

**PUBLIC EXPENDITURE AND ECONOMIC GROWTH IN NIGERIA
(1980-2018)**

BY

UYESIEVWA UZEZI JOY

Matric Number: 15020201017

**BEING A PROJECT SUBMITTED TO THE DEPARTMENT OF ECONOMICS,
COLLEGE OF HUMANITIES, MANAGEMENT AND SOCIAL SCIENCES,
MOUNTAIN TOP UNIVERSITY.**

**IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF
BACHELOR OF SCIENCE(B.Sc.) DEGREE IN ECONOMICS**

JULY, 2019.

CERTIFICATION

I certify that this work was carried out by UYESIEVWA UZEZI JOY at the Department of Economics, Mountain Top University, Ogun State, Nigeria under my supervision.

Name of supervisor :Dr. OLOGUNDUDU MOJEED M

Signature and date.....

Name of H.O.D : Dr. OLOGUNDUDU MOJEED M

Signature and date.....

DEDICATION

This project is dedicated to GOD ALMIGHTY, for his grace, love, blessings, upon my life. He has been my back bone from the beginning to the end of pursuing a Bachelor of Science degree in Economics. I give him all the glory because he is worthy to be praise.

ACKNOWLEDGEMENTS

All glory and honor be unto God the author and finisher of my faith. He has been commanding things to happen and nobody has the power to question his authority. May his name be praised forever in Jesus name(amen). I pray that his grace and his mercies will continue to keep me and uphold me to the end.

A work of this kind could not have been achieved unassisted. THE ALMIGHTY has used a number of people to trigger my interest in this work.while others instigate and firmly stood by me throughout the program. Therefore, I hereby expressmy profound grattitude to my supervisor, Dr M.M Ologundudu, whom God use to inspire me as regards tothe topic of this research project and who also carefully read through, corrected the outlines and offered useful and criticisms while writing this project.

I am equally grateful and appreciative to my parent Mr Moses Uyesievwa and Mrs Agnes Uyesievwa for their support. I am indebted to my siblings Victor, Samuel, Benjamen, Charity. God bless you all.

I am also indebted to pastor Daniel Ayinuola, the regional overseer of Mountain of Fire and Miracles ministries. He is my father, my pastor, and also my mentor. He is my divine helper. He has been assisting me financially, materially, morally and spiritually. I pray that the almighty God will continue to bless you in Jesus name.

I am equally indebted to Pastor Ruth Ayeni. She is a deliverance minister at the Prayer city. She is my mother, my pastor and also my guardian. I pray that the almighty God will continue to move you from strength to strength.

I give special thanks to Dr Helen Akinade, she is the Librarian of Mountain Top University. She promised that she will be my mother, and she kept to her promise. She helped me and encouraged me when I no longer have the strength to continue with the program. I pray that God will continue to increase your glory, keep you and uphold you to the end.

I also thank Professor Elijah Ayolabi. He is the Vice chancellor of Mountain Top University. He ensured the payment of my school fees when he discovered that I could not continue.

I am so grateful to the scholarship committee Mountain Top University. Without the scholarship committee, finance would have restricted me from becoming a successful graduate of Mountain Top University. I pray that God would continue to add more power to your elbow.

I give special thanks to Dr. AdemolaYoung.O. He has helped me academically, most especially in the area of Micro Economics. He made economics an interesting course for me. He is a pastor, a man of God, and also a member of the chaplaincy unit. He has also helped me spiritually through prayers. God has used him to conduct deliverances for me, and also to give me instructions in dreams. He is indeed a true man of God. I pray that God will continue to increase your anointing in Jesus name.

I am also grateful to Dr. ADEDOKUN ADENIYI. J. He has helped me academically in terms of Macro Economics. With the knowledge he has impacted on me, I can compete with the best student in the world and beat the best. I pray that God will continue to strengthen you in Jesus name.

I am indebted to Pastor OlumideAdeshina. He is the University chaplain. He has helped me spiritually, in terms of prayer, deliverance, and the word of God. I pray that God will continue to bless you in Jesus name.

TABLE OF CONTENTS

Title page.....	i
Certification.....	ii
Dedication.....	iii
Acknowledgements.....	iv
Table of Content	vi
List of Figures.....	viii
List of Tables.....	ix
Abstract	x
CHAPTER ONE: INTRODUCTION	
1.1 Background to the Study.....	1
1.2 Statement of the Problem.....	3
1.3 Objective of the Study.....	5
1.4 Research Questions.....	5
1.5 Research Hypotheses.....	5
1.6 Scope of the Study	6
1.7 Significance of the Study.....	6
1.8 Organization of the Study.....	7
1.9 Definitions of Terms.....	7
CHAPTER TWO: LITERATURE REVIEW	
2.1 Introduction.....	9
2.2 Conceptual Review	12
2.2.1 An Overview of the Public Expenditure.....	12
2.2.2 An Overview of Nigeria Economic Growth.....	14
2.3 Theoretical Review.....	15
2.3.1 Wagner's Law of Increased Government Activities.....	15
2.3.2 Peacock Wise Man's Model	17
2.3.3 Musgrave Theory of Public Expenditure Growth	18
2.3.4 The Keynesian and Classicalist School of Thought.....	19

2.3.5 The Solow’s Theory	20
2.3.6 The Endogenous Growth Theory	21
2.4 Determinants of Economic Growth	22
2.5 Trends in Public Expenditure in Nigeria Overtime	25
2.6 Empirical Review	26
2.7 gap in the Literature	30
CHAPTER THREE:RESEARCH METHODOLOGY	
3.1Preamble	31
3.2 Research Design.....	31
3.3 Data Collection Techniques.....	31
3.4 Data Analysis Techniques.....	32
3.5 Model Specification.....	32
CHAPTER FOUR: RESULTS	
4.1 Introduction	35
4.2 Summary of the Government Expenditure and GDP for the period 1980-2018...35	
4.3 Correlation Analysis	40
4.4 Model Test	41
4.4.1 Regression Result	41
4.4.2 Granger Casualty Tests.....	46
4.5 Discussion of Findings.....	47
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS	
5.1 Introduction	48
5.2 Summary of Findings.....	48
5.3 Conclusion	48
5.4Recommendations.....	49
5.5Limitations of Study	50
REFERENCES	51
APPENDIX	58

LIST OF FIGURES

Figure 2.1 Trend in Government Total Expenditure in Nigeria	26
Figure 4.1 The Trend of Gross Domestic Product for the period between 1980 to 2018	37
Figure 4.2 The Trend of Capital Expenditure for the period between 1980 to 2018	38
Figure 4.3 The Trend of Recurrent Expenditure for the period between 1980 to 2018	39

LIST OF TABLES

Table 4.1 Descriptive Analysis of the study variables	36
Table 4.2 Correlation between the Study Variables	40
Table 4.3 Unit Root Test and Test of Stationarity	42
Table 4.4 Regression Result	43
Table 4.5 Regression Result	44
Table 4.6 Regression Result	46
Table 4.7 Granger Casualty	47

yikik**ABSTRACT**

The relationship between public expenditure and economic growth is continually generating arguments among scholars in the global world. Government performs two functions – protection (and security) and provision of certain public goods. This study was aimed at appraising the relationship between public expenditure and economic growth over the years (1980-2018). This study was descriptive in nature and involved quantitative analysis of data. Secondary data was sourced from CBN statistical bulletin to analyze the effect of government expenditure on economic growth in Nigeria. The study results indicated that there is a strong and positive correlation between the study variables. Therefore, this indicates that, the government expenditures of Capital and Recurrent expenditures are positively and strongly associated with economic growth. Thus, a positive change that is increase in these expenditures will result to positive impacts on economic performance and its development. The findings also illustrated that, holding other factors constant; the government expenditure (capital and recurrent) which are the independent variables in this study would explain 93% of the variability in economic growth. Based on findings from the empirical analysis, the study proffers that Government should increase its expenditure in order to further drive economic growth, should ensure that adequate budget provision is made for both past and present capital expenditures since they impact the economy positively and they should ensure that capital expenditure and recurrent expenditure are properly managed in a manner that it will raise the nation's production capacity.

Key words: Economic growth, Recurrent public expenditure, Capital public expenditure.