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Government Expenditure And Economic Development Of Nigeria

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ABSTRACT

The study examines the government expenditure and economic growth in Nigeria. government expenditure is a proxy by government expenditure on education, government expenditure on public administration and Government expenditure on information and communication while economic growth is a proxy by Gross Domestic Product. An e x-post facto research design was used for this study with secondary data from CBN Statistical Bulletin 2023 and with the aid of the Eview Version 10 for 24 years (2000-2023). The regression analysis was used and the outcome shows that Government expenditure on education and public administration has no significant effect on gross domestic product in Nigeria and both coefficients are negative while expenditure on information and communication has a positive significant effect on gross domestic product in Nigeria. The study recommends that the Nigerian government should increase the funding in the education sector to 26% as recommended by UNESCO to enhance productivity and boost the economy, the government should put up measures to checkmate those siphoning the funds allocated for public administration to grow the economy and government should sustain the tempo of information and communication and create more enabling environment for the sector to operate and boost the economy

Keywords: Government Expenditure, Education, Public Administration, Information and Communication, Economic Growth, Gross Domestic Product.

INTRODUCTION

Early development theories stressed the need for the state to create adequate physical infrastructure as well as institutions and social conditions for development. Some called for implementing large-scale public investment programs, economic planning and the formulation of policies to accelerate economic growth and development. These must have given governments in Nigeria and other developing countries, where market failures and other socially unwarranted vices are rife, the impetus to exercise greater controls and discretion over their economies. They do this through periodic planning for the allocation of resources and productive spending in critical areas of need. Thus, public spending has become an important factor for self –sustaining productivity improvements and long-term growth. For instance, government expenditure can contribute to agricultural growth and the latter

can indirectly, through creating rural non-farm jobs and increased wages, generate economic growth. That way public expenditure policy has become critical, and equally so, the sectoral distribution of these expenditures (see (Onimode, 1995; World Bank, 2009)).

The discovery of crude petroleum in commercial quantities in Nigeria in the middle of the 1960s greatly enhanced the performance of the economy in the 1970s. The newly found oil wealth ensured that the economy performed impressively in terms of real GDP growth rates. These averaged 5 percent annually during the period 1970 to 1979. However, by the early 1980s, the economy had started to experience real problems. The crash in world crude petroleum prices in 1980/81, the severe economic crises in developed industrial countries, coupled with political instability and internal ad hoc economic policies following high regime turnovers at home, created hard times for the economy between 1980 and 1985. From 1980, therefore, the economy had begun to experience negative GDP growth rates which averaged about 0.24 per cent between 1980 and 1985, down from the 5.0 percent in the 1970s. Real GDP growth was positive between 1986 and 1993, at an average of 4.62 per annum. However, and in spite of the structural adjustment program (SAP), it fell to an average of 2.30 per annum during 1986 and 1993. Real GDP growth rate appears to have been improving since 1999, averaging 4.79 per cent annually

In the 1970s, unprecedented Nigeria's oil revenue obviously permitted massive federal government expenditure. A dramatic jump in capital expenditure was noticeable between 1974 and 1980, reflecting the significant increase in government revenue following favourable developments in the international petroleum market. The period thus witnessed a boost in the provision of economic and social infrastructure such as highways, air and sea ports, hospitals, schools and housing. However, capital expenditures of the Federal Government as a percentage of GDP decreased steadily from 20.48 per cent in 1980 to 6.27 per cent in 1995. These reflected adherence to the prescriptions of SAP and also the impact of the oil glut of the 1980s on revenue of government and by extension on its expenditure. Between 1999 and 2010, it had fallen to a low of 0.30 per cent, from 5.23 per cent in 2000. In general, the period, 1990-1998, was characterized by high growth in capital expenditure in nominal terms, though in real terms, growth was only marginally. The upward trend in nominal capital outlay during the period reflected high rates of inflation and the consequent low value of the naira Oni (2014).

Nigeria is experiencing an economic downturn due to dwindling oil revenue, upon which it relies for sustenance. The gross domestic product of Nigeria shows a declining trend of -2.06% and -1.5% for 2016 and 2015, respectively, due to falling oil revenue (Trading Economics, 2016). Despite the dwindling revenue, the need for the creation of an enabling and secure environment for humans and businesses to operate is on the increase, this has led to increased spending on infrastructure, security and health to achieve steady infrastructure development, and security and create conducive environment for capitalists to operate. However, this huge spending has not translated into achieving steady economic growth in Nigeria as shown by the dwindling growth rate in the Gross Domestic Product of 2015 and 2016 (Trading Economics, 2016). Despite the numerous studies done on the effect of government spending studies like (Asley, 2012 Muhtar 2011, Smyth & Hsing, 2009) the effect of government spending on economic growth remains unresolved as there is no universal agreement on the extent the effect of government spending has on economic growth (Anyamu, 2013). Most studies on external government spending have largely been devoted to describing the origin, causes, magnitude and sustainability of the government spending problem. Some of these studies include Raheem (1994), Ajayi (1994) Nyatepe (1993), Uwatt (1995) and Iyoha (1997). Few studies have been focused on the effect of government spending on economic growth they include Ajayi and Oke (2012), Adepoju (2007), Adesola (2009) Amakon (2003) Anyawu (2013). Moreover, the studies conducted in Nigeria, Europe and other developed economies have measured government spending using recurrent expenditure, debt servicing costs, security expenditure, and education, but none has tested the magnitude of the impact that spending on highway could have on economic growth. Again, this study will use amore current and updated data against what the previous works used on the topic.

Objective of the Study

The main objective of this study is to examine the effect of Government expenditure {spending} on economic growth of Nigeria. The specific objectives include, to:

- i. Determine the effect of Expenditure on Education on gross domestic product of Nigeria.
- ii. Determine the effect of Expenditure on Public Administration on gross domestic product of Nigeria.
- iii. Determine the effect of Expenditure on information and communication on gross domestic product of Nigeria.

Research Questions

The research questions of the study are formulated from the objectives of the study and they are:

- i. What is the effect of expenditure on Education on gross domestic product of Nigeria.?
- ii. What is the effect of expenditure on Public Administration on the gross domestic product of Nigeria?
- iv. What is the effect of expenditure on information and communication on the gross domestic product of Nigeria

Statement of Hypotheses

H01: There is no significant effect between expenditure on Education and gross domestic product of Nigeria.

H02: There is no significant effect between expenditure on Public Administration and gross domestic product of Nigeria.

H03: There is no significant effect between expenditure on information and communication and gross domestic product of Nigeria.

REVIEW OF RELATED LITERATURE

Conceptual review

Government Expenditure: Public sector spending is usually huge. The government spends heavily on recurrent items and capital projects. The expenditures are based on budgetary appropriations approved by the legislature. Usually, the government spends the bulk of its revenue on recurrent expenditure. In most cases, personnel costs account for the largest share of the total recurrent expenditure of the government. When released to the respective ministries and parastatals, the funds for recurrent expenditure could be deposited in current accounts with banks, or with the Central Bank. However, at the point of expenditure, the funds are released to settle the due obligations of the ministries and parastatals. Capital expenditure funding could be placed in fixed deposits with the banks, or with the Central Bank. The fixed deposits improve the liquidity of banks that manage them. Besides, it also imparts profitability to the operations of the banks.

Governments are responsible for providing various goods and services to their populations. Some of these are under their exclusive jurisdiction, for example, the justice system, whereas others, like healthcare, may be provided by both government and private entities. In addition to providing services, governments also strive to redistribute income across society, through social benefits and subsidies. Government spending refers to money spent by the public sector on acquiring goods and providing services such as education, healthcare, social protection, and defense.

Expenditure on Education: Okoro, (2013) defines public expenditure on education as the current and capital public expenditure on education which includes government spending on educational institutions (both public and private), education administration as well as subsidies for private entities (students/households and other private entities). Owoye, (2007) general government expenditure on education (current, capital, and transfers) is expressed as a percentage of total general government expenditure on all sectors (including health, education, social services, etc.). It includes expenditures funded by transfers from international sources to government. Education, which covers: Pre-primary and

primary education, Secondary education, post-secondary non-tertiary education, Tertiary education, Education not definable by level, Subsidiary services to education, R&D education, and Education.

Government expenditure on education, total (% of government expenditure) in Nigeria was reported at 5.1402 % in 2021, according to the World Bank collection of development indicators, compiled from officially recognized sources. General government expenditure on education (current, capital, and transfers) is expressed as a percentage of total general government expenditure on all sectors (including health, education, social services, etc.). It includes expenditures funded by transfers from international sources to the government. General government usually refers to local, regional and central governments.

Expenditure on Public Administration: Public administration encompasses the execution, oversight, and management of government policies and the management of public affairs. The field involves the organization, operation, and strategic coordination of bureaucratic structures in the public sector. Public administrators play a significant role in devising and executing policies, managing shared resources, and ensuring the efficient functioning of government agencies and programs.

In 1947, Paul H. Appleby defined public administration as the "public leadership of public affairs directly responsible for executive action." In democracies, it usually has to do with such leadership and executive action in terms that respect and contribute to the dignity, worth, and potential of the citizen. One year later, Gordon Clapp, then Chairman of the Tennessee Valley Authority, defined public administration "as a public instrument whereby democratic society may be more completely realized." This implies that it must relate itself to concepts of justice, liberty, and fuller economic opportunity for human beings and is thus concerned with "people, with ideas, and with things". James D. Carroll and Alfred M. Zuck called Woodrow Wilson's publication of his essay, "The Study of Administration," "the beginning of public administration as a specific and influential field of study."

Expenditure on Information and Communication: Information and communication technologies (ICT) is defined as a diverse set of technological tools and resources used to transmit, store, create, share or exchange information. These technological tools and resources include computers, the Internet (websites, blogs and emails), live broadcasting technologies (radio, television and webcasting), recorded broadcasting technologies (podcasting, audio and video players, and storage devices) and telephony (fixed or mobile, satellite, Visio/video-conferencing, etc.).

ICT, or information and communications technology (or technologies), is the infrastructure and components that enable modern computing. Among the goals of IC technologies, tools and systems is to improve the way humans create, process and share data or information. Another is to help them improve their abilities in numerous areas, including business; education; medicine; real-world problem-solving; and even leisure activities related to sports, music, and movies. There is no single, universal definition of ICT because the technologies, devices and even ideas related to ICT are constantly evolving. However, the term is generally accepted to mean all devices, networking components and applications. When combined, these help people and organizations interact in the digital world.

The information and communications technology (ICT) sector in Nigeria continues to play a pivotal role in the nation's recovery in the wake of an economic lull during the pandemic years. Data from the Nigerian Communications Commission (NCC) reported that the ICT sector contributed 9.88% to the total nominal GDP in Q4 of 2021, lower than the rate of 10.58 percent recorded in the same quarter of 2020. The figure reflects a declining shift as foreign exchange disparity widened and most organizations returned to physical business operations.

Nigeria is regarded as Africa's largest ICT market with about 82% of the continent's telecoms subscribers and 29% of internet usage. Sub-Saharan Africa is also projected to be the world's fastest-growing region with a compound annual growth rate (CAGR) of 4.6% and an additional subscriber enrollment of over 167 million in the next five years. Nigeria is expected to account for over 55% of this. The NCC estimates that the country has about 85 million broadband subscriptions (penetration of 44%) and 206 million lines in the voice segment (teledensity of 108%) as of June 2022.

In September 2021, the Nigerian government approved 5G in Nigeria. By December 2021, the Nigerian Communications Commission (NCC) had completed auctions for the 3.5GHz spectrum, awarding 5G operational licenses to MTN and MAFAB Communications. The NCC licensed Airtel a 5G spectrum on December 5, 2022. The four major mobile network operators in the country (Airtel, Globacom, MTN, and 9Mobile) continue to strengthen their market share. Collectively, Nigeria has over 206 million mobile. The Nigerian government in November 2019 launched the National Digital Economy Policy and Strategy (2020-2030) aimed at repositioning the Nigerian economy toward opportunities that digital technologies provide and to diversify the economy away from dependence on the oil and gas sector. The program is based on 8-pillars for the acceleration of the Nigerian economy:

- a. Developmental regulation
- b. Digital literacy & skills
- c. Solid infrastructure
- d. Service infrastructure
- e. Digital services development & promotion
- f. Soft infrastructure
- f. Digital society & emerging technologies
- g. Indigenous content development & adoption

Economic growth: Kimberly (2019), defines economic growth as an increase in the productive capacity of a state in terms of production of goods and services over a specific period. The economic growth of a nation or state can be measured using gross domestic product. This measure takes into account the country's productive capacity and output. at are produced in the country, but economic growth can be fostered and promoted by appropriate policies. Government policies can be targeted toward enhancing the economic growth rates by taxing consumption, subsidizing investment and research, shifting resources from government consumption to government investment and providing the enabling environment for the private sector to drive growth. However, government policies can deter the level of economic growth, for instance, government borrowing to finance recurrent expenditure, high tax rates for companies, lack of investment in capital stock, and high exchange rate and interest rates.

Between 2000 and 2014, Nigeria's economy experienced broad-based and sustained growth of over 7% annually on average, benefitting from favorable global conditions, and macroeconomic and first-stage structural reforms. From 2015-2022, however, growth rates decreased and GDP per capita flattened, driven by monetary and exchange rate policy distortions, increasing fiscal deficits due to lower oil production and a costly fuel subsidy program, increased trade protectionism, and external shocks such as the COVID-19 pandemic. Weakened economic fundamentals led the country's inflation to reach a 24-year high of 31.7% in February 2024, which, in combination with sluggish growth, has pushed millions of Nigerians into poverty.

Following a change in administration in May 2023, the country has been pursuing bold reforms to reestablish macroeconomic conditions for stability and growth. The petrol fiscal subsidy was partially eliminated, and FX reforms have led to the unification of FX markets and to a market-reflective exchange rate. To alleviate the inflationary effects of these reforms on the most vulnerable, the government has been implementing temporary cash transfers to reach 15 million households. Efforts are also being made to tighten monetary policy and refocus the Central Bank of Nigeria (CBN) on its core mandate of maintaining price stability.

The continuation of the reform momentum is essential for Nigeria to reap its full benefits. The dissipation of the reforms' initial shock and the stabilization of macroeconomic conditions will instill a sustained but still slow growth in the non-oil economy, while the oil sector is projected to stabilize. Higher growth rates will require structural reforms. Exchange rate liberalization should contribute to both fiscal and external balances. Inflation is expected to gradually decrease on the back of monetary policy tightening and exchange rate stabilization. As a result, poverty rates are expected to increase in 2024 and 2025 before stabilizing in 2026. Risks to Nigeria's outlook are substantial, especially if reforms lose momentum or are reversed. Risks include relatively weak monetary policy tightening, failure to address imbalances in petrol pricing and to raise non-oil revenues. Rising insecurity, adverse climate shocks, and popular discontent with inflation would also dent economic recovery.

Despite having the largest economy and population in Africa, Nigeria offers limited opportunities to most of its citizens. Nigerians born in 2020 are expected to be future workers 36% as productive as they could

be if they had full access to education and health, the 7th lowest human capital index in the world. Weak job creation and entrepreneurial prospects stifle the absorption of the 3.5 million Nigerians entering the labor force every year, and many workers choose to emigrate in search of better opportunities. The poverty rate is estimated to have reached 38.9% in 2023, with an estimated 87 million Nigerians living below the poverty line — the world’s second-largest poor population after India.

Spatial inequality continues to be large, with the best-performing regions of Nigeria comparing favorably to upper middle-income countries, while the worst-performing states fare below the average for low-income.

Gross Domestic Product: Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country’s borders in a specific period. As a broad measure of overall domestic production, it is a comprehensive scorecard of a country’s economic health. Though GDP is typically calculated on an annual basis, it is sometimes calculated quarterly as well. Theoretically, GDP can be viewed in three different ways:

- The *production approach* sums
- The *expenditure approach*
- The *income approach*

In economics, the final users of goods and services are divided into three main groups: households, businesses, and the government. One way gross domestic product (GDP) is calculated—known as the expenditure approach—is by adding the expenditures made by those three groups of users. Accordingly, GDP is defined by the following formula: $GDP = \text{Consumption} + \text{Investment} + \text{Government Spending} + \text{Net Exports}$ or more succinctly as $GDP = C + I + G + NX$ where consumption (C) represents private-consumption expenditures by households and nonprofit organizations, investment (I) refers to business expenditures by businesses and home purchases by households, government spending (G) denotes expenditures on goods and services by the government, and net exports (NX) represents a nation’s exports minus its imports.

Gross Domestic Product (GDP) of Nigeria

Year	GDP Nominal (Current USD)	GDP Real (Inflation adj.)	GDP change	GDP per capita	Pop. change	Population
2022	\$477,386,000,000	\$535,336,000,000	3.25%	\$2,399	2.11 %	223,150,896
2021	\$440,834,000,000	\$518,477,000,000	3.65%	\$2,373	2.12 %	218,529,286
2020	\$432,199,000,000	\$500,232,000,000	-1.79%	\$2,338	2.15 %	213,996,181
2019	\$474,517,000,000	\$509,372,000,000	2.21%	\$2,432	2.22 %	209,485,641
2018	\$421,739,000,000	\$498,366,000,000	1.92%	\$2,432	2.34 %	204,938,755
2017	\$375,746,000,000	\$488,964,000,000	0.81%	\$2,442	2.46 %	200,254,579
2016	\$404,649,000,000	\$485,055,000,000	-1.62%	\$2,482	2.50 %	195,443,700
2015	\$493,027,000,000	\$493,027,000,000	2.65%	\$2,586	2.57 %	190,671,878
2014	\$574,184,000,000	\$480,286,000,000	6.31%	\$2,584	2.68 %	185,896,915
2013	\$520,117,000,000	\$451,780,000,000	6.67%	\$2,495	2.75 %	181,049,443
2012	\$463,971,000,000	\$423,525,000,000	4.23%	\$2,404	2.81 %	176,200,625
2011	\$414,467,000,000	\$406,337,000,000	5.31%	\$2,371	2.84 %	171,379,598
2010	\$366,991,000,000	\$385,856,000,000	8.01%	\$2,315	2.83 %	166,642,886

Theoretical Review

The neoclassical approach: Argues that government expenditure on internal security has a detrimental influence on economic growth. According to the neoclassical theory, government expenditure on internal security takes away scarce capital (resources) from more productive uses; this, in effect, would reduce civilian consumption and decrease society's well-being due to the reduction in civilian savings and investments (Tekeoglu, 2008). In general, neo-classical methods lead to the assumption that spending on internal security will take away funds that would have been used to invest in education, healthcare, agriculture, etc. which will influence the economy meaningfully. That is, the government's responsibility to invest in internal security will lead to a shortage of funds for public human capital formation - education and health which are relevant economic growth and development indicators. Therefore, the neoclassical approach predicted the existence of a negative relationship between government expenditure on internal security and economic growth. Supporting the above, Mbah, Agu, and Aneke (2021) argued that huge internal security expenditure crowds out investment, leading to high operational costs and in turn impacts negatively economic growth.

However, the Keynesian Approach argues that spending on internal security has a positive influence on economic growth. Strictly speaking, Keynesians see expenditure on internal security as one of the components of total demand. They believe that there are idle capital and labour in the economy. Therefore, in a situation where an economy is experiencing a high rate of unemployment, higher internal security expenditure would increase aggregate demand which will lead to increased national output and the rate of employment\

The endogenous growth theory: Argues that economic growth comes from technological progress, which is fundamentally the ability of economic agents to utilize their productive resources more effectively over time through the process of learning. The economic spin-off of internal security expenditure is that internal security expenditure through research and development may promote technological progress which affects the civilian economy indirectly. Furthermore, provisions of educational training, technical skills, medical care, and the creation of infrastructure for the security officers are beneficial to economic growth and development. This is because the training of security officers will contribute to improving the educational level, discipline, and productivity of the labour force. To achieve adequate economic growth, public spending in human capital development – security research & development, operations and maintenance, and procurement, among others must be increased and this will enhance the country's growth and development (Inimino, et al., 2020).

The Monetarist Theory

This theory is championed by the monetarism high priest: Friedman (1963). In his view, people adjust their private consumption based on their permanent Income. Therefore, a temporary increase in income does not alter the consumption spending and does not create a multiplier effect. Further, private investment is sensitive to interest rates. The monetary policy can be effectively used to contain interest rates. An increase in money supply decreases interest rates, and since private investment is sensitive to interest rates, it therefore leads to an increase in aggregate spending in the economy. Friedman also argued that monetary policy is far more stable and powerful than Keynes suggests (Friedman, 1957). Monetary policy could be implemented relatively quickly and less costly; although, their effects are also subject to long outside lags. He suggests a rule based on monetary policy instead of discretionary fiscal policy.

The monetary theory believes that only money matters and thus rejected the idea of using fiscal policy for stabilizing the economy instead of monetary policy which is faster and less expensive.

Empirical Review

Adepeju (2018) Government spending, sustainable development. The study was based on ex post facto and used simple ordinary least square regression analysis. The result of the research showed that the availability of access to external finance strongly influences the level of government spending and economic growth of any nation. The result concludes that government spending management has

a positive impact on the development of any nation. Uchenna and Evans (2016) Government expenditure, fiscal decentralization, political instability, and economic growth. The econometric model used was estimated using the vector autoregressive technique. The study finds that government expenditure in Nigeria responds more to fiscal decentralization and political instability than to economic growth.

Akpan (2015), used Error Correction Model (ECM) in his study of the impact of government expenditure on economic development in Nigeria with two lags. He disaggregated government expenditure according to the Central Bank (CBN) classification/heading. He discovered that government expenditures (recurrent and capital) on economic services, administration, social and community services and transfers negatively impacted development at various lag periods, while at some other lags, they showed positive links. Peden and Bradley (2014), examined the effect of the size of the government on economic output and productivity in the US. The study adopted a multiple regression technique. The study revealed a negative effect on both the economic base (GDP) and the economic development rate(GDP development).

Fajingbesi and Odusola (2014), studied the relationship between economic development and public expenditure using the Vector Error-correction (VEC)model and found that real capital expenditure positively and significantly affected the real level of output whereas the real recurrent expenditure was relatively marginal. Longe (2014), examined the development and structure of government expenditure in an attempt to establish the general patterns of government expenditure in Nigeria. His study did not find any structural shift for the study period since the ratio of government expenditure to GNP has been on the increase over the period.

Chude and Chude (2013) Public expenditure, economic growth, The study used Ex-post facto research design and applied time series econometrics technique (Error Correction Model) The results indicate that total expenditure on government capital spending is highly and statistically significant, and have a positive relationship on economic growth in Nigeria in the long run. Odeleye (2012) Recurrent health expenditure, the study used primary and secondary annual data ranging from 1985 to 2007. The findings show that only recurrent health expenditure has significant effects on the population growth rate and the productivity of Nigeria.

Ajayi and Oke (2012) Government spending, capital project The study used regression analysis of Ordinary Least Squares (OLS) on secondary data. The findings indicate that government spending led to the devaluation of the nation's currency, an increase in the retrenchment of workers, continuous industrial strikes and a poor government education spending system. Lawal and Wahab (2011) Capital spending, economic growth in Nigeria The time series data were collected between 1980 and 2008, and OLS technique was used to estimate the model. The study finds that government capital spending investments have direct and significant impact on economic growth in Nigeria.

Chowdrg (2011) Government spending, economic growth. The study was based on causal effect design and used an error correction mechanism the vector auto-regressive (VAR) models and a co-integrating technique for data analysis. The study finds government spending has an impact on firms' performance, as spending can lead to inflation and inefficiency in the economy which will negatively affect the economic growth. Pattilo, Ricci and Poirson (2011) government spending growth, gross domestic product. The study used the Granger causality test and error. The study was based on a time series design. Their findings suggested the average impact of spending becomes negative at about 160-170 percent of exports or 35-60 percent of gross domestic product GDP).

Wahab (2011) Government spending, economic growth, disaggregate government spending. The study adopts the symmetric and asymmetric model approach. The study used the 2-stage Tobit/Logit dynamic panel data procedure. The study also finds government consumption spending has no significant output growth effects; while government investment spending has positive output growth effects, especially on growth that falls below trend growth. Nurudeen and Usman (2010) in their study Gross Fixed Capital Formation and Government Infrastructure Spending, Economic Growth. The study used a co-integration and error correction model in the time-series data collected between the period 1979 and 2007. The finding of the study shows that total capital expenditure, total recurrent expenditures, and expenditure on

education have a negative effect on economic growth. While the government expenditure on transport and communication has a positive significant effect on economic growth.

Omojomite (2010) Government capital spending, public expenditures capital Time series econometrics tools like co-integration and Granger Causality Test. The tests also revealed that there is bi-directional causality between public recurrent expenditures and project and economic growth. Time series data from 1980 to 2005 economic growth. No causal relationship was established between capital expenditure and growth in economic growth. Bewley and Li (2010) Government expenditure, study used regression analysis for the secondary data collected between 1990 and 2008. Their result shows that firms with higher dependency on public spending are unstable as government spending is unstable. The study finds government expenditure directly affects the level of economic growth in Canada. However, the level of effect differs with the various expenditure heads.

Smyth and Hsing (2009) Capital expenditure, recurrent expenditure, growth. The study was based on ex-post facto design and used an error correction mechanism (ECM) integrating technique for data analysis. The study finds that government spending has a positive impact on economic growth. Capital expenditure positively affects the economic growth in the long run, recurrent expenditure.

Dauda (2009) Gross fixed capital formation and government infrastructure spending, economic growth. The study used annual time series data of 1977 to 2007 and employed the Johansen co-integration technique and error correction model, the results indicate that there is a long-run relationship between investment in government infrastructure and economic growth.

Ojo (2009) Recurrent expenditure, capital expenditure, ecological and debt servicing cost. The study used time series data and adopted the descriptive design. The study used the Granger causality test and error correction model. The study finds that capital expenditure, and ecological cost Granger cause the level of economic growth in Nigeria.

METHODOLOGY

The study adopted an ex-post facto. Correlational research design is employed in research to establish the relationships among research variables, therefore ex-facto research design was used. The population of this study will include only the economy of Nigeria and all governmental sectors in Nigeria. For this study, the population consists of all possible elements that constitute expenditures in the Nigerian economy. However, we will stress government expenditure on education, government expenditure on public administration and Government expenditure on information and communication as dependent variables while the economy of Nigeria proxy by gross domestic product serves as the exogenous variable. The annual secondary time series data were collected from the Statistical Bulletin of the Central Bank of Nigeria [CBN (2023)] for twenty-four years (2000 to 2023), the multiple regression model was used with the aid of Eview (version 10). The regression technique is often considered as the best linear unbiased estimator due to its predictive precision. Besides, it has the advantage of ease in comprehension and application. However, irrespective of the model or parameters, the properties of a regression model are given as:

T-statistic tests, Decision Rule, Probability, F-statistic tests,

Regression Model Specification, The study generally shows that:

$$GEX = f(GDP) \tag{3.1}$$

Consequently, a more detailed expression of the model is specified thus:

$$GDP = f(EED, EPA, EIC) \tag{3.2}$$

Transforming equation 3.4 to econometric form, we have:

$$GDP = \beta_0 + \beta_1 EED + \beta_2 EPA + \beta_3 EIC + \mu \tag{3.3}$$

Where:

GDP = Gross Domestic Product

GEX = Government Expenditure

EED = Expenditure on Education

EPA = Expenditure on Public Administration

EIC = Expenditure on Information and Communication

μ = Error Term

$\beta_1 - \beta_4$ = Coefficient of Independent Variables to the Dependent Variables

= β_0 Regression Intercept

DATA PRESENTATION

The data used for the work is presented below:

Table 4.1: Gross Domestic Product (GDP), Expenditure on Education (EED), Expenditure on Public Administration (EPA) and Expenditure on Information and Communication (EIC) in Naira value (2000 – 2023).

Years	GDP	EED	EPA	EIC
2000	7,062.75	205.95	551.00	163.54
2001	8,234.49	260.17	696.05	255.20
2002	11,501.45	273.22	730.95	320.32
2003	13,556.97	300.57	804.12	399.23
2004	18,124.06	336.66	900.68	547.72
2005	23,121.88	383.82	1,026.84	788.41
2006	30,375.18	437.57	1,170.70	1,948.34
2007	34,675.94	491.61	1,349.00	2,744.79
2008	39,954.21	580.59	1,551.35	2,856.35
2009	43,461.46	694.10	1,758.45	2,979.48
2010	55,469.35	826.67	1,998.47	5,955.06
2011	63,713.36	1,110.72	2,471.24	6,379.56
2012	72,599.63	1,252.72	2,210.05	7,266.72
2013	81,009.96	1,549.93	2,384.90	8,359.41
2014	90,136.98	1,804.40	2,644.23	9,588.58
2015	95,177.74	2,116.35	2,552.45	10,781.08
2016	102,575.42	2,445.95	2,783.83	11,479.50
2017	114,899.25	2,590.86	2,921.59	11,717.56
2018	129,086.91	2,734.53	2,926.09	12,979.87
2019	145,639.14	2,969.32	2,896.76	15,402.79
2020	154,252.32	2,707.44	2,971.59	16,808.64
2021	176,075.50	2,804.97	3,007.99	17,775.02
2022	202,365.03	3,023.74	3,333.39	21,151.67
2023	234,425.91	3,114.91	3,450.69	29,779.37

Source: CBN Statistical Bulletin 2023

DATA ANALYSIS

The data were analyzed to answer research questions and achieve the stated objectives. In all, three hypotheses were tested for the study. Ordinary least square multiple regression was used for the analysis. The result of the analyses is summarized below:

Table 2. Ordinary Least Square Multiple Regression

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	12632.15	4168.123	3.030658	0.0069
EED	-2.503954	4.999014	-0.500890	0.6222
EPA	-2.508492	4.006267	-0.626142	0.5387
EIC	9.587389	0.800895	11.97085	0.0000
R-squared	0.992334	Mean dependent var		74481.26
Adjusted R-squared	0.991124	S.D. dependent var		57530.38
S.E. of regression	5420.140	Akaike info criterion		20.19040
Sum squared resid	5.58E+08	Schwarz criterion		20.38788
Log-likelihood	-228.1896	Hannan-Quinn critter.		20.24007
F-statistic	819.8472	Durbin-Watson stat		1.503146
Prob(F-statistic)	0.000000			

Source: *E-view 10*

From Table 2, EED, EPA and EIC are the independent variables whereas GDP is the dependent variable. The result of the analysis showed that EED and EPA had no significant effect on GDP whereas EIC had a positive significant effect on GDP at a 5 percent level of significance during the period of the study. The adjusted r^2 0.99 implies that variation in all the explanatory variables accounts for 99% of the variation in gross domestic product. F – Statistics measures the overall significance of the model. The F-statistic is 818.8472 and the probability of the F-statistic is 0.000000 is far less than the 0.05 power of the test. This means that government expenditure had a significant effect on Nigeria’s economic growth.

Hypothesis one

H0₁: There is no significant effect between government expenditure on education and gross domestic product in Nigeria.

Decision: Since the probability of the calculated value is more than the critical value ie $0.6222 > 0.05$, we accept the null hypothesis and therefore conclude that government expenditure on education t has no significant effect on gross domestic product in Nigeria.

Hypothesis two

H0₂: There is no significant effect between government expenditure on public administration and gross domestic product in Nigeria.

Decision: Since the calculated value is more than critical value ie $0.5387 > 0.05$, we accept null hypothesis and therefore conclude that government expenditure on public administration has no significant effect on gross domestic product in Nigeria

Hypothesis three

H0₃: There is no significant effect between government expenditure on information and communication and gross domestic product in Nigeria.

Decision: Since the probability of the calculated value is less than the critical value ie $0.0000 < 0.05$ we accept the alternate hypothesis and therefore conclude that government expenditure on information and communication has a positive significant effect on gross domestic product in Nigeria.

DISCUSSION OF FINDINGS

Research conducted on the effect of government expenditure on Nigeria's economic growth showed that expenditure on education had no significant effect on the gross domestic product in Nigeria under the period of the study. The probability of the t-statistics 0.6222 is more than 0.05 power of test. The coefficient -2.503954 showed a negative signifying that 1% increase in expenditure on education decreases the gross domestic product in Nigeria by N2.503954.

Secondly, the analysis also showed that expenditure on public administration had no significant effect on the gross domestic product in Nigeria under the period of the study. The probability of t-statistic 0.5387 is more than 0.05 power of test. The coefficient -2.508492 showed that 1% increase in expenditure on public administration decreases the gross domestic product in Nigeria by N2.508492

Finally, the analysis also confirmed that expenditure on information and communication had a positive significant effect on the gross domestic product in Nigeria during the period of the study. The probability of the t-statistic 0.0000 is less than 0.05 power of test. The coefficient 9.587389 showed that a 1% rise in expenditure on information and communication increases the gross domestic product by N9.587389

The adjusted r^2 0.99 implies that variation in all the explanatory variables accounts for 99% of the variation in gross domestic product. F – Statistics measures the overall significance of the model. The F-statistic is 818.8472 and the probability of F-statistic is 0.000000 is far less than 0.05 power of test. This means that government expenditure had a significant effect on Nigeria's economic growth. Durbin Watson is 1.503146 showing the absence of autocorrelation.

The result shows clearly that the government has not funded education in Nigeria. The amount of money allocated to the education sector in Nigeria is far below the 26% recommended by UNESCO hence not affecting the growth of the economy. No wonder in the recent world university ranking, none of the government universities in Nigeria rank up to 1000. Also, the result displayed flamboyant and reckless expenses on public administration which politician cornered for their personal use. Money budgeted on public administrations were syphoned by greedy politicians and hence had no effect on the economy. Only information and communication have a positive significant effect on the growth of the economy probably because this sector is majorly controlled by the private sector.

CONCLUSION AND RECOMMENDATIONS

The researcher therefore concluded that Government expenditure on education has no significant effect on gross domestic product in Nigeria, government expenditure on public administration has no significant effect on gross domestic product in Nigeria and expenditure on information and communication has a positive significant effect on gross domestic product in Nigeria.

The coefficients of expenditure on education and public administration were negative whereas the coefficient of information and communication was positive.

The study further concludes that the combined effort of all the variables showed a positive significant effect.

The study also concluded that the underlying theories in this study had fully explained the findings of the study.

Based on the findings of the study, the following recommendations have been made to guide the policy of the government:

1. The Nigerian government should increase the funding in the education sector to 26% as recommended by UNESCO to enhance productivity and boost the economy.
2. The government should put up measures to checkmate those syphoning the funds allocated for public administration to grow the economy
3. The government should sustain the tempo of information and communication and create a more enabling environment for the sector to operate and boost the economy.

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