DETERMINANTS OF PUBLIC EXPENDITURE ON GOVERNMENT EXPENDITURE IN NIGERIA

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Abstract

This study examined the determinants of public expenditure on government expenditure in Nigeria. The specific objectives are to: determine the effect of public debt growth on total government expenditure growth in Nigeria, ascertain the effect of total revenue growth on total government expenditure growth in Nigeria, evaluate the effect of inflation rate on total government expenditure growth rate in Nigeria, examine the effect of exchange rate on total government expenditure growth rate in Nigeria, and compare the democratic eras on government expenditure growth in Nigeria. Time series data were extracted from the publications of Central Bank of Nigeria (CBN) Annual Reports and National Bureau of Statistics (NBS) bulletin, Budget Office of the Federation from 2008 to 2022 to cover the two immediate past era of governance. The hypotheses were tested using pool multiple regression analysis. The study revealed that public debt and exchange rate were statistically significant at 5% level of significance, while total revenue and inflation rate shows negative and positive insignificant effect respectively. Consequently, the study recommended that government should enhance its expenditure on productive and fecund activities in order to increase the total output of the economic system as this has a tendency to lessen the charge of inflation in the financial system in preference to exacerbate it.

Keywords: *Government expenditure, Public debt, Exchange rate, Total revenue and Inflation rate*

Introduction

Globally, the need for government expenditure in any economic system varies now and again. Its miles a preferred presumption that authorities expenditure supports the growth objectives of all economies global (Ajudua, 2018) and as such is a critical macroeconomic policy instrument available to the authorities for promoting growth. Normally, the government consists of expenses on several tasks or applications inclusive of roads, strength, schooling, health care, economic welfare of its residents, protection of life and houses, and so forth (Imoisi, et al, 2023). Given that authority's expenditure has been cautioned to make a contribution to growth, the connection among government expenditure and economic growth in developing countries is an important issue. Government expenditure on social and monetary infrastructure can enhance rising industries, lower unemployment and poverty prices, stabilize well known prices inside the economy, raise human standards of residing, and encourage higher productivity, all of that may enhance the economy's overall performance (Ajudua & Ojima, 2015).

However, government expenditure stays a vital device utilized in the system of development. It performs a pivotal position in the functioning of any economic system at nearly all tiers of growth and development. Maximum developing and developed nations these days use public expenditure to enhance income distribution, direct the allocation of assets in desired regions, and have an impact on the composition of country wide earnings (Assi et al., 2019; Vtyurina, 2020). In growing nations as an example, the version in government spending sample is not simplest projected to assure stabilization but additionally to spur financial growth and make bigger employment opportunities (international financial institution, 2015). Government expenditure is the value incurred to ensure the availability of the wishes of society.

This underscores that government expenditure is a crucial approach to attain an identical society with the aid of imparting welfare infrastructure and social comfort facilities. From the perspective of Abdulai (2016), public expenditure is the fund allocated for the public benefits. The expenses incurred will be grouped into recurrent and capital costs. It is far recurrent if the rate occurred intermittently to fulfil up with the developing wishes of the residents at the same time as capital expenditure includes all the government investment, switch price and intake.

Empirical evidences at the impact of government expenditure on output growth specially for growing economies like Nigeria, present opposing perspectives, some suggesting that authorities expenditure has bad impact on output increase (Gukat & Ogboru, 2017;, Saidu & Ibrahim, 2019; Segun & Adelowokan, 2015). An "immoderate" length of presidency is regularly imagined to be the cause of many monetary ills in both advanced and developing nations, together with gradual financial boom, large deficits, internal imbalances, and external imbalances. Studies have given many elements that necessitate the upward push in government expenditure as overseas aid (Njeru, 2003), earnings (Akpan, 2011), and so forth. Nigeria has constantly had deficit spending over time without an equal fee of economic growth.

Similarly, many criticisms are been stage and upward push closer to authorities concerning the increment of yearly prices in each and every financial budget. Lot of questions are left to be answer on what cause the tremendous increment of this expenditure. The debate on the determinants of government expenditure is necessary due to the fact the ones determining factors are needed now not most effective for managing monetary imbalances but additionally to inspire economic stability in the country. This study examines the determinants of public expenditure growth on government expenditure growth of Nigeria. The specific objectives are to:

1. Determine the effect of public debt growth on total government expenditure growth in Nigeria
2. Ascertain the effect of total revenue growth on total government expenditure growth in Nigeria
3. Evaluate the effect of inflation rate on total government expenditure growth rate in Nigeria.
4. Evaluate the effect of exchange rate on total government expenditure growth rate in Nigeria.
5. Compare the democratic eras on government expenditure growth in Nigeria.

Literature Review

Public expenditure refers to expenditure on government, public expenditure is properly known as government expenditure or spending by Adolf Wagner, a cited German monetary theorist of the 19th century. Government expenditure is the money spent via the government out of its revenue to satisfy various desires of the economic system (Adigwe, Anyanwu & Udeh, 2016). The idea of government expenditure emanates from the activities of government which includes paying for and presenting goods and offerings, investment in cloth and human capital in addition to transfers. Maluleke (2018) discovered that there is a long-run dating among government expenditure and its determinants. The take a look at discovered that urbanization rate, national earnings, poverty price and the wage price considerably have an impact on the size of presidency expenditure in South Africa. Ukwueze (2018) public expenditures may be disaggregated or categorized into subheadings, which include recurrent costs and capital prices. The recurrent prices are prices or purchases of stationeries, wages and salaries of workers, gasoline, strength payments and other bills, and many others. Capital costs are structures undertaken by the government on roads, bridges, fitness Centres, schools, navy installations and hardware, etc. The writer is of the view that the concept of public costs arose from the attitude that any expenditure undertaken by the government is public (Basiru, 2022).

Public debt also called authorities debt or national debt is money owed through government or total debt of all governmental gadgets, inclusive of kingdom and nearby governments. Public debt is described as the total monetary duties received by using governmental our bodies of a country, which includes cash that is owed to individuals, mutual finances, hedge finances, pension funds, overseas governments and others (Odo, et al 2016). Over time, Nigeria's growing public debt has continually been a source of difficulty. As an example, Rafindadi and Musa (2019) found that there has been an extraordinary rise in Nigerian public debt in 2004. Consistent with the Debt management office (DMO) as stated in Urama, Ekeocha, and Iloh (2018) Nigeria's debt stock profile (both home and overseas mortgage) stood at NGN22.7 trillion as at March 2017. Nigeria external debt for 2020 was $70,524,292,158, a 17.46% boom from 2019.

Government sales may encompass reserve financial institution foreign money, which is printed, and this is recorded as improve to the retail financial institution collectively with a corresponding forex in stream. The earnings are derived from the reliable cash rate for gadgets together with ninety days bills (Oyedikachi et al., 2020). Tax and non-tax sales are the important sources of presidency revenue in Nigeria. The number one characteristic of taxation is to offer budget for public offerings. Due to the atypical nature of the economy, the assets take the form of oil and non-oil revenue, However the difference, oil and non-oil revenues nevertheless paperwork imperative part of tax sales (Obiechina, 2010). The Keynesian economists were of the opinion that the obligation of governments to carry out their expenditure is to guarantee that the economy is stable, intensify productive activities and assure the reallocation of income between the wealthy and indigent. On the other hand, the assertion that rising government expenditure might decelerate how the economy functions generally are the perception of classical economists. For instance, if the government attempts to finance its increasing expenditures, it may raise taxes and/or borrow, reducing individuals' disposable income. From the perspective of neo-classical economists, government expenditure by means of intervention programs could lead to high levels of inflation based on the assumption of full employment (Olayungbo, 2013).

Inflation is the incessant upward push in the preferred charge level in a financial system; it's far a key trepidation for policymakers (Bawa, Abdullahi & Ibrahim, 2016). Even when macroeconomic shocks are non-existent, inflation well-knownshows the propensity of creating a replica of itself from one segment to the other (Campêlo & Cribari-Neto 2003). Inflation is a conventional macroeconomic snag bedevilling each advanced and less advanced international locations. Over the past decades, this phenomenon has been at the increase in developing economies and Nigeria isn't an exception. In Nigeria, several factors were identified to be liable for causing inflation. These consist of alternate price (Audu & Amaegberi 2013), economic deficits (Ezeabasili, et al 2012), government spending (Ojarikre, et al 2015; Ogbole & Momodu 2015), cash deliver (Dikeogu, 2018).

The term inflation rate referred to as change price is used to degree the ratio of one state's forex to any other. Within the view of Saheed and Ayodeji (2012), it refers back to the fee at which one foreign currency is exchanged for any other, or the cost of one foreign currency in phrases of another. Ojo and Alege (2014) defined alternate price as the home price of overseas foreign money. They went on to say that it may clearly be notion of because the fee of 1 currency in terms of every other. The above definitions connotes that exchange rate is a comparison of the fee of one currency in phrases of every other. As an example, the fee of Nigerian Naira can be in comparison to those of US Dollar or UK. Moreover, foreign exchange is a monetary

transaction in which the fee of 1 country's currency is exchanged for the currency of any other (Usman & Adejare, 2012).

Empirical studies

Imoisi, et al (2023) decided the correlation between Nigeria's government expenditure and inflation rate inside a multivariate framework from 1970-2020. Information sourced from the country wide Bureau of records, the critical bank of Nigeria and the arena financial institution were utilized for this research. The examine used ARDL to test the statistics, from the end result, a protracted-run dating exists among the variables within the model; they have an impact on government expenditure on the inflation rate within the short and longer term is negative and insignificant, while that of change fee on the inflation charge is tremendous and insignificant in both periods; they have an impact on cash deliver on inflation price each in the brief and longer term is superb and enormous. Ndanshau and Mdadila (2023) investigated how government expenditure affects upon economic growth in Tanzania for the period 1967 – 2020. Autoregressive distributed Lag (ARDL) bounds cointegration take a look at revealed financial increase and government expenditure had been cointegrated, given the conditioning factors; and, revealed a small but statistically good sized tremendous long term effect of government size on monetary growth. The pairwise Granger causality check rejected the null hypothesis of no uni-directional or bi-directional causality between the variables. The study observes also that longer term impact of inflation on financial boom was terrible and statistically sizeable. The ECM results screen the short run effect of government size on financial increase became negative and statistically insignificant; and, the impact of personal investment on financial growth changed into nice and statistically insignificant. Basiru (2022) tested the determinants of government expenditure in Nigeria from (1986-2021). Data have been source from international development indicators and imperative financial institution of Nigeria. Descriptive and inferential data employed for statistics analysis; the end result suggests that the information for evaluation became stationary. Again, the result of ARDL confirmed that inflation and population have a long-run courting with overall government expenditure in Nigeria. Ologbenla (2022) tested the connection between inflation and government spending in Nigeria from 1985 to 2017. The study applied Augmented Dickey-Fuller unit root test, Johansen co-integration; Granger causality check and Vector blunders Correction model (VECM) processes. The secondary data variables in consideration are authorities spending (GEXP), inflation price (INF), exchange fee (EXR) and huge cash supply (MS2) and they have been soured from CBN Statistical bulletins. The regression estimate based on the fast run and long run VECM confirmed that inflation rate has a fine significant impact on government spending in Nigeria over the look at period. Money deliver is positively related with government spending inside the latest years. Meanwhile change fee over the observe durations confirmed a great discount in authorities spending in Nigeria in the latest years because a rise

in exchanger fee reduced the fee of naira and for this reason have an effect on the government expenditure negatively. Chandana, et al (2021) investigated the impact of Nigerian government expenditure (disaggregated into capital and recurrent) on economic increase the use of time collection records for the period 1970-2019. The paper employs Autoregressive distributed Lag (ARDL) model. The findings of the study shows that capital expenditure has high-quality and giant effect on financial increase both in the short run and long term at the same time as recurrent expenditure does not have widespread impact on economic increase both inside the quick run and long term. Akobi, et al (2021) tested the government expenditure and inflation rate in Nigeria; the findings imply that government expenditure on schooling has a superb and insignificant impact on the inflation charge. It was also observed that government expenditure on agriculture and authorities expenditure on schooling have superb however insignificant impact on the inflation price, even as government expenditure on fitness and authorities expenditure on telecommunications have high quality and great impact on inflation charge. Churchill, Ugur and Yew (2017) investigated the nexus between public spending and output boom; the result upheld the conventional belief that huge government size is unfavorable to growth. Magazzino (2016) tested the nexus among public spending and output boom the use of Italian statistics spanning from1861 to 2008 and the locating established a non-linear dating among public expenditure and financial growth for Italy. Ezebuilo (2015) investigated the determinants of the dimensions of Public Expenditure in Nigeria; the locating indicates that the dimensions of revenue and boom rate of countrywide profits (output) and private funding significantly have an effect on the scale of public expenditure each in the quick run and longer term. Outside and domestic debts significantly affect the scale of government expenditure most effective in the quick run. Onifade, et al (2020) the usage of ARDL model and 1981-2017 Nigerian records, observed that recurrent expenditure negatively effects on countrywide output while capital expenditure, albeit insignificantly, definitely impacts GDP. Olayungbo and Olayemi (2018) the usage of Vector error Correction version for 1981-2015 Nigerian information set up authority's expenditure have bad and significant effect on financial growth in both brief and long runs. Ebong, et al (2016) examined the effect of capital and recurrent expenditure on financial increase in Nigeria over the duration 1970-2012 the use of VECM. The end result shows that capital expenditure on infrastructures positively and considerably impacts economic growth in both short and long runs. Ezebuilo (2015) ascertained the determinants of size of presidency expenditure in Nigeria. Brief-Run blunders Correction model and long-run static equation were used for evaluating the have an effect on of those variables on the size of government spending. The lengthy-run static equation served as a test to evaluate short-run dynamics with the long-run relationships. Regular least squares (OLS estimation method was used. The outcomes of this study show that the scale of revenue and growth charge of national income (output) and private funding significantly have an effect on the size of public expenditure each within the

quick run and long run. External and domestic debts appreciably influence the scale of government expenditure handiest within the brief run.

Methodology

Time series data were extracted from the publications of Central Bank of Nigeria (CBN) Annual Reports and National Bureau of Statistics (NBS) bulletin, Budget Office of the Federation from 2008 to 2023 to cover the two immediate past era of governance.

Model Specification:

This study modified the model of Eze, et al (2023) as stated below;

$GDPt = \beta_0 + \beta_1 PD + \beta_2 INTR + \beta_3 EXR + \beta_4 IFRUt$ - - - - - i

Where;

GDP = Gross Domestic Product; PD = Public Debt; INTR = Interest Rate; EXR = Exchange Rate; IFR = Inflation Rate; β_0 = Constant; β_1 = Parameter Estimates; Ut= Error Term

Thus, the modified model:

$GXPt = \beta_0 + \beta_1 DBT + \beta_2 TRV + \beta_3 IFR + \beta_4 EXR + Ut$ - - - - - i

Where;

GXP = Government expenditure;
DBT = Public Debt;
IFR = Inflation Rate;
EXR = Exchange Rate;
β_0 = Constant;
β_1 = Parameter Estimates;
Ut= Error Term

Method of Data Analysis

Descriptive and Inferential statistics of the data were used in this study via E-View 9.0 statistical software, using:

i) Descriptive statistics: is a good measure of central tendency that provides information on the mean, standard deviation, skewness, kurtosis, minimum and maximum values of the variables observed during the period under investigation.
ii) The study employed ordinary least square (OLS) with aid of e-view 9.0

Decision Rule

The decision for the hypotheses is to accept the alternative hypotheses if the p-value of the test statistic is less or equal than the alpha and to reject the alternative hypotheses if the p-value of the test statistic is greater than alpha at 5% significance level.

Data Analysis

Table 1 Descriptive Statistics

	GXP	DBT	TRV	IFR	EXR
Mean	7363.292	15119.24	8212.810	1.996875	263.2719
Median	5521.940	2795.210	7933.695	0.125000	241.1100
Maximum	14000.61	87000.91	11116.85	17.16000	435.5700
Minimum	3240.820	523.2500	4844.590	0.080000	118.5500
Std. Dev.	3875.118	24515.32	1907.360	5.163386	117.3415
Skewness	0.740868	1.869172	-0.110471	2.364294	0.158656
Kurtosis	1.965916	5.621059	1.878852	6.772318	1.290804
Jarque-Bera	2.176580	13.89678	0.870525	24.39328	2.014691
Probability	0.336792	0.000960	0.647095	0.000005	0.365187
Sum	117812.7	241907.9	131405.0	31.95000	4212.350
Sum Sq. Dev.	2.25E+08	9.02E+09	54570342	399.9083	206535.3
Observations	16	16	16	16	16

Source: E-View output, 2024

Interpretation of Descriptive Statistics

The descriptive statistics in table 1 revealed that the government expenditure (GXP) is 7363.29; the maximum of 14000.61 with a minimum of 3240.82 with a standard deviation of 3875.12. The average public debt (DBT) observation is 15119.24; standard deviation of 24515.32; a maximum of 87000.91 with a minimum value of 523.25. The mean value of total revenue (TRV) stood at 8212.81, a standard deviation of 1907.36; maximum observation of 11116.85 with a minimum value of 4844.59. The mean of inflation rate (IFR) is at the average of 2.00; standard deviation of 5.16; a maximum observation of 17.16 with a minimum value of 0.08. The mean of exchange rate (EXR) is at the average of 263.27; standard deviation of 117.34; a maximum observation of 435.59 with a minimum value of 118.55.

Skewness is the measure of how much the probability distribution of a random variable deviates from the normal distribution. Table 1 delineates that the probability distribution for DBT (0.001); TRV (0.647); IFR (0.0.000) and EXR (0.365) are positively skewed distribution.

Table 2: Pearson Correlation Matrix

	GXP	DBT	TRV	IFR	EXR
GXP	1				
DBT	0.88260	1			
TRV	-0.05084	-0.06104	1		
IFR	0.66366	0.85591	0.06893	1	
EXR	0.92283	0.75612	-0.12533	0.53394	1

Source: E-Views 9.0 Correlation Output, 2024

The Pearson Correlation Matrix in table 2 shows the existence of a positive relationship between DBT, IFR, and EXR at a coefficient value of 0.883, 0.664 and 0.0.923. On the other hand, the coefficient factors of -0.051 is an indication that TRV negatively correlates with GXP.

Test of Hypotheses

In other to examine the impact relationships between the dependent variable debt and the independent variables (GXP, DBT, TRV, IFR and EXR) and to also test our formulated hypotheses, the study used a pooled multiple regression analysis since the data had both time series (2008-2023) and cross sectional properties. The pooled interaction based multiple regression results are presented and discussed in Table 3 below.

Table 3 Panel Least Square Regression analysis testing the relationship between GXP, DBT, TRV, IFR and EXR

Dependent Variable: GXP
Method: Least Squares
Date: 01/23/24 Time: 22:35
Sample: 2008 2023
Included observations: 16

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	144.1988	1623.710	0.088808	0.9308
DBT	0.088977	0.031844	2.794159	0.0175
TRV	0.130835	0.157688	0.829704	0.4243
IFR	-96.96513	118.4285	-0.818765	0.4303
EXR	18.96493	4.032478	4.703047	0.0006

R-squared	0.937755	Mean dependent var	7363.292
Adjusted R-squared	0.915121	S.D. dependent var	3875.118
S.E. of regression	1128.979	Akaike info criterion	17.14632
Sum squared resid	14020517	Schwarz criterion	17.38775
Log likelihood	-132.1706	Hannan-Quinn criter.	17.15868
F-statistic	41.43042	Durbin-Watson stat	1.669911
Prob(F-statistic)	0.000001		

Source: E-Views 9.0 Correlation Output, 2024

Interpretation of Regression Result

In Table 3, R-squared and adjusted Squared values were (0.94) and (0.92) respectively. The indicates that all the independent variables jointly explain about 92% of the systematic variations in government expenditure (GXP) over the sixteen years periods (2008-2023). Table 3 revealed an adjusted R^2 value of 0.92. The adjusted R^2, which represents the coefficient of multiple determinations imply that 92% of the total variation in the dependent variable (GXP) in Nigeria is jointly explained by the explanatory variables (DBT, TRV, IFR and EXR). The adjusted R^2 of 92% did not constitute a problem to the study because the F- statistics value of 41.43042 with an associated Prob.>F = 0.000 indicates that the model is fit to explain the relationship expressed in the study model and further suggests that the explanatory variables are properly selected, combined and used. The value of

adjusted R^2 of 92% also shows that 8% of the variation in the dependent variable is explained by other factors not captured in the study model.

Test of Autocorrelation: using Durbin-Waston (DW) statistics which we obtained from our regression result in table 3, it is observed that DW statistics is 1.670 and an Akika Info Criterion and Schwarz Criterion which are 17.15 and 17.39 respectively also further confirms that our model is well specified. In addition to the above, the specific findings from each explanatory variable are provided as follows:

Hypothesis One

Ho_1: Public debt growth has not significantly affect government expenditure in Nigeria.

H_1: Public debt growth has significantly affect government expenditure in Nigeria.

Table 3 indicates that public debt has a positive significant effect on government expenditure in Nigeria. This can be observed from the beta coefficient (β_1) of 0.088977 with p value of 0.02 which is highly statistically significant at 5% level of significance. Since the P-value of the test was 0.02 less than 0.05 (5%), this study upholds that public debt has a positive significant effect on government expenditure in Nigeria. thus, null hypothesis is rejected and alternative hypothesis accepted.

Hypothesis Two

Ho_1: Total revenue has not significantly affect government expenditure in Nigeria.

H_1: Total revenue has significantly affect government expenditure in Nigeria.

Table 3 indicates that total revenue has a positive insignificant effect on government expenditure in Nigeria. This can be observed from the beta coefficient (β_1) of 0.130835 with p value of 0.424 which is highly statistically insignificant at 5% level of significance. Since the P-value of the test was 0.424 higher than 0.05 (5%), this study upholds that total revenue has not significantly affect government expenditure in Nigeria. thus, null hypothesis is accepted and alternative hypothesis rejected.

Hypothesis Three

Ho_1: Inflation rate has not significantly affect government expenditure in Nigeria.

H_1: Inflation rate has significantly affect government expenditure in Nigeria.

Table 3 indicates that inflation rate has a negative insignificant effect on government expenditure in Nigeria. This can be observed from the beta coefficient (β_1) of -96.96513 with p value of 0.430 which is highly statistically insignificant at 5% level of significance. Since the P-value of the test was 0.430 higher than 0.05 (5%), this study upholds that inflation rate has not significantly affect government expenditure in Nigeria. thus, null hypothesis is accepted and alternative hypothesis rejected.

Hypothesis Four

Ho_1: Exchange rate has not significantly affect government expenditure in Nigeria.

H_1: Exchange rate has significantly affect government expenditure in Nigeria.
Table 3 indicates that exchange rate has a positive significant effect on government expenditure in Nigeria. This can be observed from the beta coefficient (β_1) of 18.96493 with p-value of 0.00 which is highly statistically significant at 5% level of significance. Since the P-value of the test was 0.00 less than 0.05 (5%), this study upholds that exchange rate has a significantly affect government expenditure in Nigeria, thus, null hypothesis is rejected and alternative hypothesis accepted.

Hypothesis Five

Ho_5: There is a significant difference between the democratic era of president Yardua/Jonathan (YJEXD) and Buhari (BEXD)

Table 4: The Summary of Regression analysis of BEXD and YJEXD (See appendix)

YJEXD				**BEXD**			
Variables	**Coefficient**	**t-Statistic**	**Prob.**	**Variables**	**Coefficient**	**t-Statistic**	**Prob.**
C	2288.650	2.680081	0.0365	C	6661.845	6.073657	0.0009
GXP	0.211873	2.498860	0.0466	GXP	0.098853	4.172813	0.0059
R^2			0.5100	**R^2**			0.7437
AR^2			0.4283	**AR^2**			0.7010
F-stat(p-val)			0.0466	**F-s(p-val)**			0.0059
D W			1.6507	**D W**			1.0707

Source: Author's Computation, (2024)

The Durbin-Watson (DW) is used to check for the appropriateness of the model in this analysis. Comparing the two regression models, these show to have the value of 1.651 and 1.071 for both YJGXP and BEXP respectively, and this seems to be less than two, as an indication that it has non-auto-correlation and thus it is appropriate but the model probability F-statistics has the value as 0.047, and 0.006 for both YJGXP and BEXP respectively, and they seems to be less than the normal decision value of 5% level of significance decision of this study.

The valve of R-squared coefficient of determination stood at 0.510, 0.744 for both YJGXP and BEXP respectively which implies that 51% and 74% respectively of the systematic variations in the dependent variable government expenditure (GXP) were able to be predicted by the independent variable of democratic eras; while about 49% and 26% respectively were unexplained, and possibly these were captured by the stochastic error term. On the other hand, the adjusted R-squared are 0.428 (43%), and 0.701(70%) for both regimes respectively, these also show that the independent variable have the power to explain about 43%, and 70% of the systematic variation in the change of GXP of YJGXP and BEXP era for the period covered, while the

balance of 57%, and 30% of both democratic eras respectively are the stochastic elements that represent all other endogenous and exogenous variables affecting YJGXP and BEXP era within government expenditure which were not captured in the study models of both era.

Comparative Hypotheses Testing in YJGXP and BEXP

H_{05}: There is no significant effect of government expenditure determinants on government expenditure in both YJGXP and BEXP.

The abridged regression models coefficient values of 0.211873, 0.098853 for both YJGXP and BEXP eras respectively and their probabilities values are 0.04 and 0.006 for both YJGXP and BEXP respectively. Thus using our decisions stand, which is 5% significance level, we conclude that the determinants of government expenditure are positive and significant in YJGXP and BEXP.

Discussion and Conclusion

This study examined the determinants of public expenditure on government expenditure of Nigeria. Specifically, the study ascertained the effect of public debt, total revenue, inflation rate and exchange rate on total government expenditure in Nigeria, as well, the study compare the two recent democratic eras (Yar'adua-Jonathan and Buhari) government expenditure in Nigeria. Data were generated from publications of Central Bank of Nigeria (CBN) Annual Reports and National Bureau of Statistics (NBS) bulletin, Budget Office of the Federation from 2008 to 2022. The hypotheses were tested using pool multiple regression analysis. The study revealed that public debt and exchange rate were statistically significant at 5% level of significance, while total revenue and inflation rate shows negative and positive insignificant effect respectively.

It shows that public debts are necessary to meet shortfall internal resources, and stimulate the economy. However, it must be properly utilized to avoid serious consequences. This should be the most important thing agitating the mind of any good accountant and Economist whenever external debt is contemplated. However, the coefficient of government expenditure is negative and statistically insignificant in the short and long run, inferring that a rise in government expenditure decreases the inflation rate. However, it was realized that the, while the exchange rate was positive and statistically significant.

The subsequent suggestions have been made based on the findings:

i. Debt control office should set mechanisms in motion to ensure that loans are applied for the cause for which they were obtained. This can be done via right monitoring of the use to which the funds are put.

ii. Government officials saddled with the obligation of sales generation should be expressly catered for. This could growth their performance and consequently accrues more sales to the purse of the authorities.
iii. Government should enhance its expenditure on productive and fecund activities in order to increase the total output of the economic system as this has a tendency to lessen the charge of inflation in the financial system in preference to exacerbate it.

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Appendix

Dependent Variable: YJGXP
Method: Least Squares
Date: 01/24/24 Time: 22:01
Sample: 2008 2015
Included observations: 8

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2288.650	853.9481	2.498860	0.0365
YJEXD	0.211873	0.084788		0.0466

R-squared	0.509976	Mean dependent var	4370.926
Adjusted R-squared	0.428305	S.D. dependent var	698.3784
S.E. of regression	528.0473	Akaike info criterion	15.58857
Sum squared resid	1673004.	Schwarz criterion	15.60843
Log likelihood	-60.35427	Hannan-Quinn criter.	15.45462
F-statistic	6.244300	Durbin-Watson stat	1.650754
Prob(F-statistic)	0.046600		

Dependent Variable: BGXP
Method: Least Squares
Date: 01/24/24 Time: 22:04
Sample: 2008 2015
Included observations: 8

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6661.845	1096.843	6.073657	0.0009
BEXD	0.098853	0.023690	4.172813	0.0059

R-squared	0.743725	Mean dependent var	10355.66
Adjusted R-squared	0.701013	S.D. dependent var	3350.181
S.E. of regression	1831.870	Akaike info criterion	18.07638
Sum squared resid	20134477	Schwarz criterion	18.09624
Log likelihood	-70.30552	Hannan-Quinn criter.	17.94243
F-statistic	17.41237	Durbin-Watson stat	1.070763
Prob(F-statistic)	0.005860		