Fiscal Policy and Economic Growth in Nigeria: The Role of Institutional Factors

Habeeb Olaniyi OLAYIWOLA & Najeem Ayodeji ISIAKA
Department of Banking and Finance, The Federal Polytechnic, Ilaro
habeeb.olayiwola@federalpolyilaro.edu.ng; najeem.isiaka@federalpolyilaro.edu.ng

Abstract

This study investigated the role of institutional factors in the nexus between fiscal policy and economic growth in Nigeria between 1991 and 2021. Time series data on real gross domestic product (proxy of economic growth), tax revenue, public debt, government expenditure, rule of law and control of corruption were sourced from World Development Indicator (WDI) and World Governance Indicator (WGI). The data were analyzed using descriptive statistic, Augmented Dickey-Fuller (ADF) tests, and regression analysis. The result from the baseline regression model reveals a direct and positive relationship between real gross domestic product and tax revenue, government expenditure and public debt. However, only government expenditure has a significant impact on real gross domestic product. Following the interaction of institutional factors (such as control of corruption and rule of law) with fiscal policy instruments, it was discovered that corruption control mitigates public debt contribution to economic growth while rule of law enhances the role of government expenditure in achieving economic growth in Nigeria. In view this, the study concludes that institutional factors (such as control of corruption and rule of law) is an essential ingredient in the effectiveness of fiscal policy on economic growth in Nigeria. The study recommends a grant of full autonomy to anti-corrupt agencies and strict punishment for the corrupt officials in public and private sectors. This would help to curb the extent of fund diversion and encourage re-investment of such funds into productive sectors.

Keywords: Economy, Fiscal Policy, Institutional Factors, Tax Revenue.

Introduction

Every government has a fundamental goal of achieving sustain growth and development. To this end, the policy makers make use of fiscal policy as one of the macroeconomic policies to influence the economic activity (Oseni & Onakoya, 2012). Fiscal policy complements the role of monetary policy in the aspect of poverty reduction, price stability, creation of jobs and achievement of economic growth. Hence, these policies are the lubricant to any economy challenges (Agu, Okwo, Ugwunta & Idike, 2015).

Fiscal policy involves the use of taxes, debts, expenditures as well as budget and finance to regulate the economic output. This policy is set to achieve different objectives based on individual economic characteristics. In developed countries, it focuses on the attainment of economic stability. On the other hand, it deals with the acceleration of economic development in under-developed countries. Fashola (2001) corroborates that fiscal policy is employed by the government to deal with the circular flow in the economy, creates employment, reduces inflation and sustain national welfare.

In Nigeria, the economy structure has been experiencing shocks and disturbances since the early 1950s. Earlier, the economy is based on agricultural sector. However, the focus has been shifted to oil sector since 1970s, which leads to unstable gross domestic product in Nigeria. The degree of shocks occurs both internally and externally. The poor consumption and investment patterns, changes in future expectation as well as ineffective policy implementation are responsible for internal shocks, while the external factors identified include population growth, technology, war, and revolution among others (Gbosi, 2001). Hence, fiscal policy is germane in every economy, especially developing nations as the instrument of economic sustainability. This is because fiscal policy is regarded as an economic shock absorber in specific areas of development (Gbosi, 2001).

Fiscal policy is not identified as crucial policy until the postulations of the Keynesians in the mid 1930's which enhance its role as a tool to tackle economic depression of North American and Western Europe. Drawing from this experience, the policy measure used by the government to correct this menace include rising public spending (Nagayaju, 2003). Ideally, an increase in public spending should reduce unemployment level but the reverse is the case in Nigeria i.e as public spending rises, unemployment tends to increase.

Okunroumu (1993) posits that the intention of the government to attain stable macroeconomic indicators has been unproductive; hence it is difficult to say Nigerian economy is performing, considering the level of inflation, unstable exchange rate, rising unemployment rate, and unfavourable balance of payment. As such, the economy may not adequately function in an environment characterized by low-capacity utilization and unpredictable government policy (Isaksson, 2011). In this regard, poverty alleviation is yet to be achieved as the major obstacle has been the conduct of macroeconomic policies (particularly fiscal policy). Dearth of fiscal discipline is further worsened by poor policy co-ordination among the three levels of government. Also, there is an evidence of low revenue base emanating from a narrow tax base which leads to low tax compliance (Odewunmi, 2012).

In view of this, several studies have been carried out on the significance of fiscal policy on economic performance across countries. The study carried out by Ugwuanyi and Ogwunta (2017), Babalola (2015), and Timothy and Ishola (2020) reveal a positive connection between fiscal policy instruments and economic growth while Efe (2021) and Adegboyo, Sunday and Fashina (2021) argued that fiscal policy instruments, especially debts and tax revenues have no influence on economic growth of developing countries. The inconsistence in the results gave rise to questions on the important of fiscal policy in an economy, hence the need for further studies. This study intends to fill the gap in the literature by considering the role of institutional factors in fiscal policy-economic growth nexus in Nigeria

Fiscal Policy and Economic Growth

Fiscal policy has been argued to be an integral part or catalyst for better economic performance as it allows government to run the economy affairs via taxes, debts and public expenditure (Abata, Kehinde & Bolarinwa, 2012). Boyle (2021) views fiscal policy as a means of influencing economic aggregates, such as employment, inflation, aggregate demand and economic growth through the use of taxes and public spending. It is the government policy involving the adjustment of public spending, tax revenue and other incomes (such as borrowings) to achieve overall national objectives. No wonder, fiscal policy is argued by Keynes (1936) as the ideas needed by all successive government to stabilize business and regulate aggregate economic output. Specifically, government can regulate economic productivity by reducing or increasing public spending or tax rates, thereby moderating inflation and exchange rate, creates jobs, reduce poverty, improve standard of living and achieve sustained growth and development. Deductively, the major instruments of fiscal policy include tax revenue, government expenditure and public debt. Fiscal policy can either be expansionary or contractionary as postulated by Keynes (1936). Hence, a government could focus on contractionary fiscal policy during high inflation and other expansionary symptoms while in a recession, it is expected of government to adopt expansionary fiscal policy by reducing tax rates and increasing public spending to boost aggregate demand and enhance economic growth.

Economic growth on the other hand is the consistent or steady growth in the economic output overtime. It represents an upsurge in the economy capacity to produce goods and services for a specific period compared to another period (Efe, 2021). As stated by Jhingan (2005), economic growth involves a gradual long run changes which results to increase in savings and population. Illyas and Siddiqi (2010) measures economic growth in monetary terms without considering other aspect of development. They classified growth as either positive or negative growth. It is positive growth when an economy is booming while negative growth is seen as economic recession or depression (King & Levine, 1993). Economic growth is usually measured by gross domestic product which is the monetary value of goods and services produced in a particular country over a specific period of time, irrespectively of the nationality of the producer in the economy (Efe, 2021).

Using public expenditure and taxes to boost economy is part of plans of the government to achieve sustainable growth (Okorie, Sylvester & Simon-Peter, 2017). Thus, fiscal policy is a useful tool of reducing inflation and poverty, improving balance of payment, stabilizing exchange rate, accumulating savings and achieving overall growth of the economy. Agu and Idike (2014) supported this assertion by emphasizing the role of fiscal policy in influencing money stock, price stability and increased economic productivity. Hence, fiscal policy is a greater weapon of economic stabilization and macroeconomic stability (Efe, 2021). Growth is determined by increased capital stock, active labour force and quality of human capital, technology and innovation, maintenance of rule of law, increase in aggregate demand and macroeconomic stability. Thus, for fiscal policy to influence the growth of an economy, the fiscal policy management must direct fiscal policy instruments to affect each or some of the growth determinants in order influence the overall growth of an economy.

Theoretical Review

This study relies on the postulation of Solow growth theory as it explains the growth rate of an economy through the interaction between three forces, including labour, capital and technology. The theory explains how short-term equilibrium occur during production process due to the nexus between capital and labour. Further, changes in technology play a significant role in achieving economic growth of a nation. Specifically, growth may discontinue without the inclusion of advanced technology in production process. Also, the capital accumulation and how people utilize capital in an economy is a sufficient condition to achieve economic growth. Thus, the interaction between capital and labour determines the volume of economic output and technology augments the productivity of labour, thereby increasing the ability of labour (Van, 2020).

Empirical Review

Empirical Studies Outside Nigeria

The study carried out in China by Junsuk, Mengxi, Donghyun and Petalcorin (2021) examine the nexus between fiscal policy and economic growth using Structural Vector Autoregressive (SVAR). The findings show that local expenditure has greater impact on economic growth than central expenditure. Similarly, it was discovered that the response of taxes to economic growth is affected by liquidity problem while public investment in manufacturing sector and long-term debt plays a significant role in enhancing the China's economy.

Naser and Hayelom (2021) analyzed the influence of fiscal policy on economic growth of South Africa using nonlinear ARDL. The study captures data from the second quarter 0f 2014 to first quarter of 2018. The study confirmed the significant influence of negative change of government spending on economic growth compared to positive effect of public spending Similarly, Benimana (2020) covered the period of 1999 -2017 to investigate the influence of fiscal policy on Rwanda's economy. The study used multiple regression method to analyse the data considered for the study. It was discovered that public debt, government expenditure and revenues positively impacted on gross domestic product of Rwanda.

Empirical Studies from Nigeria

Efe (2021) investigated the nexus between fiscal policy and economic growth in Nigeria using Johanson co-integration and error correction model. The data captures in the study are oil and non-oil revenue, capital and recurrent expenditure, fiscal deficit, local and foreign debts as well as gross domestic product (proxy of economic growth) covering 1981-2019. The study discovered that recurrent and capital expenditure, and non-oil revenue positively related with economic growth while local and foreign debt as well as fiscal deficit negatively interact with economic growth. It was concluded that a significant interaction exists between fiscal policy and economic growth in Nigeria. The study therefore recommends diversification of economy and ensure adequate channeling of public expenditure into a productive sector.

The study of Timothy and Ishola (2020) analysed the impact of fiscal and monetary policies on economic growth in Nigerian between 1989 and 2018. The study considers some variables such as total revenue, government expenditure, interest rate, inflation rate, money supply, and gross domestic product. Autoregressive Distributed Lag (ARDL) was used to analyze data. The results show that total revenue, money supply and government expenditure play an important role in achieving economic growth in Nigeria. Thus, the study suggested an injection of funds into the economy and expenditure and revenue should be used optimally.

Nwamuo (2020) employed co-integration analysis to investigate the interaction between fiscal policy and economic growth in Nigeria using data from 1981 to 2018. The variables of study include domestic and foreign debt, capital and recurrent expenditure as well as non-oil revenue. The findings show a positive and short run connection between economic growth and domestic debt, foreign debt as well as non-oil revenue. On the other hand, a negative and significant impact of capital and recurrent expenditure is seen on economic growth. Furthermore, a long run connection was established between the variables under study.

Methodology and Variable Measurement

The study employs time series data and tests for its stationary using Augmented Dickey Fuller (ADF) unit test. Ordinary Least Square (OLS) method via baseline and interactive regression models was used to analytical technique. Relevant data used for the study were culled from World Development Indicator (WDI) and World Governance Indicator (WGI) spanning from 1991 to 2021.

S/N	Variables	Description	Measurement	Source
1	RGDP	Real GDP (Dependent variable)	Measured by GDP (constant 2015 US$)	WDI, 2022
2.	TR	Tax Revenue (Predictor)	Measured by Taxes less subsidies on products (current US$)	WDI, 2022
3	GS	Government expenditure (predictor)	Measured by Gross national expenditure (constant 2015 US$)	WDI, 2022
4	PD	Public Debt (control variable)	Measured by External debt stocks, total (DOD, current US$)	WDI, 2022
5	CO	Control of corruption (moderating variable)	Corruption index	WGI, 2022
6	RL	Rule of law (moderating variable)	Rule of Law index	WGI, 2022

Source: Author's compilation, 2022

Theoretical Framework and Model Specification

The study adopts Solow Growth Model as its theoretical background. This model is specifying as:

$$Y = F(K, AL) \quad (1)$$

Where;
Y implies gross domestic product, K means capital, A is technology and L represents labour. The study substitute capital, labour and technology progress with fiscal policy instruments such as; tax revenue, government expenditure and public debt. The model is specified as follows:

$$Y = f(TR, GS, PD) \quad (2)$$

Baseline Regression Model

In implicit form

$$RGDP = f(TR, GS, PD) \quad (3)$$

Explicitly

$$RGDP = \beta_0 + \beta_1 TR + \beta_2 GS + \beta_3 PD + \mu \quad (4)$$

Interactive Regression Model

Considering the interaction of control of corruption with fiscal policy instruments

$$RGDP = \beta_0 + \beta_1 TR + \beta_2 GS + \beta_3 PD + \beta_4 (GS*CO) + \beta_5 (PD*CO) + \beta_6 (TR*CO) + \mu \quad (5)$$

Taking cognizance of the role of rule of law in the nexus between fiscal policy instruments and economic growth in Nigeria

$$RGDP = \beta_0 + \beta_1 TR + \beta_2 GS + \beta_3 PD + \beta_4 (GS*RL) + \beta_5 (PD*RL) + \beta_6 (TR*RL) + \mu \quad (6)$$

Where; β_0= constant term, $\beta_1 - \beta_6$ is the slope of the regression and μ = error term

Results, Interpretation and Discussion of Findings

Table 1: Summary Statistics of Variables

	RGDP	TR	GS	PD	CO	RL
Mean	3.10	2.38	3.31	3.25	-1.15	-1.12
Median	2.87	1.40	3.29	3.14	-1.16	-1.13
Maximum	5.12	6.63	5.71	7.03	-0.89	-0.81
Minimum	1.52	0.00	1.56	1.30	-1.43	-1.43
Std. Dev.	1.37	2.10	1.34	1.26	0.12	0.18
Skewness	0.21	0.60	0.00	1.09	-0.44	0.02
Kurtosis	1.42	1.96	1.52	4.49	3.48	2.05
Jarque-Bera	3.43	3.30	2.80	9.03	1.09	0.97
Probability	0.17	0.19	0.24	0.01	0.57	0.62
Sum	9.61	7.39	1.03	1.01	-29.89	-29.29
Sum Sq. Dev.	5.65	1.32	5.41	4.77	0.33	0.81

Source: Author's compilation from Eviews

The table 1 presents the attributes of the variables of study, including real gross domestic product, tax revenue, government expenditure, public debt, control of corruption and rule of law. The mean is based on individual variables as it can be seen in the table, real gross domestic product indicates 3.10, tax revenue (2.38) and control of corruption (-1.15) among others. Government expenditure reveals the highest value of mean over the period under study. The results show minimum and maximum values of individual variables such as real gross domestic product of 1.52 (min) and 5.12 (max). The degree of variable fluctuation measured by standard deviation show the highest value for tax revenue and followed by real gross domestic product. Similarly, all the values of the series tend towards zero except public debt as revealed by the skewness results. In terms of normality, the probability of JB statistic of the variables exceed 5% except public debt. Thus, the study concludes that all the data are normally distributed except public debt.

Table 2: ADF Unit Root Test

Null Hypothesis: the variable has a unit root							
	At Level						
		RGDP	TR	GS	PD	CO	RL
With Constant	t-Statistic	0.1048	-0.6596	0.0448	-0.5601	-2.1260	-1.0828
	Prob.	***0.9606***	***0.8411***	***0.9556***	***0.8647***	***0.2368***	***0.7062***
		n0	n0	n0	n0	n0	n0
With Constant & Trend	t-Statistic	-3.0675	-5.1670	-2.8924	-0.5711	-2.3909	-3.1350
	Prob.	***0.1345***	***0.0013***	***0.1788***	***0.9733***	***0.3748***	***01231***
		n0	***	n0	n0	n0	n0
	At First Difference						
		d(RGDP)	d(TR)	d(GS)	d(PD)	d(CO)	d(RL)
With Constant	t-Statistic	-2.7191	-5.1072	-6.6526	-2.9019	-5.4709	-3.3528
	Prob.	***0.0830***	***0.0003***	***0.0000***	***0.0574***	***0.0003***	***0.0258***
		*	***	***	*	***	**

Significance value p<0.01***, p<0.05**, p<0.1*

Source: Author's compilation from Eviews

The unit test is presented in table 2 using Augmented Dickey Fuller (ADF) test. Following the results, only tax revenue is stationary at level I(0) at 1% while real gross domestic product, government expenditure, public debt, control of corruption and rule of law are stationary at first difference I(1) with different level of significance. Real gross domestic product and public debt are stationary at 10%, government expenditure (1%) and rule of law at 5%. Thus, the data are suitable for regression analysis and also freed of spurious outputs.

Table 3: Baseline Regression

Variable	Coeff	Std Error	Prob.
C	-1.08	2.20	0.63
TR	7.10	5.18	0.18
GS	0.89	0.08	0.00***
PD	0.20	0.48	0.64
R^2	0.96		
Adjusted R^2	0.95		
f-statistics	217.52***		
Heteroskedasticity	0.19		

Significance value p<0.01***, p<0.05**, p<0.1*

Source: Author's compilation from Eviews

The baseline regression results are shown in the Table 3. It reveals a direct and positive relationship between real gross domestic product and tax revenue, government expenditure as well as public debt. That is, a unit increase in tax revenue yield about 7.1 unit increase in real gross domestic product. Similarly, as government spending rise by a unit, real gross domestic product will be boosted by 0.89 unit. Further, a unit increase in public debt will upsurge real gross domestic product by 0.2 unit. Hence, government spending has significant impact on real gross domestic product in Nigeria. On the other hand, tax revenue and public debt exert insignificant influence on real gross domestic product. The R^2 and adjusted R^2 results revealed the fitness of the variables into the model. The f-statistics test overall significance of the fiscal policy tools on the economy. Expectedly, the result shows the significant influence of the combine variables on real gross domestic product. Finally, the Heteroskedasticity test reveals a probability of 0.19 which exceed 5%, implying that the instrument is freed of heteroskedasticity.

Table 4: Fiscal Policy Instruments Interaction with Control of Corruption

Variable	Coeff	Std Error	Prob.
C	9.11	3.04	0.77
TR	72.96	74.13	0.34
GS	-0.63	0.99	0.58
PD	14.60	6.71	0.07*
GS*CO	-1.37		
PD*CO		13.04*	
TR*CO			61.72
R^2	0.95		
Adjusted R^2	0.94		
f-statistics	73.86***		
Heteroskedasticity	0.78		

Significance value p<0.01***, p<0.05**, p<0.1*

Source: Author's compilation from Eviews

The Table 4 shows the role of control of corruption in tax revenue, public expenditure, and debt in their connection with economic growth. The interaction of corruption control with government expenditure shows a negative sign while that of public debt and tax revenue is positive. This means that a unit increase in public debt and tax revenue will boost real gross domestic product at 13 and 62 units respectively. On the other hand, a unit rise in government may likely reduce real gross domestic product. The R^2 and adjusted R^2 results explain the suitability of the variables of study in the model. The f-statistics confirmed the significant impact of the fiscal policy instruments on Nigeria's economic growth at 1%. Similarly, the model is freed of heteroskedasticity.

Table 5: Fiscal Policy Instruments Interaction with Rule of Law

Variable	Coeff	Std Error	Prob.
C	-9.09	3.60	0.80
TR	-68.09	68.43	0.34
GS	2.26	0.74	0.01***
PD	-3.99	4.37	0.37*
GS*RL	1.17*		
PD*RL		-3.80	
TR*RL			-60.54
R^2	0.96		
Adjusted R^2	0.95		
f-statistics	85.82***		
Heteroskedasticity	0.61		

Significance value p<0.01***, p<0.05**, p<0.1*

Source: Author's compilation from Eviews

The role of rule of law in government expenditure, tax revenue, and public debt in their association with economic growth in Nigeria is presented in table 5. The interaction of rule of law with government expenditure exert a positive sign while public debt and tax revenue show negative relationship. This implies that as government expenditure rise by a unit, real gross domestic product increased by 1.2 unit while public debt and tax revenue reduces real gross domestic product by 3.8 and 60.5 units respectively. Expectedly, The R^2 and adjusted R^2 results confirmed the fitness of the model. The f-statistics show overall significant impact of fiscal policy tools on the growth of Nigerian economy at 1%. Further, the instrument is freed of heteroskedasticity at 0.61.

Discussion of Findings

The table 1 shows the attributes of variables of study where government expenditure recorded highest value of mean, while control of corruption indicates the least mean value over the period. This is attributed to incessant increase in government spending, both on capital and recurrent expenditure in Nigeria. Yet, this spending pattern leaves the country in low economic performance. The lowest mean of corruption control demonstrates poor strategies of controlling corrupt practices, thereby serves as a bottleneck to Nigerian economy progress. The degree of variable fluctuation measured by standard deviation show the highest value for tax revenue and followed by the real gross domestic product. This result is not surprising as the current economic situation is not encouraging due to the effect of COVID 19 on global economy. In terms of normality, the probability of JB statistic confirmed the normality of the series except public debt. Further, the table 2 presents ADF unit test of the variables considered in the model. The results show that all the variables are stationary at first difference except tax revenue which is stationary at level.

The table 3 shows the outcome of the impact of fiscal policy instruments on economic in Nigeria. Positive relationship was discovered between real gross domestic product and the explanatory variables - tax revenue, government expenditure and public debt. Thus, a unit increase in each of the variables will boost real gross domestic product of Nigeria. These results conform with economic theories, (particularly the Keynes perception on fiscal policy) and also agreed with the findings of Babalola (2015). However, only government spending has significant impact on real gross domestic product for the period under study.

The table 4-5 presents the role of institutional factors in fiscal policy-economic growth nexus in Nigeria. The institutional factors considered in this study include control of corruption and rule of law. The interaction of control of corruption with public debt mitigated the nexus between public debt and economic growth (measured by real gross domestic product) in Nigeria. As can be seen in baseline regression, public debt only interacts with real gross domestic product at 0.2. However, following the interaction of corruption control with this variable, public debt will boost economic growth by 13 units. Similarly, public debt becomes significant at 10% as against the baseline regression. This implies that control of corruption will adequate moderate public debt to achieve desire economic growth in Nigeria.

Following the interaction of rule of law with government expenditure, it is obvious that rule of law alleviates the relationship between government expenditure and economic growth. The result of the baseline regression confirms minimal contribution of government spending to real gross domestic product at 0.9 but the interaction with rule of law increases its positive relations to 1.2 units and significant at 10%. This means that rule of law plays a significant

role in the relationship between government expenditure and real gross domestic product (proxy of economic growth) in Nigeria

Conclusion and Recommendations

Fiscal policy has been discovered as an essential tool of accelerating growth of a nation as well as achieving full employment, price stability and national welfare. Based on the results, the study concludes that institutional factors, such as control of corruption and rule of law is an important ingredient in the effectiveness of fiscal policy instruments on economic growth in Nigeria. Thus, the study provides the following policy recommendations:

- Considering the positive and insignificant influence of tax revenue on economic growth, the study recommends a downward review of tax rate to increase aggregate demand and empower the businessmen to invest more into the economy. This will help to achieve increased economic output in Nigeria.

- Following the significant impact of government spending on economic growth, the study recommends further injection of money into the economy but to the agricultural sector and infrastructural facilities. This would in turn boost the availability of raw materials needed for productive uses.

- In view of the positive and insignificant impact of public debt on economic growth, the study suggested minimal borrowings, both locally and internationally in order to reduce high cost of debt servicing. Similarly, the money borrowed should be channelled to budgeted project or infrastructural facilities to avoid virement of government funds.

- Based on the significant influence of institutional factors (control of corruption and rule of law) with fiscal policy instruments (public debt and government expenditure), the study recommends a grant of full autonomy to anti-corrupt agencies and strict punishment for the corrupt officials in public and private sectors. This would help to curb the extent of fund diversion and encourage re-investment of such funds into productive sectors.

References

Abata, M. A., Kehinde, J. S., & Bolarinwa, S. A. (2012). Fiscal/monetary policy and economic growth in Nigeria: A theoretical exploration, *International Journal of Academic Research in Economics and Management Sciences*, 1(5), 75-88.

Adegboyo, O. S., Sunday, A. K., & Fashina, O. T. (2021). The impact of government policies on Nigeria economic growth: Case of fiscal, monetary and trade policies. *Future Business Journal*, 7(1), 1-14

Agu, S. U. & Idike, A. N., Okwor, I. M. I. & Ugwunta, D. (2015). Fiscal policy and economic growth in Nigeria: Emphasis on Various components of public expenditure. *Singaporean Journal of Business Economics and Management Studies,* 2(12) 37 – 54.

Babalola, A. I. (2015). Fiscal policy and economic development in Nigeria. *Journal of Economics and Sustainable Development*, 6(7), 150-159

Benimana, V. (2020). The impact of fiscal policy on economic growth in Rwanda. Retrieved from SSRN: https://ssrn.com/abstract=3666901 on 15th June, 2021.

Efe, E. R. (2021). *Fiscal policy and economic growth in Nigeria*. Being a Thesis Submitted to the Department of Banking and Finance, Mallam Sanusi Lamido Sanusi College of Business and Management Studies, Igbinedion University, Okada in Partial Fulfilment of the Requirement for the Award of the Degree of Doctor of Philosophy (Ph.D) in Banking and Finance.

Fashola, M.A. (2001). *Macroeconomics theory; Highlights and policy extensions for less-developed economies*, 3rd Edition. Lagos: Concept Publication.

Gbosi, A. N. (2001). *Contemporary Macroeconomic Problems and Stabilization Policies in Nigeria*. Antovic Ventures, Port Harcourt.

Illyas, M., & Siddiqi, M.W. (2010). The impact of revenue gap on economic growth: A case study of Pakistan. *International Journal of Human and Social Sciences, 1(1),* 5-11.

Isaksson, A. (2011). Financial liberalization, foreign aid and capital mobility: Evidence from 90 developing countries. *Journal of International Financial Markets, Institutions and Money,* 11(1), 309-338.

Jhinghan M.L. (2005), *Economics of development and planning, (38th edition).* New Delhi: Vikas Publishing House PVT Ltd.

Jungsuk, K., Mengxi, W., Donghyun, P., & Petalcorin, C.C. (2021). Fiscal policy and economic growth: Some evidence from China. *Review of World Economics*, Retrieved from https://link.springer.com/content/pdf/10.1007/s10290-021-00414-5.pdf on 15th June, 2021.

Keynes, J. M. (1936). *The general theory of employment, interest, and money supply*, (1st edition), London: Macmillian.

King, R.G., & Levine, R. (1993), Finance and growth: Schumpeter might be right. *Quarterly Journal of Economics*, 108 (3), 717-737.

Nagayaju, D.A. (2003). The impact of fiscal policy on poverty in ethiopia: A Computable General Equilibrium Micro simulation analysis. *Ethiopian Journal of Economics*, 23(1), 56-78.

Naser, Y. N. & Hayelom, Y. G. (2021). The effect of fiscal policy on economic growth in South Africa: A nonlinear ARDL model analysis. *Journal of Economic and Administrative sciences*, Retrieved fromhttps://www.emerald.com/insight/content/doi/10.1108/JEAS-06-2020-0088/full/ html?skipTracking=true on 15th June, 2021.

Nwamuo, C. (2020). Impact of fiscal policy on the economic growth in Nigeria: An empirical analysis. *European Journal of Business and Management*, 12(12), 37-50.

Odewummi, R. M. (2012). *The Nigerian fiscal and monetary policy - Challenges and prospect* (Online – www.olafideavociate.com/olajide/p) Retrieved on March 30, 2017.

Okorie, D., Sylvester, M. A., & Simon-Peter, D. A. (2017). Relative effectiveness of fiscal and monetary policies in Nigeria. Asian Journal of Social Science Studies, 2, 1.

Okunrounmu, T.O. (1993). Fiscal policies of the federal government strategies since 1986, *Central Bank of Nigeria, Economic and Financial Review*, 31(4), 340-350.

Oseni I. O. & Onakoya, A. B. (2012). Fiscal policy variables-growth effect: Hypothesis testing. *American Journal of Business and Management*, 1 (3), 100-107.

Ugwuanyi, U. B. & Ogwunta, O. D. (2017). Fiscal policy and economic growth: An examination of selected countries in Sub-Saharan Africa. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 7(1), 117-130

Timothy, T. A. & Ishola, V. O. (2020). *Effect of fiscal policy and monetary policy on economic growth in Nigeria (1989-2018)*: A time series analysis. Retrieved from https://ssrn.com/abstract=3706157 on 11th April, 2021.

Van, G. G. (2020). *A mathematical theory of economic growth.* https://www.researchgate. net/publication/340716188