Fiscal Policy Interventions and Their Implications for Economic Growth: Evidence From Nigeria

Uzo, Henry Oguejiofor
Department of Economics, Veritas University Abuja

Obansa, S.A.J.
Department of Economics, Veritas University Abuja

Ihuoma, Anthony
Department of Economics, Veritas University Abuja

Olushola, Oluwatosin
Department of Economics, Veritas University Abuja

Abstract
This research delves into the empirical investigation of fiscal policy interventions and their effects on economic growth in Nigeria. Employing the econometric technique of Autoregressive Distributed Lag (ARDL) Model, the study scrutinized time series data encompassing Nigeria's economic growth rate, government capital expenditure, government recurrent expenditure, petroleum profit tax, company income tax, and budget deficit spanning from 1981 to 2022. Data were sourced from World Development Indicators (WDI), Central Bank of Nigeria Statistical Bulletin, as well as National Bureau of Statistics.The study's outcomes reveal that government capital expenditures exhibit a significant and positive correlation with economic growth rate in the long term. Conversely, government recurrent expenditures display a negative and insignificant relationship with economic growth rate over the long run. Company income tax demonstrates an insignificant and negative association with economic growth rate in the long term. In contrast, petroleum profit tax manifests a notable and positive relationship with economic growth rate, marking a 10% significance level in the long run. Similarly, budget deficit shows a significant and positive correlation with economic growth rate at a 10% significance level over the long term.Consequently, the study recommends that taxationpetroleum profit tax, which exhibited a positive correlation with economic growth rate, should be efficiently managed by the government to attain macroeconomic objectives. Furthermore, the study recommends augmenting government expenditure on capital projects while curtailing the costs associated with governance and recurrent expenditures, thereby fostering economic growth.
Key words: Fiscal Policy Implementation, Budget Deficit, Economic Growth, Dynamic ARDL
JEL Classification: C01 C22 E22 E43

I.   Introduction
Fiscal policy stands as a linchpin in sculpting the economic landscapes of nations worldwide, wielding profound influence over economic growth, stability, and development. In Nigeria, a nation marked by a mosaic of economic challenges and opportunities, the execution of fiscal policy assumes paramount importance. Across the years, Nigeria has navigated the terrain of nurturing sustainable economic growth amidst the undulating waves of global markets, internal socio-political dynamics, and shifting domestic priorities.It's widely acknowledged that the efficacy of market mechanisms alone falls short in addressing all economic imperatives. Hence, public policy steps in to correct, guide, and complement market forces. Within this framework, governmental strategies, including fiscal and monetary policies, serve as tools to rectify market discrepancies and failures. Fiscal policy, specifically, encompasses the deliberate manoeuvres orchestrated by a country's government concerning spending, taxation, and debt management, all aimed at influencing economic variables such as national income (Babalola, 2015).

Governments in Nigeria have wielded fiscal policies as instruments to steer the economy

towards various macroeconomic objectives, encompassing the augmentation of employment, assurance of economic stability, preservation of price stability and balance of payment viability, sustenance of exchange rate stability, and facilitation of stable economic growth (Iyeli and Azubuike, 2013). The direction of policy manoeuvres is dictated by the prevailing imperatives at any given juncture. Governmental involvement in economic affairs has been chiefly directed towards influencing both revenue generation and expenditure sides of the budget, all in pursuit of specific national goals through fiscal policy (Omitogun and Ayinla, 2007).A significant portion of the population continues to grapple with entrenched poverty, while many struggle to meet even the most basic needs, as highlighted by Ebimobowei (2010). Furthermore, the country contends with dilapidated infrastructure, particularly in transportation and energy supply, alongside escalating levels of insecurity, which have precipitated the decline of numerous industries and exacerbated unemployment rates.

In scholarly discourse, diverse viewpoints emerge regarding the efficacy of fiscal policy in fostering economic growth. Advocates of one perspective underscore the importance of governmental fiscal interventions geared towards fostering knowledge accumulation, research and development initiatives, productive investments, and the provision of essential public goods and services. They contend that such strategic measures possess the potential to catalyze both short-term gains and long-term prosperity (Soeb, Shoayeb, & Mohsan, 2015).Conversely, an alternative viewpoint posits that bureaucratic inefficiencies and cumbersome procedures, particularly when directed at the productive sectors of the economy, serve as impediments rather than facilitators of progress (Romer & David, 2007). Proponents of this stance argue that fiscal policies marked by distortions in taxation and squandered expenditure act as constraints on economic growth, stifling its potential.The principal objective of this study is to delve into the growth ramifications of fiscal policy within the Nigerian economy, focusing on the designated period under examination. Through a rigorous analysis of fiscal dynamics and their repercussions on economic performance, the study aims to contribute nuanced insights to the ongoing discourse surrounding fiscal policy effectiveness and its implications for sustainable economic development.

II. Literature and Theoretical Review
2.1 Empirical Review
Studies have been conducted on the relationship between Fiscal policy and economic growth.

Etsemitan (2021) employed time series data spanning from 1981 to 2019 to investigate the correlation between fiscal policy and economic growth in Nigeria. Utilizing the Johansen Cointegration test and the Error Correction Model (ECM), the analysis revealed a persistent relationship among the variables studied. Specifically, non-oil revenue, capital expenditure, and recurrent expenditure demonstrated a significant positive correlation with economic growth over the long term. Conversely, oil revenue exhibited a marginal positive association with Nigerian economic growth, while domestic debt, external debt, and fiscal deficit displayed a negative correlation with growth throughout the specified period. Consequently, the findings of the study suggest that fiscal policy plays a substantial role in shaping economic growth in Nigeria.

In a related investigation, Yusuf and Mohd (2021) scrutinized the impact of fiscal policy on economic growth in Nigeria spanning from 1980 to 2018. Employing the non-linear Autoregressive Distributed Lag (ARDL) approach, they revealed that both in the short and long terms, economic growth exhibits asymmetric responses to fluctuations in recurrent expenditure.

On a similar note, Titiloye and Ishola (2020) conducted a time series analysis focusing on the influence of Fiscal Policy and Monetary Policy on Economic Growth in Nigeria over the period from 1989 to 2018. Utilizing the ARDL model, they found that money supply, overall government expenditure, and revenue significantly affect Nigerian economic growth.

Onifade, Cevik, Erdogan, Asongu, and Bekun (2020) conducted an empirical analysis utilizing annual time series data spanning from 1981 to 2017 to explore the influence of government expenditure on economic growth in Nigeria. Employing the Granger Causality Test and Pesaran's Autoregressive Distributed Lag (ARDL) method, the study revealed that government recurrent spending exerted a significant negative impact on economic growth, whereas public capital expenditures exhibited a marginal beneficial effect.

In line with these findings, Onyema and Onuoha (2019) assert that empirical evidence suggests that when fiscal policy is effectively coordinated with complementary policies such as monetary policy, it has the potential to mitigate

business cycle fluctuations and foster desired economic growth.

Ugwuanyi and Ugwunta (2017) delved into the examination of fiscal policy factors and their influence on the economic growth of sub-Saharan African countries. Employing an ex-post facto research design, the study leveraged secondary data from various Sub-Saharan African nations, employing panel least squares analysis as its methodological approach. Through the utilization of linearly modeled hypotheses and panel data estimation techniques under fixed-effect assumptions, the investigation uncovered significant insights.The results indicated that government expenditures, both productive and unproductive, along with distortionary taxes (imposed proportionally on output), and non-distortionary taxes, all exhibited a positive impact on economic growth within the sub-Saharan African context. Additionally, the findings revealed that budget balances in Sub-Saharan African countries yielded a beneficial, albeit minor, influence on economic growth.

Mohammed and Mahfuzul (2017) undertook an investigation into Bangladesh's fiscal deficit and its ramifications on economic growth, employing the Vector Error Correction Model (VECM) in conjunction with secondary data from World Bank development indicators. The study's outcomes underscored a noteworthy connection between the budget deficit and GDP growth rates, validating the tenets of Keynesian theory. Specifically, the findings indicated a positive and statistically significant correlation between the two variables.In light of these findings, the study advocated for a balanced approach to fiscal management, emphasizing the importance of keeping the deficit in check while concurrently fostering economic growth. It cautioned against excessive spending that could lead to substantial deficits, necessitating debt financing and potentially crowding out private investment. The study thus recommended prudent fiscal policies aimed at maintaining fiscal discipline and avoiding unsustainable levels of deficit accumulation.

2.2 Theoretical Framework

The Keynesian theory of fiscal policy was developed by Keynes (1936). The theory posits that government intervention through fiscal measures can effectively mitigate economic downturns and stabilize aggregate demand. This theory emerged in response to the challenges posed by the Great Depression of the 1930s and served as a cornerstone of macroeconomic policy formulation in the post-

World War II era.According to Keynes (1936), during periods of economic recession or stagnation, private sector demand may be insufficient to fully utilize available resources, leading to unemployment and underutilization of productive capacity. In such circumstances, Keynes advocated for expansionary fiscal policy, whereby the government increases its spending and/or decreases taxes to stimulate aggregate demand and boost economic activity.

Keynesian fiscal policy operates on the principle of the multiplier effect, whereby an initial increase in government spending or reduction in taxes leads to a multiplied increase in overall economic output. By injecting additional demand into the economy, fiscal stimulus measures can stimulate consumption, investment, and employment, thereby fostering economic growth and reducing unemployment (Blanchard & Fisher, 1989).

Conversely, during periods of inflation or overheating, Keynesian theory prescribes contractionary fiscal policy. In this scenario, the government seeks to dampen excessive aggregate demand by reducing its spending and/or increasing taxes, thereby preventing the economy from overheating and curbing inflationary pressures.Keynesian fiscal policy emphasizes the role of discretionary government action in stabilizing the economy and achieving full employment. It suggests that fiscal policy should be counter-cyclical, with expansionary measures implemented during economic downturns and contractionary measures during periods of inflationary pressure (Romer, 2016).

The Keynesian theory is considered appropriate as a theoretical framework for this study because it provides a robust theoretical linkage between fiscal policy measures and economic growth.

III.   Methodology
3.1 Model Specification

The research adopts the Autoregressive Distributed Lags (ARDL) model, drawing from the frameworks established by Adefeso and Mobolaji (2010), Adeoye (2011), Charles (2012), and Chukwu (2010), to empirically examine the impact of fiscal policy on the Nigerian economy. The model specification includes several key variables: Real Gross Domestic Product (RGDP), Total Government Recurrent Expenditure (CUREXP), Total Government Capital Expenditure (CAPEXP), Petroleum Profit Tax (PPT), Companies Income Tax (CIT), and Budget Deficits (BUDEF). Among these, Economic Growth Rate (EGR) serves as the dependent variable, while the other variables

function as explanatory variables. Through this model, the study seeks to analyze the dynamic relationships between fiscal policy components and economic growth in Nigeria.The functional relationship between variables is expressed as follows:

EGR = F (CAPEXP, CUREXP, PPT, CIT, BUDEF)

The model is explicitly expressed as follows:

$EGR = a_0 + a_1 CAPEXP + a_2 CUREXP + a_3 PPT + a_4 CIT + a_5 BUDEF + U$ ……. (1)

Where:

EGR = Economic Growth Rate

CAPEXP = Total Government Capital Expenditures

CUREXP = Total Government Recurrent Expenditures

PPT = Petroleum Profit Tax

CIT = Companies Income Tax

BUDEF = Budget deficits

U = Stochastic error term.

a_0- a_5, are parameters of the model.

The auto regressive distributed lag (ARDL) version of the model takes the following quasi linear form:

$EGR_t = a_1 + \beta_{11}EGR_{t-1} + \beta_{12}CAPEXP_{t-1} + \beta_{13}CUREXP_{t-1} + \beta_{14}PPT_{t-1} + \beta_{15}CIT_{t-1} + \beta_{16}BUDEF_{t-1} + \sum_{i=1}^{n}\beta_{11}EGR_{t-1} + \sum_{i=1}^{n}\beta_{12}CAPEXP_{t-1} + \sum_{i=1}^{n}\beta_{13}CUREXP_{t-1} + \sum_{i=1}^{n}\beta_{14}PPT_{t-1} + \sum_{i=1}^{n}\beta_{14}CIT_{t-1} + \sum_{i=1}^{n}\beta_{14}BUDEF_{t-1} + \varepsilon_{1t}$

A-Priori Expectations

By theoretical postulation, the parameters of the model in equation one (1) are expected to be positive as a positive relationship is expected between Economic Growth Rate (EGR) and all the explanatory variables explicitly captured in the model. $a_1 > 0$, $a_2 > 0$, $a_3 > 0$, $a_4 > 0$ and $a_5 > 0$

3.2 Nature and Sources of Data

The research heavily relied on secondary data sourced from reputable institutions such as the Central Bank of Nigeria (CBN) and the Federal Inland Revenue Service (FIRS). These datasets comprised annual time series data pertaining to fiscal policy and economic growth in Nigeria over the specified period. Specifically, the data encompassed variables including Economic Growth Rate (EGR), Total Government Recurrent Expenditure (CUREXP), Total Government Capital Expenditure (CAPEXP), and Budget Deficits (BUDEF), sourced from the Statistical Bulletin of the Central Bank of Nigeria (CBN). Additionally, figures concerning Petroleum Profit Tax (PPT) and Companies Income Tax (CIT) were obtained from the Federal Inland Revenue Service (FIRS). Leveraging these comprehensive datasets, the study aimed to conduct rigorous analysis and draw meaningful insights regarding the nexus between fiscal policy dynamics and economic growth trends in Nigeria.

IV.   Data Analysis and Discussion of Findings
4.1 Descriptive Statistics of the Variables.
Table 4.1 shows the mean, standard deviation, maximum, minimum and other values of the variables. Descriptive statistics show the statistical characteristics of the variables used.

Table 4.1: showing the Descriptive statistics of the variables.

Statistics	EGR	CAPEXP	CUREXP	CIT	PPT	BUDEF
Mean	3.02675	7.04E+12	2.20E+12	129183.1	3454531	3.40E+12
Median	3.7	2.48E+12	1.40E+11	895.75	10376.35	1.91E+13
Maximum	15.33	4.53E+13	1.34E+13	1711000	32256718	3.06E+13
Minimum	-13.13	8.71E+10	2.47E+09	67.7	228	-1.08E+14
Std. Deviation	5.45322	1.01E+13	3.17E+12	385318.5	7798691	3.51E+13
Skewness	0.80084	2.224846	1.486242	3.014803	2.405783	-1.938179
Kurtosis	4.501712	8.087592	5.033384	10.86061	7.689521	5.69604
Jarque-Bera	8.034195	76.13891	21.61719	163.5755	75.23797	37.15799
Probability	0.018005	0	0.00002	0	0	0
Sum	121.07	2.82E+14	8.81E+13	5167325	1.38E+08	1.36E+14
Sum Sq. Dev.	1159.767	3.94E+27	3.92E+26	5.79E+12	2.37E+15	4.80E+28
Observations	40	40	40	40	40	40

Source: Author generated using Stata 15.2022

The descriptive statistics presented in Table 4.1 offer a concise overview of the statistical characteristics of the variables utilized in the study. The analysis reveals a moderate variance in the deviation between the standard deviations and the mean values across the variables, indicating a

degree of stability over time. However, it's worth noting that all variables exhibit positive skewness, suggesting asymmetry in their distribution, while the kurtosis figures hint at the presence of potential outliers in the dataset.Moreover, the uneven distribution of the series is apparent, as indicated by the low probability values. Consequently, further examination is warranted to ascertain the stationarity of the parameters. To this end, the study adopts the widely recognized Augmented Dickey-Fuller (ADF) test, a commonly used tool for

assessing the stationarity of time series data. Through this test, the research aims to validate the stationarity of the variables and ensure the robustness of subsequent analyses.

4.2 Unit Root test.
Unit root tests were conducted to determine if the variables are stationary or not in Table 4.2 The results of the unit root tests for all the variables were conducted using the Augmented Dickey Fuller (ADF) test.

Table 4. 2 Unit Root Result using Augmented Dickey Fuller (ADF).

At Levels				At first Difference			
Variable	ADF stat	5% level	Prob. Value	ADF stat	5% level	Prob. Value	Order of Integration
EGR	-3.021	-2.964	0.0330	-	-	-	I(0)
CAPEXP	-0.108	-2.964	0.9487	-3.353	-2.966	0.0127	I(1)
CUREXP	-0.295	-2.964	0.9262	-4.221	-2.966	0.0006	I(1)
CIT	-1.641	-2.964	0.4617	-4.246	-2.966	0.0000	I(1)
PPT	-0.193	-2.964	0.9394	-5.221	-2.966	0.0000	I(1)
BUDEF	5.941	-2.964	1.0000	-9.383	-2.966	0.0000	I(1)

Source: Computation by researcher using Stata 15,2022

The decision criterion employed here stipulates that if the t-statistic exceeds the critical value at the 5% level of significance, or if the probability value is less than 0.05, the variable is deemed stationary. Otherwise, differencing is performed until stationarity is achieved.The results of the Augmented Dickey-Fuller unit root test, as presented in Table 4.2, indicate that the variables exhibited stationarity at various orders of integration. Specifically, the growth rate of gross domestic product (EGR) was stationary at the levels, while government capital expenditure (CAPEXP), government current expenditure (CUREXP), company income tax (CIT), petroleum profit tax (PPT), and budget deficit (BUDEF) were stationary at the first difference.

Given that the variables displayed stationarity at different orders of integration, the study proceeded to test for co-integration using the

Autoregressive Distributed Lag Model (ARDL) co-integration bound test. This approach enables the examination of long-term relationships among the variables and facilitates the identification of potential co-integrating relationships.

4.3 Optimal Lag Selection.
Optimal lag selection was carried out before cointegration, and all the lag length selection criteria (AIC, LR, FPE, SC and HQ) chose lag length 1. So we used AIC criteria at lag one.

4.4 Co-integration test.
Based on the result of the unit root tests presented in the tables 4.2, the study conducted the co – integration test using the Auto Regressive Distributed Lag Bound Co - integration test (Pesaran, Shin and Smith, 2001). The result is presented in table 4.3:

Table 4.3 ARDL Bound Co – integration Test

Estimated Model	F - statistics	
	K = 3 4.395	
Critical values	Lower Bound I(0)	Upper Bound I(1)

1%	3.41	4.68
5%	2.62	3.79
10%	2.26	3.35

Source: Author's computation using Stata 15, 2022.

The result of co-integration test in table 4.3, shows that the value of the F – statistics is 4.395 which is greater than the upper bound critical value at 5%, indicating the presence of co-integration among the variables in the model. Hence, this study proceeds with the estimation of both the short-run and the long-run ARDL regression estimates.

4.5   Analysis of Estimates of Long and Short run ARDL Regression of the Model
**Table 4.4: Long and Short run ARDL Regression Estimates on EGR Model.**

Variables	coefficients	Std. Error	T - statistics	Prob.
Adjusted D.EGR	-0.739575	0.3896526	-4.46	0.002
LONG-RUN ESTIMATE				
LCAPEXP	0.6089	0.4885702	1.25	0.044
LCUREXP	-0.3468513	0.6913713	-0.50	0.628
LCIT	-0.2070965	1.231027	0.17	0.870
LPPT	0.443038	0.3145177	1.41	0.093
LBUDEF	0.4582989	0.769793	0.60	0.066
SHORT-RUN ESTIMATE				
D LCAPEXP	-2.171286	3.444362	-0.63	0.013
D LCUREXP	0.4944256	0.9237025	-0.54	0.605
D LCIT	2.482816	2.819369	0.88	0.401
D LPPT	-0.2578631	0.3796133	-0.68	0.514
D LBUDEF	0.1904914	2.437394	0.08	0.939
C	-41.17229	51.77061	-0.80	0.447
R – squared	0.7984			
Adjusted R – Squared	0.6304			
Durbin – Watson Statistics	2.108			
Heteroskedasticity	(Prob>chi2) 0.4125			
Normality test (Jacque Berra)	(Prob-chi2) 0.7318			

Source: Author's Computation using stata15, 2022

4.6Stability (CUSUM) Tests

The stability of the regression coefficients is tested using the cumulative sum (CUSUM) and CUSUM of Squares of the recursive residual test for structural stability. Plots of the CUSUM and CUSUM of Square in fig 4.6 show that the regression equations seems stable given that the CUSUM and CUSUM of Squares tests statistics did not exceed the 5% level of significance boundary.

Fig 4.1 Plots of the CUSUM and CUSUM of Square
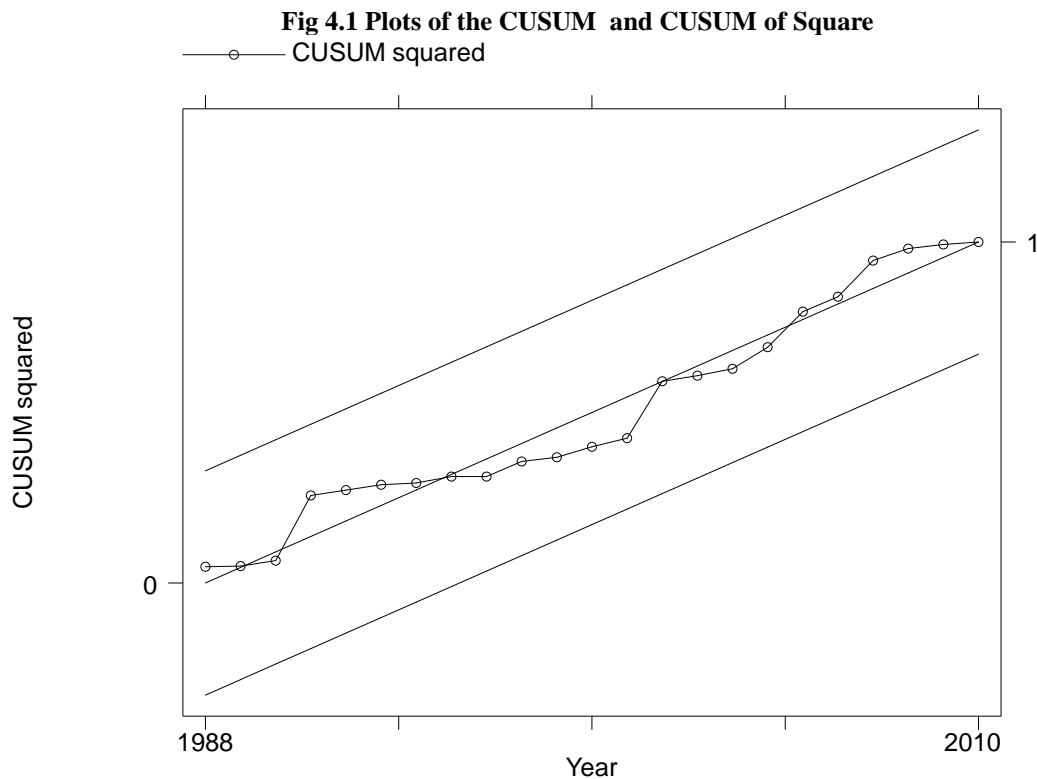
Source: Computation by researcher using Statra 15.2022.

4.7 Discussion of Findings

The results of the ARDL estimates presented in Table 4.4 reveal several noteworthy findings regarding the relationship between fiscal policy variables and Economic Growth Rate (EGR) in the long run.Firstly, Total Government Capital Expenditure (CAPEXP) demonstrates a significant and positive association with EGR at the 5% level of significance. Specifically, a unit increase in CAPEXP is associated with a 0.608 increase in EGR. This finding aligns with prior expectations and is consistent with the findings of Adefeso and Mobolaji (2010).Secondly, Government Current Expenditure (CUREXP) exhibits a negative and statistically insignificant relationship with EGR in the long run. A unit increase in CUREXP is associated with a 0.346 decrease in EGR in the long run. While this result contradicts the findings of Adefeso and Mobolaji (2010), it corroborates the findings of Charles (2012) and Chukwu (2010).

Furthermore, Companies Income Tax (CIT) displays an insignificant and negative relationship with EGR in the long run. An increase in CIT is associated with a reduction of EGR by 0.207 in the long run.In contrast, Petroleum Profit Tax (PPT) shows a significant and positive relationship with EGR at the 10% level of significance. A unit increase in PPT leads to an increase in EGR by 0.443 in the long run, aligning with the findings of Adefeso and Mobolaji (2010).Lastly, Budget Deficit (BUDEF) demonstrates a significant and positive relationship with EGR at the 10% level of significance. An increase in BUDEF results in an increase in EGR by 0.458 in the long run. While this finding contradicts prior expectations, it validates the findings of Charles (2012).

Overall, the results provide valuable insights into the impact of fiscal policy variables on economic growth in Nigeria, highlighting the importance of government expenditure and tax

policies in driving long-term economic performance.

In the short run, the analysis reveals several notable relationships between fiscal policy variables and Economic Growth Rate (EGR).Firstly, Total Government Capital Expenditure (CAPEXP) demonstrates a negative and significant relationship with EGR. A unit increase in CAPEXP is associated with a 2.171 decrease in EGR in the short run.Secondly, Petroleum Profit Tax (PPT) exhibits a negative and insignificant relationship with EGR in the short run. A unit increase in PPT leads to a 0.257 unit decrease in EGR.Furthermore, Government Current Expenditure (CUREXP) shows a positive and insignificant relationship with EGR in the short run. A unit increase in CUREXP results in a 0.494 unit increase in EGR.Moreover, Companies Income Tax (CIT) displays a positive and insignificant relationship with EGR in the short run. A unit increase in CIT is associated with an increase in EGR by 2.482 units.Lastly, Budget Deficit (BUDEF) demonstrates a positive and insignificant relationship with EGR in the short run. A unit increase in BUDEF leads to an increase in EGR by 0.190 unit.

Additionally, the coefficient of the error correction term is correctly and negatively signed (-0.739), indicating a statistically significant correction mechanism. The coefficient estimate of the error correction term implies that the model corrects its short-run disequilibrium by approximately 74% speed of adjustment in order to return to the long-run equilibrium.Moreover, the coefficient of determination (R-squared) indicates that the explanatory variables collectively explain 79% of the variations in the performance of EGR, suggesting a robust fit of the model. The remaining 21% of the variation is attributed to other variables not included in the model, indicating potential areas for further exploration and refinement. Overall, the model demonstrates a strong explanatory power and provides valuable insights into the dynamics of fiscal policy and economic growth in Nigeria.

The results of the Durbin-Watson statistics indicate that the model estimation is devoid of serial autocorrelation, ensuring the reliability of the estimates and their suitability for policy recommendations. This suggests that the residuals of the model are independent over time, strengthening the validity of the findings.Furthermore, the Prob > chi2-value of 0.4125 indicates the absence of heteroskedasticity in the model. This implies that the variance of the errors is constant across observations, ensuring the robustness of the

estimated coefficients and the reliability of the model for inference.

Additionally, the Normality test result of Jacque-Berra reveals that the model is normally distributed, as evidenced by a p-value greater than 0.05. This suggests that the residuals of the model follow a normal distribution, validating the assumption of normality and further enhancing the credibility of the model estimates.In summary, the absence of serial autocorrelation, heteroskedasticity, and deviation from normality in the model residuals confirms the appropriateness of the model for policy recommendation and underscores the reliability of the findings for informing decision-making processes.

V.   Conclusion

The significance of fiscal policy in fostering economic stabilization and growth in Nigeria cannot be overstated. Through an empirical examination spanning from 1981 to 2022, this study delved into the relationship between fiscal policy and economic growth within the Nigerian context.

The study's findings underscored the pivotal role played by federal government expenditures, tax policies, and credit measures as effective fiscal tools that have historically facilitated economic growth in Nigeria. By analysing past trends, it becomes evident that these fiscal instruments have been instrumental in driving economic progress within the country.Furthermore, the study highlights the importance of judiciously utilizing these fiscal measures to steer the Nigerian economy towards sustained growth and development. The effective deployment of taxation, government spending, and borrowing as either contractionary or expansionary measures has been shown to exert a tangible impact on the economy over the study period.

In conclusion, the findings of this study emphasize the imperative for policymakers to leverage fiscal policy tools strategically to promote economic stability and foster growth in Nigeria. By harnessing the potential of taxation, government expenditure, and borrowing, the Nigerian economy can be propelled towards a trajectory of sustained progress and prosperity.

REFERENCE

[1].   Abdullah, H. A. (2000). The relationship between government expenditure and economic growth in Saudi Arabia. Journal of Administrative Science, 12(2), 173 – 191.

[2].   Adefeso, H. A. &Mobalaji, H. I. (2010). The fiscal-monetary policy and economic growth

in Nigeria: Further empirical evidence. Pakistan Journal of Social Sciences, 7(2),137-142.

[3]. Adeoye, T. (2011). Fiscal policy and growth of the Nigerian economy. NISER Monograph Series.

[4]. Agu, S. U., Idike, A.N., Okwor, M.I &Ugwunta, D. (2014). Fiscal policy and economic growth in Nigeria: Emphasis on various components of public expenditure. Singaporean Journal of Business, Economics and Management Studies, 2(12), 38-55.

[5]. Ajayi, S.I. (1974). An econometric case study of the relative importance of monetary and fiscal policy in Nigeria; The Bangladesh Economic Review, 2(2), 559-576.

[6]. Alex, E.O. &Ebieri, J. (2014). Empirical analysis of the impact of fiscal policy on economic growth of Nigeria. International Journal of Economics and Finance, 6(6), 89-96.

[7]. Al-Shatti, A.S. (2014). The effect of fiscal policy on economic development in Jordan. International Business Research, 7(12), 35-51.

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

[9]. Auerbach, A. J. (2009). Implementing the new fiscal policy activism. National Bureau of Economic Research (NBER) Working Paper No. 14725.

[10]. Babalola, A.I. (2015). Fiscal policy and economic development in Nigeria. Journal of Economics and Sustainable Development, 6(7), 25-41.

[11]. Bahmani-Oskooee, M., &Seyed, H. G. (2018). Asymmetric Causality Between the U.S. Housing Market and its Stock Market: Evidence from State Level Data. The Journal of Economic Asymmetries, 18 (C): 1–8.

[12]. Barrios, S., and Schaechter, A. (2008), The quality of public finances and economic growth. European Economy – Economic Papers, 337, September.

[13]. Baungard, T. (2003). IMF Working Papers wp/03/155. Retrieved from http://www.imf.org/external/pubs/ft/wp/2003/wp03155 pp4&8

[14]. Blanchard, O., & Fisher, S. (1989). Lectures on Macroeconomics. MIT Press.

[15]. Bogdanov, B. (2010). Cyclicality of fiscal policy over business cycle: An empirical study on developed and developing countries.

Agency for Economic Analysis and Forecasting, Working paper Series.

[16]. Brunela, T. (2015). Does fiscal policy matters for economic growth? Empirical Study of Albanian Situation. Interdisplinary Journal of Research and Development, 11(2), 29-51.

[17]. Charles, A. N. B. (2012). Investigating the performance of monetary policy on manufacturing sector in Nigeria. Arabian Journal of Business and Management Review, 2(1), 12-25.

[18]. Chuku, A. C. (2010) "Monetary and Fiscal Policy Interactions in Nigeria: An Application of a state-space Model with Markov Switching. Journal of Applied Statistics, 1(1), 39-51.

[19]. Darrat, A.F. (1984). The dominant influence on fiscal actions in developing countries. Eastern Economic Journal, 10 (3), 271-284.

[20]. Davis, J. M; Ossowsk, R. &Fedelino, A (2003). Fiscal policy formulation and implementation in oil-producing countries. International Monetary Fund, Available online at www.imf.ori.../Indec.htn

[21]. Ebimobowei, A. (2010). The relationship between fiscal policy and economic growth in Nigeria (1991 - 2005). International Journal of Economic Development Research and Investment, 1(2), 39-48.

[22]. Engle, R. F. & Granger, C. W. (1987). Co-integration and error correction: representation, estimation, and testing. Econometrica: Journal of the Econometric Society, 251-276.

[23]. Etsemitan R. (2021), Relationship between fiscal policy and economic growth in Nigeria. Journal of Economic Studies, 34(1), 114-136.

[24]. Henry, O. &Olekalns, N. (2000). The displacement hypothesis and government spending in the United Kingdom: some new long-run evidence. Department of Economics - Working Papers Series 750, University of Melbourne.

[25]. Hottz-Eakin, D., Lovely, M. E. &Tosin, M. S. (2009). Generating conflict, fiscal folicy, and economic growth. Journal of Macroeconomics, 26(1), 1-23.

[26]. Houston, S. (2016). Using Nonlinear Testing Procedures to Specify the Right Hand Side of an Aggregate Production Function Containing Financial Variables in the Period 1967–2011. The Journal of Economic Asymmetries, 14 (PB): 147–156.

[27]. Huang, H. & Padilla, A. J. (2002). Fiscal policy and the implementation of thewalsh

contract for central banker's. Annals of Economics and Finance, 3(1), 27-42.

[28]. Iyeli, I.I. & Azubuike, I.M. (2013). A re-examination of fiscal policy applicability in Nigeria's economic growth process: an econometric policy evaluation from empirical evidence. American Journal of Social Issues and Humanities, 3(4), 77-94.

[29]. Keynes, J. M. (1936). The General Theory of Employment, Interest and Money. Palgrave Macmillan.

[30]. Khosravi, A. & Karimi, M. S. (2010). To investigate the relationship between monetary policy, fiscal policy and economic growth in Iran: Autoregressive distributed lag approach to cointegration. American Journal of Applied Sciences, 7(3), 420 - 424.

[31]. Lucas, R. E. (1988). On the mechanics of economic development. Journal of Monetary Economics, 2(2), 3–42.

[32]. Mankiw, N. G. (2000). The savers-spenders theory of fiscal policy. Paper prepared for the meeting of the American Economic Association.

[33]. Matsen, E., Sveen, T. &Torvik, R. (2008). Savers, spenders and fiscal policy in a small open economy. IMF Working Paper. 500P.

[34]. Medee, P.N &Nembee, S.G (2011). Econometric analysis of the impact of fiscal policy variables on nigeria's economic growth (1970 - 2009), International Journal of Economic Development Research and Investment, 2(1), 64-89.

[35]. Mohammadi, H., Murat, C. &Demet, C. (2008). Wagner's hypothesis: New evidence from turkey using the bounds testing approach. Journal of Economic Studies, 35(1), 94-106.

[36]. Mohammed, E.H. &Mahfuzul, H. (2017). Fiscal deficit and its impact on economic growth: evidence from Bangladesh.Economies, 5(37), 29-44.

[37]. Munongo, S. (2012). Effectiveness of fiscal policy in economic growth: The case of Zimbabwe. International Journal of Economic Resources, 3(6), 55-79.

[38]. Njikamp, P. & Poot, J. (2004). Meta-analysis of the effect of fiscal policy on long-run growth. European Journal of Political Economy, 20(1), 91-124.

[39]. Njoku, A. &Ihugba, O. A (2011). Unemployment and nigerian economic growth:1985-2009. Proceedings of the International Conference on Teaching, Learning and Change. Organized by International Association for Teaching and Learning (IATEL).

[40]. Nurudeen A. & Usman A. (2010). Government expenditure and economic growth in Nigeria, 1970- 2008: a disaggregated analysis. Business and Economics Journal, 20(4), 29-48.

[41]. Ogbole, O.F; Amadi, S.N &Essi, I.D. (2011). Fiscal policy: Its impact on economic growth in Nigeria 1970 to 2006. Journal of Economics and International Finance. 3(6), 407-417.

[42]. Ogiogio, G. O. (1996). Planning horizon, government expenditure and economic growth in Nigeria: In Economic Reform and Macroeconomic Management in Nigeria, Arijo (ed.) Ibadan: University Press, Ibadan.

[43]. Okpanachi, U. M. (2004). Government Deficit and the Inflationary process in Nigeria, 1986-1998 (unpublished PhD Thesis) Economics department, University of Jos.

[44]. Olaniyan, O. (1997). Macroeconomic Policy Framework form Poverty Alleviation. NES 1997 Annual Conference, 214-217.

[45]. Olawunmi O. &Ayinla, T. (2007). Fiscal policy and Nigerian economic growth. Journal of Research in National Development. 5(2), 33-57. Retrieved from http://www.transcampus.org/ReadmoreV5Dec2007/ReadmoreV5No2Dec2007.html

[46]. Olawunmi, O. &Tajudeen, A. (2007). Fiscal policy and nigerian economic growth. Journal of Research in National Development, 5(2). 39-53.

[47]. Olopade, B.C & Olopade, D.O. (2010). The impact of government expenditure on economic growth and development in developing countries: Nigeria as a case study. EconsPapers, Available at: https://econpapers.repec.org/paper/ekd002596/259600123.htm

[48]. Omitogun, O &Ayinla, T.A (2007). Fiscal policy and Nigerian economic growth. Journal of Research in National Development. 5 (2) 81-98.

[49]. Onyemaechi, J.O. (2014). Impacts of fiscal policy components on economic growth in Nigeria: An empirical trend analysis. Kuwait Chapter of Arabian Journal of Business and Management Review, 4(1), 18-36.

[50]. Oseni, I.O. (2013). Fiscal policy and sectoral output in Nigeria: A multivariate cointegration approach. Journal of Economics and Development Studies, 1(2), 33-51.

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

[52]. Oyinlola, O. (1993). Nigeria's national defence and economic development: An impact analysis. Scadinavian Journal of Development Alternatives, 12(3), 89-112.

[53]. Pauly P. (2000). A framework for a macroeconometric model of an emergingsmall open economy: Revised draft. Institute of Policy Analysis, Toronto.

[54]. Peacock, A.T., Wiseman, J. (1961), The Growth of Public Expenditure intheUnited Kingdom, London: Oxford University Press.

[55]. Peter, N. M. and Simeon, G. N. (2011). Econometric analysis of the impact of fiscal policy variables on Nigeria's economic growth. International Journal of Economic DevelopmentResearch and Investment, 2(1), 171-183.

[56]. Phillips, P. C. &Ouliaris, S. (1990). Asymptotic properties of residual based tests for cointegration. Econometrica: Journal of the Econometric Society, 165-193.

[57]. Rina, O., Tony, I., and Lukytawati, A. (2010). The impact of fiscal and monetary policy on industry and Indonesian economy: A computable general equilibrium analysis. International Journal of Economics and Management, 3(6): 34-52.

[58]. Romer, D. (2016). Advanced Macroeconomics. McGraw-Hill Education.

[59]. Romer, C. D. & David, H. R (2007). The macroeconomic effects of tax changes: estimates based on a new measure of fiscal shocks. University of California, Berkeley, March.

[60]. Romer, P. M. (1986). Increasing returns and long-run growth. Journal of Political Economy, 5(1), 1002-1037.

[61]. Romer, P. M. (1990). Endogenous technological change. Journal of Political Economy, 98(5), 71-102.

[62]. Sangosanya, A. O. (2011). Firm's growth dynamics in Nigeria's manufacturing industry: A panel Analysis. Journal of Applied Econometric Review, 1(1): 2-15.

[63]. Sikiru, J. B. & Umaru, A. (2011). Fiscal policy and economic growth relationship in Nigeria. International Journal of Business Social sciences, 2(17), 244-249.

[64]. Soeb, M.D., Shoayeb, N. and Mohsan, K. (2015). The effects of monetary and fiscal policies on economic growth in Bangladesh. Asia Pacific Journal of Finance and Risk Management, 6(3), 21-34.

[65]. Tarado, M. & Smith S. (2009). Economic Development. New York: Pearson Education.

[66]. Tchokote, J. (2001). Macroeconomics of Fiscal Deficits in Cameroon. Being a Ph.D. Thesis Proposal presented to the Department of Economics. Ibadan: University of Ibadan.

[67]. Titiloye E. & Ishola G. (2020), Effect of fiscal policy and monetary policy on economic growth in Nigeria. International Journal of Economics and Management, 5(4), 64-82.

[68]. Ugwuanyi, U.B. and Ugwunta, 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.

[69]. Usman, S. (2008). Fiscal policy, poverty and growth- the Nigerian perspective. Retrieved from http://www.theclementisongfoundation.org/secondlecture.php

[70]. Yusuf, A., and Mohd, S. (2021). Asymmetric impact of fiscal policy variables on economic growth in Nigeria. Journal of Sustainable Finance & investment, 1-22.