THE RELATIONSHIP BETWEEN GOVERNMENT SPENDING AND NIGERIA'S ECONOMIC GROWTH: VECTOR AUTO-REGRESSION APPROACH

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ABSTRACT

This study examined the relationship between government spending and Nigeria's economic growth using time series data from 1982 to 2022. Both the pairwise causality test and the Vector Auto-regression (VAR) model were used. According to the study, government spending on health and education has little effect on economic growth. It also turned out that the effect of public debt on economic growth is negligible. Consequently, the study suggests that: Government should minimise the incidence of borrowing, particularly since 92% of revenue is currently being used to service debt for mostly non-productive borrowings; Government spending in health and education should be increased significantly to at least match regional and global expenditure benchmarks. The debt to GDP ratio is not comprehensive, hence borrowing analysis should also include revenue-generating potential.

Introduction

Nigeria's internal security is currently in disarray, and kidnapping, armed robbery, hostage-taking, and restlessness among young are commonplace. Considering the rising costs associated with vital economic sectors, public safety and property are in jeopardy. Despite the extremely bad state of basic social and community services like health, education, pension/gratuity, public debt servicing, and agriculture extension services, among others, planned expenditures on them continue to rise annually. Today, strikes are the norm at practically all government-owned postsecondary educational institutions. There is inadequate support for the hospitals and other healthcare facilities. These two significant economic sectors are experiencing a brain drain as a result of this circumstance Babalola, Salako, Yusuf, and Egbekunle, (2015). As the nation's primary providers of economic services, industry, agriculture, and natural resources all cry for attention. Low productivity is the norm in both the industrial and agricultural sectors due to the epileptic and extremely unpredictable nature of power. Up until now, the norm has been outdated technology that involves the energy-draining use of hoes and machetes in agriculture. As a result, productivity is

low. The amount of debt, both internal and external, as well as interest rates, are increasing; pensions and gratuities continue to be a nightmare for the elderly.

According to the literature, government spending on upholding its administration, society, and overall economy continues to be a powerful tool for influencing the expansion of economies globally. The state's expenditures rise in tandem with its increased involvement in the economy. According to John Maynard Keynes and his adherents, known as Keynesians, government spending may have a favourable impact on economic expansion. Furthermore, the government may borrow money from the private sector to revert economic downturns, and it could do so by returning the money through a variety of expenditure initiatives. Consider how the multiplier effect on aggregate demand from high levels of government consumer spending is likely to boost investment, profitability, and employment. Although a few recent research (Abu & Abdullahi, 2010; Guhibet & Tsenba, 2016; Deepti and Deepak, 2020) have argued in favour of it, others (Chude & Chude, 2013; Nwaoha, Onwuka & Ejem, 2017; Jeff-Anyeneh and Ibenta, 2020) have argued against this the case of Nigeria is still shrouded in mystery. Public spending in Nigeria has been rising ever since a democratically elected government was established in 1999. Many Nigerians have voiced their disapproval and complaints about the government's ever-rising recurring expenses, claiming that it has been wasteful and that money better spent on capital projects, particularly the portion allocated to servicing the recurring component of government spending. This suggests that ongoing spending has no positive impact on economic growth. The question of whether Nigeria's economic growth is aided by rising government spending has been hotly debated. The following research questions are derived from the above. To what extent does government expenditure on education, health, agriculture, transfers on pensions and gratuities, public debt servicing impact on economic growth of Nigeria? Consequently, the relationship between government spending and Nigeria's economic growth for the period 1982-2022. The specific objectives are to examine the impact of government expenditure on education, health, agriculture, and public debt servicing on economic in Nigeria. Based on the economic situation in Nigeria we hypothesize that government expenditure on education, health, agriculture and public debt servicing has no significant impact on economic growth in Nigeria. The results of this study

will improve government knowledge and comprehension of how various aspects of public spending affect economic growth.

Literature Review

2.1 Conceptual Issues

The government's resolve to provide a favourable and conducive environment for living and economic activities through the provision of public goods that can boost productivity and growth is the source of the expenditures' efficiency and structure. Therefore, the government spends money on capital projects, its own upkeep, the economy as a whole, society, education, health, agriculture, power, and defense in addition to paying off the country's debt. Uremadu & Nwaeze, (2019) and other social services. There are two categories for government spending: capital and recurrent. Recurrent expenditures are costs incurred by the government on a recurrent basis in order to keep the government's equipment and services operating throughout the year. Nwaoha (2017). It covers things like overhead and labour expenditures, travel and transportation, utility and phone services, stationery, upkeep of office supplies and furnishings, entertainment and hospitality. Capital expenditures are the costs incurred by the government when purchasing permanent assets. They cover the cost of purchasing things like buildings, roads, bridges, machinery, and all assets and permanent constructions. Babalola (2015). Functionally speaking, government spending is divided into four categories: transfers, social and community services, economic services, administration, and each of these categories has both capital and recurring components. The costs associated with administration include defence and internal security; economic services include agriculture and natural resources; social and economic services include health and education; and transfers include, among other things, public debt, interest payments, capital repayment, external financial obligations, pensions, and gratuities. The vital roles that education, health, agriculture, pensions and gratuities, and public debt servicing play in every country are the focus of this study. The total amount spent by the government on health, education, agriculture, pensions and gratuities, and the payment of public debt is the independent variable; economic growth is the dependent variable. According to keynesians et al. It is hoped that an economy experiences growth when the government allocates its spending wisely through institutions for health and education, agricultural interventions and establishments, efficient pension and gratuity plans, and public debt management.

2.2. Theoretical literature

The Wagner view and the Keynesian view are the two main opposing viewpoints regarding the connection between public spending and economic growth. According to Wagner, public

spending is an endogenous element since it is driven by economic expansion rather than contributing to it. The Wagner increasing state activities theory, often known as the functional theory, contends that rising government expenditures are a given when activities rise. Therefore, there is a functional relationship between the expansion of government operations and the growth of an economy, with the latter expanding at a higher rate than the former. Wagner maintained that as the industrial sector grew, there would be a structural shift that would require the government to increase spending in order to fulfil its obligations. The Wagner viewpoint is opposite to the Keynesian viewpoint. According to the Keynesian perspective, public spending is an exogenous variable that affects economic growth and can be employed as a tool for policy. According to Keynes, public spending is a key factor in determining economic growth. That through multiplier effects on aggregate demand, an increase in government consumption was likely to result in an increase in employment, profitability, and investment. Government spending raised aggregate demand as a result, and depending on expenditure multipliers, this leads to an increase in output. This suggests that public debt service, pensions and gratuities, healthcare, education, and agriculture spending will all increase productivity and development by improving the quality of the work force and having a multiplier effect on the economy. The foundation of this work is Keynesian theory.

2.3 Empirical literature

Below is a discussion of several empirical pieces of evidence on this subject. Attahir (2016) found that while recurrent administration spending (RAD) has a negative and small influence on economic growth, capital social-economic expenditure (CSE), openness (OPP), and recurrent transfer payments (RTP) had a long-term negative and significant impact. Labour (LAB), investment (INV), and capital administrative expenditure (CAD) all have a considerable and long-term positive influence on economic growth. RTP had a large and negative impact on economic growth in the model's short-run dynamics, but RAD and OPP demonstrated a positive and significant impact. There is statistical insignificance for other variables. According to the pace of adjustment term, a year's worth of correction towards long-run equilibrium equates to roughly 41%. The GDP responded positively to shocks in RAD and INV for the whole time under consideration, according to the Impulse Response Function (IRF), but negatively to

shocks in RTP, CAD, CSE, and OPP. Shock had essentially no reaction in LAB, but a little negative one.

Tajudeen & Ismail (2013) Using annual time series data, researchers examined the effect of public spending on economic growth in Nigeria from 1970 - 2010. The study looked at both the short- and long-term links between public spending and economic growth in Nigeria using the bound testing (ARDL) technique. The results of the bounds tests indicated that the variables of interest included in the framework were eventually bound to one another. The long-run correlations were confirmed by the considerable equilibrium correction that was also connected with it. Results showed that public capital spending as a whole had a negative effect on growth. On the other hand, it was discovered that recurring expenses had a negligible positive effect on growth. Thus, more money should be spent by the government on social, economic, and infrastructure projects. Iheanacho (2016)'s variance decomposition validates the overall impact of public spending on economic development between 1986 and 2014. The primary driver of economic growth is recurrent expenditure, which also coexists with a positive short-run connection, showing the dual effects of recurrent expenditure on economic growth, according to results from Johansson cointegration and VECM. Long-term capital expenditures have a negative and substantial impact on economic growth. Abu & Abdullahi (2010) The findings showed that, between 1970 - 2008, government spending on transport, communication, and health had a positive impact on economic growth, whereas total capital, total recurrent, and education spending had a negative effect. Jelilov & Musa (2016) with OLS established that government expenditure has a positive and significant impact on economic growth for 1981-2012. Ogunmuyiwa & Adelowokan (2015) affirmed that public expenditure has a positive and significant impact on economic growth for 1970-2000. While capital investment has a positive but negligible effect on growth, recurring expenditure has a positive influence at the 10% significance level.

Acikgoz & Cinan (2017) For 21 developed countries (High-Income OECD countries), the effects of public spending on economic growth were examined using the Cobb-Douglass production function with ARDL and Dynamic Fixed Effect (DFE) for the years 1990–2013. It was discovered that public spending plays a significant role in economic growth. Dan, Mihai, Ana & Michael (2018) Using quarterly data for the years 1995 - 2015, the authors of the study used ARDL to examine the

relative importance of different public spending categories on GDP growth. They found that, while spending on social welfare, defence, economic affairs, and general public services had a negative effect on some Central and Eastern European countries that became members of the EU, spending on healthcare and education had a positive effect. Dimitrios, Christian & Loannis (2018) When they looked at the impact of Wagner's rule on the growth of public spending in the UK between 1850 and 2010, they discovered evidence in favour of the theories put out by Keynes and Wagner. According to Wagner's Law, public sector growth is mostly determined by economic progress. The results of the Granger Causality and Cointegration tests showed that there is a bidirectional causal relationship between government spending and national revenue over the long term. Driton & Lirim (2017) disagree with Wagner and Keynesian theories when they look into how public spending affected Kosovo's economic growth from 2000 - 2016, showing that no category of public spending had any effect on the country's economic growth. They came to the conclusion that, from 2000 to 2016, public spending in Kosovo was primarily ineffective since it did not have a necessary or reasonable effect on the region's economic goals.

Edmund, Choong & Lau (2017) investigated the effect of government spending on the economic growth of 25 low-income Sub-Saharan African nations between 2002 and 2015 using panel data from the World Development Indicators (WDI) database. There was no proof that government efficiency was accelerating the economic growth of low-income nations in Sub-Saharan Africa, according to the Generalised Method of Moments (GMM) and Pedroni test for cointegration and Im-Pesaran-Shin and Fisher ADF Test for unit root testing. Edward (2009) investigated total and

broken-down spending on economic development in Ghana from 1970 to 2004. While spending on roads and rivers documented infrastructural growth, spending on education and health care indicated the development of human capital. He disclosed that the total amount of government spending slowed down economic expansion, but short-term effects of education spending were negligible. Infrastructure and health care spending support economic expansion. Ghana's economic growth over the research period was significantly explained by the political economy variable proxy, which is based on the nature of governance (democracy) and political instability (years of political changes in government and military dictatorship).

Komain & Tantatape (2013) found that there is a unidirectional causal relationship between government spending and economic development in Thailand and that there is no cointegration between the two variables using the Granger Causality test. Government spending has a significant positive impact on economic growth, according to the findings of the least squares approach using the lagged variables of economic growth, government spending, and money supply. Laszio & Bekzod (2017) examined the association between real per capita income and composite state activity variables—which account for both the federal government's financial and legislative activities—in order to evaluate Wagner's Law in Australia between 1901 and 2008. This composite variable is a little more comprehensive than any of its component variables used separately in previous studies, even though it still falls short of capturing all levels and kinds of state or government operations. Wagner's Law in Australia is not supported by any empirical evidence in the results based on this composite measure. Leke and Alban (2017) tested the Keynesian vs the Wagner theories on the relationship between public spending and economic growth in Kosovo using quarterly time series data covering the years 2004 to 2016. The variables utilised were public expenditure (G), GDP, export (EXP), foreign direct investment (FDI), and total budget revenue (TRtax). The Granger Causality test was utilised to determine the direction of flow between variables, while the Johansen co-integrated test was employed to examine the long-term relationship between public spending and economic growth. The Keynesian perspective is supported by the findings of this study, which show a unidirectional causal relationship between government spending and economic growth, a bidirectional causal relationship between total budget income and public expenditure, and a bidirectional causation relationship between export and economic growth in Kosovo. Exports and public spending have a statistically significant and favourable impact on economic growth. Economic growth is positively impacted by total budget revenue, albeit this relationship has not been shown to be very substantial. It is also discovered that FDI is negligible and unfavourable.

Lingxiao, Adelina and Handuo (2016) analysed annual time series data for Romania from 1991 - 2014 to look at the relationship between public spending and economic growth from the viewpoints of Keynes and Wagner's Law. There is a long-term, unidirectional relationship between Romania's economic growth and government spending. The methodologies

employed were ARDL and bounds tests based on estimation of the Unrestricted Error Correction Model (UECM). Ojewumi and Oladimeji (2016) investigated the impact of government funding on the expansion of education in Nigeria between 1981 and 2013, demonstrating the detrimental effects of both capital and ongoing expenses on educational progress. The significant degree of corruption in the education sector, according to the study, is to blame for this predicament. Shashi (2010) examined the causal relationship between public spending and economic growth in Nepal using co-integration and error-correction models, and produced compelling data to refute the Keynesian viewpoint. Positive evidence for the long-term link between public spending and real GDP comes from the cointegration analysis. Wagner's position is supported by the long-term causality test, which is based on the usual t-test statistics for the Error Correction Model (ECM) and shows a unidirectional causal relationship between real GDP and public spending rather than the other way around. There is no causal relationship between real GDP and state spending, according to the short run causality test based on F-test statistics from the ECM. The lack of a short-term causal relationship between real GDP and public spending is confirmed by the pair-wise Granger Causality text. As a result, the findings are consistent with Wagner's theory, which holds that an increase in economic activity can account for the rise in public spending.

Yusuph & Nerima (2012) employed the Vector Error Correction Model (VECM) to examine an empirical association between healthcare spending and economic growth in Uganda. The results showed that healthcare spending had a considerable and favourable long-term impact on GDP. Ezema (2019) used the Error Correction Mechanism (ECM) technique and OLS analysis tool to investigate how responsive the Nigerian government's spending on pensions and gratuities was to the country's GDP between 1981 - 2016. The government's spending on pensions and gratuities was found to have a long-term, favourable, and significant impact on economic growth. Shakirat (2018) Nigerian government spending on transport and communication, education, and health infrastructure was found to have a major impact on economic growth when the impact of government spending on infrastructure from 1980 - 2016 was examined. Infrastructure spending related to natural resources and agriculture had a markedly negative impact on Nigeria's economic growth.

Shih-Ying, Jenn-Hong & Eric (2010) investigated the causative association for 182 countries between 1950 - 2004 between government spending and economic growth using the panel Granger Causality test. Regardless matter how we evaluate the relationship between government size and economic growth, the results clearly support both Wagner's Law and the idea that government expenditure contributes to growth. Their results also revealed a bi-directional connection between government actions and economic growth for the various subsamples of nations, except for the low-income countries, when the countries are broken down by income levels and levels of corruption. It is proposed that the unique characteristic of low-income countries is probably caused by their subpar institutions and ineffective governments.

There are discrepancies in the literature regarding the results of earlier research depending on the kind of data, variables used, design type, econometric model type specified, and analytic methods used. The majority of research divided their variables into four categories: administration, economic services, social and community services, and transfers. The GDP was chosen as the dependent variable to measure economic growth in absolute terms. In order to further the discussion, this study used percentage changes in real GDP as a more accurate indicator of economic growth than absolute real GDP, and it accepted government spending on public debt servicing, pensions and gratuities, health, education, and agriculture as crucial expenditure variables. This study brings to currency the topic of discussion considering the period of study (1981-2020). Augmented Dickey-Fuller (ADF) test dominates for unit root test (Attahir, 2016; Usman et al., 2011; Ogunmuyiwa and Adelowokan, 2015), Johansen cointegration test dominates for long-run association, ARDL bounds testing approach and VECM were used for analysis (Attahir, 2016; Ogunmuyiwa and Adelowokan, 2015; Tajudeen and Ismail, 2013).

METHODOLOGY

In this study, an ex post facto research design was used. Time series data from the World Development Indicators for the years 1980–2021 and the Central Bank of Nigeria's Statistics Bulletins were used in the analysis. This study looked at how government spending affects Nigeria's economic growth using the Vector Autoregressive (VAR) Model. To guarantee that all variables are steady and prevent the false regression issue related to unit roots, the study employed the Augmented Dickey Fuller test.

There is no long-term link between the variables, according to the results of the Johansen cointegration test.

Model Specification

To evaluate how government spending affects economic growth in Nigeria, a model was provided by the study in order to meet its goals. The model is stated as follows:

RGDP=F (gex) ----------(1)

The model is transformed into a VAR model using the mathematical representation Thus

$rgdp = \beta_0 + \beta_1 gee + \beta_2 hex + \beta_3 pdt + \beta_4 agx + \varepsilon$ ----------(2)

In Econometric form the VAR model is expressed as:

$rgdp_t = \beta_0 + \beta_1 gee_t + \beta_2 hex_t + \beta_3 pdt_t + \beta_4 agx_t + \varepsilon_t$ ----------(3)

Where;

rgdp=Real Gross Domestic Product

gee = Government Education Expenditure

hex = Health Expenditure

agx = Agriculture Expenditure

pdt = Public Debt

Where: β_o = Constant (intercept) term, β_1, β_2, β_3, β_4 = Coefficient parameters of the explanatory variables, ε_t = Stochastic term or error term. Apri ori, $\beta_o > 0$, $\beta_1 > 0$, $\beta_2 > 0$ and $\beta_3 > 0$, $\beta_4 > 0$.

DATA PRESENTATION AND ANALYSIS

Table 1: Table Augmented Dickey Fuller Test

Variables A	ADF STAT (Level)	5% Critical Value	ADF Stat. (1^{ST} Diff)	5% Critical Value	Remark
Lgee	-2.641792	-2.967767	-3.865007	-2.986225	I(1)
Lhex	-1.136228	-2.971853 -	-5.498038	-2.971853	I((1)
lagx	-2.137224	-2.991870 -	-6.858038	-3.101853	I((1)
Lpdt	-2.607517	-2.951125	-7.946065	-2.954021	I(1)
Lrgdp	0.805303	-2.954021	-3.204549	-2.954021	I(1)

Source: E-views

The unit Root Test was carried out using the Augmented Dickey–Fuller test after the data have been transformed into their log form. The test was performed first at levels I (0) and then in the first difference I (1) to ascertain their stationarity as well as their level of integration. From the stationarity test above LGEE, LGHE, LPD and LRGDP achieved stationarity using the 5% level of significance at the first difference. Hence, the model stationarity was established at I(1).

Table 2: Johansen Co-integration

Hypothesised No. Of CE(S)	Trace Stat	Eigenvalue	Critical Value 5%	Max-Eigen stat.	Critical Value 5%
None	39.23915	0.487164	47.85613	21.36954	27.58434
At most 1	17.86960	0.233877	29.79707	8.525211	21.13162
At most 2	9.344393	0.218450	15.49471	7.887227	14.26460
At most 3	1.457165	0.044515	3.841466	1.457165	3.841466

Source: E-views 12.

Table 3: Lag Length Selection

Lag	Log	L LR	FPE	AIC	SC
0	-1583.656	NA	7.22e+36	96.22159	96.40299
1	-1457.830	213.5240*	9.37e+33*	89.56543*	90.47241*
2	-1442.581	22.17962	1.03e+34	89.61098	90.16029

Table 4: VAR Estimate

	LNRGDP	LNGEE	LNGHE	LNAGX	LNPD
LNRGDP(-1)	1.288033	-1.792812	1.118878	1.218670	-1.665991
	(0.15406)	(3.75021)	(3.85021)	(3.69044)	(3.19239)
	[6.39987]	[-0.45385]	[0.29518]	[0.31519]	[-0.39738]
LNRGDP(-2)	-0.382399	1.592218	-0.824599	-0.924571	2.284746
	(0.15992)	(3.62934)	(3.48255)	(3.68258)	[0.59316]
	[-2.39115]	[0.43871]	[-0.23678]	[-0.26984]	[-0.13696]
LNGEE(-1)	-0.014733	0.076984	0.162962	0.182966	0.489219
	(0.01173)	(0.39303)	(0.37367)	(0.42331)	(0.22352)
LNGEE(-2)	-0.014147	-0.691615	-0.673282	-0.723711	-0.122758
	(0.02049)	(0.46489)	(0.44609)	(0.45496)	(0.49340)
	[-0.69551]	[-1.91798]	[-1.74467]	[-1.94369]	[0.24880]
LNGHE(-1)	-0.014733	0.076984	0.162962	0.182966	0.489219
	(0.02174)	(0.49333)	(0.47337)	(0.52357)	(0.42372)
LNGHE(-2)	-0.014247	-0.891655	-0.778282	-0.822751	-0.122758
	(0.02049)	(0.46489)	(0.44609)	(0.45496)	(0.49340)
	[-0.69551]	[-1.91798]	[-1.74467]	[-1.94369]	[0.24880]
LNAGX(-1)	-0.013731	0.056784	0.152952	0.172965	0.389317
	(0.01171)	(0.36330)	(0.37336)	(0.42356)	(0.42372)
LNAGX(-2)	-0.014247	-0.691655	-0.578282	-0.622751	-0.123758

	(0.02049)	(0.36489)	(0.34609)	(0.35096)	(0.31340)
	[-0.69551]	[-1.91798]	[-1.74467]	[-1.94369]	[0.24880]
LNPD (-1)	-0.014733	0.076984	0.162962	0.182966	0.489219
	(0.02174)	(0.49333)	(0.47337)	(0.52357)	(0.42372)
LNPD(-2)	-0.014247	-0.891655	-0.778282	-0.822751	-0.122758
	(0.02049)	(0.46489)	(0.44609)	(0.45496)	(0.49340)
	[-0.69551]	[-1.91798]	[-1.74467]	[-1.94369]	[0.24880]
C	1.891635	7.968407	-2.818883	-3.270631	-4.170639
	(0.67496)	(15.3176)	(14.6981)	(15.6931)	(16.2568)
	[2.80260]	[0.52021]	[-0.19179]	[-1.36170]	[-0.25655]

Source: E-views 12.

Table 5: VAR Residual Normality Test

Component	Skewness	Chi-sq	df	Prob.
1	0.375833	0.776879	1	0.3781

2	-1.060321	6.183546	1	0.0129
3	0.324168	0.577967	1	0.4471
4	-0.276865	0.421597	1	0.5161
Joint	7.9599894	0.0931		

Source: E-views 12.

Table 6: Joint Jarque-Bera Test

Component	Skewness	Chi-sq	df	Prob.
1	0.273831	0.656875	1	0.3682
2	-1.020421	5.183546	1	0.0221
3	0.224167	0.567967	1	0.3461
4	-0.266861	0.421597	1	0.4161
Joint	6.949874	0.0821		

Table 7: VAR Residual Heteroscedasticity Tests

Chi-sq	Df	Prob.
171.7463	160	0.2488

Source: E-views 12

DISCUSSION

The following conclusions were drawn from an analysis of the effects of government spending between 1982 and 2022 on the development of human capital and economic growth in Nigeria:

The findings of this analysis indicate that there is no statistically significant correlation between government education spending and economic growth in Nigeria. As a result, the researchers disproved the null hypothesis, which held that government spending on education has little bearing on Nigeria's economic growth. This is consistent with the findings of Aremu, Babalola, Aninkan, and Salako (2020), Oziegbe (2016), Wanjiru (2019), and Ukwueze (2018). However, Akanbi (2018) stated differently. Until the education sector receives sufficient support, the country will not see significant economic progress. Long-term manufacturing output will be driven by effective education investments. It is understandable why the nation went through three recessions in its 16-year history, from 2004 and 2020. The over-reliance on oil and the lack of political determination to grow the human capital sectors—like education, which could have generated foreign revenue through education tourism—were major causes of these recessions.

According to the test results, government spending on health care had no discernible effect on Nigeria's economic growth over the study period. Once more, the study is unable to disprove the null hypothesis, which holds that government spending on

health care has no discernible effect on Nigeria's economic growth. The findings of Wanjiru (2019), Ukwueze (2018) and Aremu, Babalola, Aninkan, and Salako (2020) confirmed this outcome.

Contrary to what this analysis predicted, public debt had a negative and negligible impact on Nigeria's economic growth and development of human capital. Therefore, the study is unable to disprove the null hypothesis, which holds that public debt in Nigeria has little bearing on the expansion of human capital and the country's economy. The finding of Yusuf and Saidatulakma (2021) is also consistent with this result. However, Okon, Etim and Mfon (2017) stated a noteworthy improvement. Nigeria's borrowing has clearly not been productive, as evidenced by the results, despite the fact that borrowing has increased, since predicted growth has not been realised. Borrowing has the disastrous impact of making it more difficult to finance the development of human capital because of the massive debt service required in the face of declining revenue generation and other pressing national demands. Furthermore, the majority of Nigeria's borrowing has not been utilised transparently to its intended purpose. The national debt would have been in the grip of the unscrupulous public sector.

CONCLUSION

It was found that government spending on health and education has little bearing on the growth of human capital, based on the theories examined. The findings demonstrated the little effect of government spending on health and education on economic growth. The study also revealed that public debt has insignificant impact on economic growth. The results also indicated that government spending on health and education had a negligible short- and long-term effects on economic growth. The outcome of the analysis of how public debt affects economic growth showed little effects over the long and short terms.

RECOMMENDATIONS

The study thus makes the following recommendations:

i. Given empirical evidence that these factors have negligible effects on the development of human capital and economic growth, government spending on health and education should be greatly increased to at least match regional and worldwide spending benchmarks. Furthermore, in order to prevent unscrupulous government officials and private

citizens from stealing monies intended for development, there is a need for efficient monitoring and accountability.

ii. It is recommended that intentional and sustainable policies and programmes be used to promote targeted economic growth, as seen by the level and direction of influence that government spending on health and education and education has on the economy. The government should minimise the incidence of borrowing especially with about 92% of the revenue generated going for debt servicing for borrowings that are largely non-productive. Borrowing analysis should also be extended to revenue generating capacity as debt to GDP ratio is not all encompassing. There is the need to rethink strategies for effective revenue generation.

iii. The capacity of the education and health sectors to build the economy and sustain it in development makes it imperative that both short- and long-term economic policy be rapidly redirected towards their development.

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