(0)	0.0081
LFISD	-7.744680	-3.737853	1(0)	0.0000
LNDEB	-5.951798	-3.679322	1(0)	0.0000
LINF	-5.190012	-3.699871	1(0)	0.0003

Sources: Author's Computation from the E-view 8.0

The table above reveals the summary of the unit root test carried out. Using the Augmented Dickey-Fuller Test, the result must show a probability value that is lower than the critical value at any level of significance, in order to reject the null hypothesis. From table 2 above, the Augmented Dickey-Fuller (ADF) test statistics are greater than the test critical values (TCV), and their probabilities are significant at 5% level of significance for all the data series (see also, appendix). The table also shows that all the variables used in the study are integrated at level. This implies are all the variables assumed stationarity at levels.

Cointegration Test

The essence of this test is to determine the long run relationship between the variables. The result is presented in table 3.

Table 3 Johansen Multivariate Cointegration

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.876784	145.9342	95.75366	0.0000
At most 1 *	0.686858	83.11966	69.81889	0.0030
At most 2 *	0.577061	48.28674	47.85613	0.0455
At most 3	0.337568	22.47093	29.79707	0.2730
At most 4	0.271463	10.11578	15.49471	0.2719
At most 5	0.020268	0.614296	3.841466	0.4332

Trace test indicates 3 cointegrating eqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None *	0.876784	62.81451	40.07757	0.0000
At most 1 *	0.686858	34.83292	33.87687	0.0384
At most 2	0.577061	25.81581	27.58434	0.0827
At most 3	0.337568	12.35514	21.13162	0.5130
At most 4	0.271463	9.501487	14.26460	0.2468
At most 5	0.020268	0.614296	3.841466	0.4332

Max-eigenvalue test indicates 2 cointegrating eqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

Source: E-View 8.0

The result of Trace and Maximum Eigen values shows that there exist three and two conintegrating equations respectively which are significant at 0.05 level of significance. This implies that a long-run relationship exists among the variables used.

Interpretation of Regression Result

The regression result is presented below. To analyze these results, we shall employ two criteria which are statistical criteria and econometric criteria.

Table 44 Estimation Result for Model One

Dependent Variable: LRGDP
Method: Least Squares
Date: 06/04/20 Time: 06:57
Sample: 1981 2018
Included observations: 38

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.101324	0.549888	9.277021	0.0000
LFISD	0.024639	0.093241	0.264253	0.7937
LGEXP	0.283444	0.876662	2.323322	0.0090
LGREV	0.879735	0.254463	3.457221	0.0019
LNDEB	-1.092369	0.873590	-1.250437	0.2223
INF	-0.000930	0.005828	-0.159573	0.8745
ECM(-1)	-0.318039	0.206467	-1.540387	0.0077

R-squared	0.507237	Mean dependent var	5.934419
Adjusted R-squared	0.412474	S.D. dependent var	0.616743
S.E. of regression	0.472735	Akaike info criterion	1.506797
Sum squared resid	5.810436	Schwarz criterion	1.781622
Log likelihood	-18.10875	Hannan-Quinn criter.	1.597894
F-statistic	5.352733	Durbin-Watson stat	1.997325
Prob(F-statistic)	0.001634		

Source: E-View Version 8.0

The regression result above measured the relationship between fiscal policy and economic growth in Nigeria. The regression result showed that total government revenue has a significant positive relationship with real gross domestic product. This implies that a unit increase in total government revenue will bring about 0.879735 increases in real gross domestic product. The regression result further shows that total government expenditure has significant positive relationship with real gross domestic product. This implies that a unit increase in total government expenditure will bring about 0.283444 increases in real gross domestic product.

The regression result also showed that fiscal deficit recorded a regression coefficient of 0.024639 which is statistically insignificant. This implies that fiscal deficit has an insignificant relationship with real gross domestic product. Further government borrowing and inflation rate recorded a regression coefficient of -1.092369 and -0.000930 which is statistically insignificant. This implies a unit increase in government borrowing and inflation will bring about 1.092369 and 0.000930 decreases respectively in real gross domestic product.

The coefficient of determination (R^2) value of 0.507237 shows that the independent variables can jointly explain about 50.7% of the variations in economic development. This is supported by adjusted r-square of 41.2%. Also, the f-statistics and f-probability value of 5.352733 and 0.001634 indicates that the independent variables have joint significant relationship with the dependent variable. The Durbin Watson Statistic value of 1.997325 which can be approximated to 2 indicates that there is no autocorrelation in the model. Hence, the model can be used for realistic forecasts. Furthermore, the t-statistics value and probability values for each of the independent variables indicate that all variables are statistically significant.

The error correction model (ECM) measures the extent to which the independent variables and the dependent variable can converge to restore equilibrium whenever there is disagreement in the long run. It relates to the degree of disparity between the dependent variable and the independent variables and the speed of adjustment to attain equilibrium. Theoretically, the coefficient of ECM should be negative and significant, except for special cases. The result is shown in the appendix section of the research work.

From the result obtained, the coefficient of ECM is negative which theory- consistent is. However, it is not significant (-0.318039), showing that there is a low response to convergence in a move to attain equilibrium whenever there is disequilibrium between the dependent and independent variables. As a matter of fact, only about 31.8% of this disequilibrium is solved in the next period.

Test of Hypotheses

For better understanding, the hypotheses are restated again and tested with the t-statistics value in Table 4

Hypothesis One

Ho: Government revenue has no significant relationship with economic growth in Nigeria.

Hi: Government revenue has a significant relationship with economic growth in Nigeria.

From the regression results obtained, the value of the t-statistic corresponding to total government revenue is 3.457221which is highly statistically significant. We therefore reject the null hypothesis and conclude that government revenue has a significant relationship with economic growth in Nigeria.

Hypothesis Two

Ho: Government expenditure has no significant relationship with economic growth in Nigeria.

Hi: Government expenditure has a significant relationship with economic growth in Nigeria.

To test this hypothesis, we employ the coefficients of the t-statistics obtained in the regression result. From the regression results obtained, the value of the t-statistic corresponding to total government expenditure is 2.323322 which is statistically significant. We therefore reject the null hypothesis and conclude that government expenditure has a significant relationship with economic growth in Nigeria.

Hypothesis Three

Ho: Government borrowing has no significant relationship with economic growth in Nigeria.

Ho: Government borrowing has a significant relationship with economic growth in Nigeria.

From the regression results obtained, the value of the t-statistic corresponding to government borrowing is -1.250437 which is highly statistically insignificant. We therefore accept the null hypothesis and conclude that government borrowing has no significant relationship with economic growth in Nigeria.

Hypothesis Four
Ho: Fiscal deficit has no significant relationship with economic growth in Nigeria.
Ho: Fiscal deficit has a significant relationship with economic growth in Nigeria.

From the regression results obtained, the value of the t-statistic corresponding to fiscal deficit is 0.264253 which is highly statistically insignificant. We therefore accept the null hypothesis and conclude that fiscal deficit has no significant relationship with economic growth in Nigeria.

Discussion of findings

This work empirically examines the fiscal policy and economic growth in Nigeria. The result of the descriptive statistics shows that real gross domestic product, government revenue, government expenditure, fiscal deficit, government borrowing and inflation rate are normally distributed. Augmented Dickey-Fuller (ADF) test statistics showed that all the variables used in the study are integrated at order 1 with the exception of real gross domestic product and government expenditure which are integrated at order 2. Furthermore, Johansen Cointegration result indicates that there is a long term relationship between the variables used in the study.

The three key components of fiscal policy which are government revenue, government expenditure and government borrowing were regressed against gross domestic product which is a proxy for economic growth. The regression results indicate that government revenue has a significant effect on economic growth in Nigeria. This findings further collaborates the findings of Ogbonna and Appah (2016) that tax revenue does affect the economic growth of Nigeria.This agrees with the findings of Ojong, Ogar and Arikpo (2016) that there is a significant relationship between non-oil revenue and the growth of the Nigeria economy. The regression result further indicates that government expenditure has significant effect on economic development in Nigeria. This agrees with the findings of Sikiru and Umaru (2010) that expenditure has significant impact on economic growth in Nigeria. It further agrees with the findings of Munongo (2012) that government consumption expenditure positively impacted on economic growth. It further agrees with the findings of Khalil and Sajida (2013) that productive expenditures affect economic growth positively and significantly.
Finally, it indicates that government borrowing has no significant effect on economic growth in Nigeria. This disagrees with the findings of Putunoi and Mutuku (2013) that domestic debt has a positive and significant effect on economic growth.

Summary of Findings
The result of the descriptive statistics indicates that all the variables used in the study are normally distributed. Augmented Dickey-Fuller (ADF) test statistics showed that all the variables used in the study were stationary. Furthermore, Johansen Cointegration result indicated that there is a long term relationship between the variables used for the study. The regression results show that government revenue has a significant positive relationship with economic growth in Nigeria. The regression result further indicated that government expenditure has significant positive relationship with economic growth in Nigeria. The result indicated that government borrowing has no significant relationship with economic development in Nigeria. Fiscal deficit was found to have no significant relationship with economic growth in Nigeria. Finally, inflation rate was found to have no significant relationship with economic growth in Nigeria.

CONCLUSION

The work covered fiscal policy and economic growth in Nigeria using time series data from 1981 to 2018. The results indicate that government revenue, government expenditure and government borrowing have significant positive relationship with economic growth in Nigeria within the period under review, while fiscal deficit and inflation rate have no significant relationship with economic growth in Nigeria within the period under review. Based on the foregoing, the study concludes that fiscal policy has significant relationship with economic growth within in Nigeria.

Based on the foregoing findings, the study recommends the following

1. Government should address the problem associated with revenue collection especially tax revenues in order to achieve

the required level of economic growth in Nigeria.

2. Government borrowings were found to have a significant effect on economic growth in Nigeria, hence, borrowing should be contemplated only if it is designed to deepen the economy and the amount of debt to borrow should be sustainable to reduce the pressure exerted by its servicing requirements so as to improve gross domestic product in Nigerian.
3. Finally, government spending should be channeled to capital projects and social overhead capital that will encourage investment, such as constant electricity supply and good road networks.

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