EFFECT OF ADMINISTRATIVE CAPITAL EXPENDITURE ON ECONOMIC DEVELOPMENT: AN EMERGING NATION OUTLOOK

BEN ETIM UDOH

Department of Management, University of Nigeria, Enugu, Nigeria

Email: **etim.ben@unn.edu.ng**

UDO EMMANUEL SAMUEL

Department of Banking, University of Nigeria, Enugu, Nigeria

Email: **samuel.udo.pg77393@unn.edu.ng**

ABNER ISHAKU PRINCE

Department of Management, University of Nigeria, Enugu, Nigeria

Email: **prince.abner.19910@unn.edu.ng**

IKE RUBY NNEKA *Email:* **ruby.ike@unn.edu.ng**

Department of Management, University of Nigeria, Enugu, Nigeria

TINGIR TERZUNGWE JOSHUA *Email:* **joshuatingir@gmail.com**

Department of Banking and finance, University of Nigeria, Enugu, Nigeria

IBEKWE UZONNA JOHN *Email:* **uzonna.ibekwe.83265@unn.edu.ng**

Campus Department of Management, University of Nigeria, Enugu, Nigeria

Abstract

The study embraces the effect of administrative capital outflow on recurrent outflow on economic development in Nigeria, with the fundamental intent to examine the effect, causes, and affiliation between government overheads and economic growth and development in Nigeria. The study adopted annual time series data from 1999-2016. The Classical Regression Model, Augmented Dickey-Fuller test along with an array of a diagnostic test where employed. The Johansen test for co-integration was equally employed with two co-integrating factors. Empirical proof bared a long-run affiliation flanked by government outflow and growth in Nigeria. The Results documented the manifestation of a significant affiliation flanked by real gross domestic product, total recurrent expenditure and community services, with a non-significant affiliation flanked by GDP and economic services. In relation to the findings, surrounded by the sanctions made, are that government should and must increase capital overhead and decrease recurrent overhead to propel development. Nevertheless, for government to realize the intent of infrastructural development the conglomerate between the private sectors and the government is *sine qua non*.

Keywords: **Community services; Development; Expenditure; Economic; Nigeria**

INTRODUCTION

In a bygone era, the administrative roles of government globally cuddle; preservation of law and acts; end to end with the delivery of social basic infrastructures. In the contemporary era, empirical and conventional philosophy holds the view that, such roles have shifted to cuddles; the realization of full employment, price stability at a target rate of inflation of 2 percent, economic diversification, balance of payment with trade equilibrium, along with an unbiased circulation of income and wealth. Everything being equal, for such roles to be prized, government overheads became indispensable.

The active participation of government in trade and industry received ample courtesy in the 1930s. John Maynard Keynes in 1936 institute that, government outflow principally lifts development by means of fund injection. Therefore, government input emanates from the need to balance the imbalances in the economy [1,2].

However, naturally and by humanity Nigeria is enormously, blessed with an estimated land mass of 923,773km2, population of above 180 million 2006 census report and holds within her belly innumerable vegetation, solid mineral and gigantic bond of crude petroleum with natural gas; measure above 27 billion barrels of crude and 120 trillion standard cubic feet of gas, correspondingly [3].

Crude oil with natural gas contributes 95% of foreign earnings, 80% to GDP, an above 90% of total export valued at $47.8 billion enlisting Nigeria as the 49th largest exporter and import at $39.5 billion enlisting Nigeria as the 51st largest importer, with trade balance rank 82nd globally (Observer of Economic Complicity, 2015). The over-dependence and monoculture pattern of the economy propels the World Bank indices report of 2015 ranking the economy as one of the most unstable in the world with key defy taking on macroeconomic instability, motivated basically by external trade shocks.

The above is evidence in the dwindling expenditure rate from 37.9% in 2008, 6.4% in 2009, 21.5% in 2010, 12.3% in 2011, -2.3% in 2012, 5.39% in 2013, while real GDP in 2013 stood at ₦ 941.46 billion (CBN, 2013). The GDP growth on aggregate stood at 6.0% in 2008, 7.0 % in 2009, 8.0% in 2010, 7.4% in 2011 and 6.6% in 2012 (CBN, 2012). The World Bank Nigeria poverty headcount of 2012 statistically, shows that about 62.6% of Nigerians which holds about 63 million of the populace live below two dollars per day, with live expectancy below average at 45%. The United Nations Human Development Index ranked Nigeria 152nd out of 175th poor nations [3].

In an effort to amend the quagmire in the economy, government over time adopted and implemented diverse policies such as (poverty alleviation program and intensified outflow etc.) to boost development and growth in Nigeria. Government expenditures embrace "capital and recurrent" which the former are expenditures on non-financial properties employ for production and revenue generation for more than a fiscal year, whereas, the latter are payments for non-repayable transactions within a fiscal year [4]. Consequently, government overheads can be chatted in the background of public expenditure theory.

In the sweat to boost development, government expenditure has been on the constant increase bearing in mind budgetary allocations to various sectors of the economy. Such is evident in the unceasing increase of recurrent expenditure at ₦4, 805.20 million in 1980, ₦36, 219.60 million in 1990, ₦1, 589,270.00 in 2007, ₦ 2.98 trillion in 2017 and ₦3.494 trillion in 2018 also, capital expenditure at ₦10, 163.40 million in 1980, ₦24, 048.60 million in 1990, ₦239, 450.90 million in 2000 and ₦759, 323.00 million in 2007, ₦2.24 trillion in 2017 and ₦2.428 in 2018 trillion respectively. The 2016, 2017 cum 2018 budget as a distinctive specimen established that recurrent overheads hold a greater proportion of allocation than capital overheads that are pre-ordained to propel development by means of provision of social basic infrastructures (Table 1).

However, the outflow has continued to intensify in geometric proportion, while economic progression has unrelenting develop at a sluggish pace in Nigeria even in the face of a gigantic increase in outflow to boost growth and development economically in Nigeria [5].

The above analysis, therefore, propels and begs the questions; to what degree has the gigantic government outflows impacted on the development of the Nigerian economy? and what controls the imbalances or incompatibilities between government outflows and development in Nigeria?

Table 1: Economic segments.

Economic Segments	Capital Overhead	Recurrent Overhead
Infrastructural	87%	12.20%
Social	11.40%	88.60%
Economic	40.10%	59.90%
Security	23.30%	76.70%
Administrative	26.10%	73.90%
Sources (Budget, 2016, 2017 and 2018).		

The affiliation between government outflows and development has been the strategic theme of debate for economists and policymakers especially in emerging economies like Nigeria. Scholars over time held the view that, government overheads impact positively on economic progression economically [3,6] accredited, economic progression economically to government capital overheads in developed and developing economies, where such outflows are a productive target.

Nevertheless, on the opposite various researchers oppose that increase in government overheads do not stimulate growth and development economically.
The justification for these researches emanates from the adoption of recurrent outflow as a measure or percentage of the total budget for the fiscal year along with capital outflow augment on growth and development economically.

The based the year 1999 to 2016 play host to power transition from the military to the civilian and the implementation of different monetary blueprint to propel economic progression in Nigeria. The fundamental intent of the study is to scrutinize the bond and effect of government total recurrent overheads on economic development in Nigeria.

LITERATURE REVIEW

Capital overheads are government outflows for the delivery of social basic infrastructure as a measure and as a stimulus for economic progression. This denotes that government outflow is the heart of economic and financial progression globally.

Theoretical Review

The theoretical reinforcement of this study embraces the Wagner and Keynesian public expenditure schools of thought. Adolph Wagner, a legendary Germany

economist in 1883, developed a model and it was officially articulated as the prime determinant of government overheads in developing and developed economies. The Wagner's law holds the view that government overheads are an endogenous constituent that is fundamentally influenced by means of an increase in national income and not dynamics accompanying growth in national income. The Wagner's law, however, states that proliferation in administrative overheads translates to progression in national income.

The proposition is that national income energies overheads. The law auxiliary clarified that government overheads might be considered as an endogenous variable, not as an exogenous variable.

The Keynesian in 1936 holds the view that government overheads are spirited governmental tool for the correction of progression imbalances in any economy by means of financial intermediation borrowing from the surplus unit (private sector) to the scarce unit and repayment by means of fund injection through disbursements programs. Therefore, progression economically is a byproduct of administrative outflow in developed and developing economies.

Empirical Review

Samson, (17) examine administrative outflow and economic progression proxy by GDP end to end industrial sector in Nigeria, by means of Vector Error Correction Model and Granger Causality Model. The findings, therefore, shows the manifestation of a negative and significant affiliation between government outflow and the industrial sector in Nigeria.

The recommendation of the study holds that for government outflows to impact positively there ought to be effective and efficient channeling of funds to industrial sectors.

Onakoya and Somoye [7] study the impact of public capital overheads on economic progression proxy by GDP in Nigeria, engaging three-stage-least square (3SLS) technique and macro-econometric model of simultaneous equations. Findings show that capital overhead has a positive and significant bond with economic growth in Nigeria.

Eze and Ogiji [20] explore the impact of fiscal policy on the industrial output in Nigeria, by means of Co-integration, VECM, and OLS Method. Findings bare that government outflow significantly affect the manufacturing sector output and there is a long-run correlation between fiscal policy and manufacturing sector output in Nigeria.

Melissa and Dean [8] scrutinize the effect of government outflow on productivity industrial sector in the USA, engaging the simple Cobb-Douglas production model. Findings confirm a strong positive and the statistically significant bond between

private capital and labour productivity.

Njoku, et al., [1] deliberated on the effect of government outflow on economic progression in Nigeria 1961-2013. Findings show the manifestation of a significant link between government outflow and economic evolution. Recommendation holds that there ought to be continuous increase outflows that are developed and growth-oriented.

Okoro [9] probed the impact of administrative outflow in Nigeria from 1980-2011 by means of Granger Causality Model and OLS technique. Findings and conclusion bare a long run association between the real GDP and total government outflow.

Agbonkhese and Asekhome [11] evaluated the impact of government outflow on credit to the economy, private capital formation, exchange rate and lagged values of GDP on current Gross Domestic Product, relating OLS econometric technique. Findings hold that, with the omission of exchange rate on the basis of negative impact to GDP, other explanatory variables showcase positive impact to GDP.

Emenini and Okezie, [21] explored the correlation between total government outflow and economic advancement in Nigeria 1980-2012. Findings hold the opinion of co-integration between GDP and total government outflow; therefore, adjustment to equilibrium is 44% within a fiscal year when the variables stroll away from symmetry values.

Onakoya and Somoye [7] inspected the impact of capital outflow on economic evolution in Nigeria in the context of the macroeconomic framework at sectoral levels. Results hold the view that capital expenditure donates positively to economic growth. The relationship shows a positive but non-significant to the services sector. The recommendation is that of privatization of government-owned enterprises, to establish a positive affiliation.

Robinson, Eravwoke, and Ukavwe [11] scrutinized the bond between government outflow and economic evolution. Government outflow was disaggregated into public debt expenditure, expenditure on health, and Education. Hence, Augmented Dickey-Fuller (ADF) test and OLS were taken on. Findings hold, that government outflow increases both foreign and local investments.

Al-Shatti [12] surveyed the impact of government overheads on economic progression in Jordan from 1993-2013, by means of OLS multiple regression models. Government outflow capture capital and recurrent outflow on education, health, economic, housing and community utilities. Findings hold display statistically significant impact of recurrent overheads on health, economic, housing and community utilities and capital expenditure on health and economic affairs. There is a non-significant impact of recurrent expenditure on education and of the capital expenditure on education, housing and community facilities in Jordan. The study

submits the presence of positive affiliation between government outflows on economic growth in Jordan.

Shuaib, Ahmed, and Kadiri [22], studied the impact of innovation on an educational subdivision in Nigeria. By means of Augmented Dickey-Fuller (ADF) tests, Co-integration tests and Error Correction model from end to end over-parameterization and parsimonious of the variable to qualify the researcher to make certain short-run and long-run equilibrium.

Shuaib, Igbinosun, and Ahmed [23] studied the impact of government agricultural outflow on the Nigerian economy by means of Augmented Dickey-Fuller (ADF), Co-integration and OLS technique. The outcomes bare that government agricultural outflow has an undeviating bond with economic growth which statistically significant at 5% level.

Shuaib and Dania [24], studied capital formation: impact on the economic expansion in Nigeria from 1960-2013. By the adoption of Harrod-Domar model to whether there is significant bond with the Nigerian economy. Empirical findings show a significant bond between capital creation and economic expansion in Nigeria.

Shuaib, Ekeria, and Ogedengbe [25] scrutinized the impact of corruption on growth economic in Nigeria from 1960-2012, by means of Augmented Dickey-Fuller (ADF), Co-integration and OLS technique to define the long-run affiliation in the study. Empirical findings show that corruption has an inverse bond with growth in Nigeria.

Ainabor, Shuaib, and Kadiri, Ainabor, [26], scrutinized the impact of capital materialization on economic evolution in Nigeria from 1960-2010, by the adoption of Harrod-Domar growth model in relation to Nigerian growth to test if there is a significant affiliation with the Nigerian economy. By means of Augmented Dickey-Fuller (ADF) tests, Co-integration tests and Error Correction model to define the long-run affiliation. Findings support the Harrod-Domar model which substantiated that national income growth rate is directly associated with saving ratio and capital formation.

Uma, et al. [3] empirical investigate the influence of government outflow on administration, economic services, social and community services and total recurrent expenditure on economic development in Nigeria by the adoption of quarterly data ranging from 1980Q1-2010Q4. Augmented Dickey-Fuller test and co-integration where equally adopted. Finding bared a long-run association between government outflow and GDP, and expenditure on administration and total recurrent outflow impact significantly on the GDP, while outflow on economic services and social and community services have an insignificant effect on the real GDP.

Okyeuzu, et al. [5] review the impact of government recurrent outflows on economic evolution in Nigeria from 1961-2008, by means of bivariate co-integration analysis.

Findings and results in signposts presence of co-integrating with the decision that there is a long-run bond flanked by economic progression and recurrent (GDP and RECURREXP) in Nigeria.

Patricia [13] premeditated on the effects of administrative outflow on educational economic advancement in Nigeria form 1977-2012. Findings show that outflow on education has a significant and positive effect on economic growth, whereas, recurrent outflow on education does not highly correlate with economic progression in Nigeria.

Contribution to Knowledge

This study contributes to the body of knowledge by means of estimation techniques adopted and/or the data used which is extended to 2016 to accommodate past and present economic and government current and recurrent outflows in Nigeria, along with effort made to empirically scrutinize the effect and bond between the Government outflows on growth and development economically. The equation was estimated using quantum of analytical tools, along with an arrayed series of battery tests taking on Augmented Dickey-Fuller test for stationary, Johansen co-integration test for a long-run relationship, White test for heteroscedasticity (WGH) to signpost any potential abuse of the homoscedasticity assumption of Classical Linear Regression Model (CLRM). Breusch Godfrey LM serial correlation test, Ramsey Reset Test and CUMSUM model for Model Stability test. The method of estimation is fundamentally the OLS Technique [14-19].

METHODOLOGY

Model Formulation/Specification

On model formulation cum specification it can, however, be theorized that government outflows: on economic services (ECONS), community services (COMSR), and total recurrent outflows (TOTREC) revealed and established a non-significant effects cum bond on economic expansion in Nigeria. However, economic development is therefore measured by Real Gross Domestic Product (RGDP).
Nevertheless, it can equally be theorized that satisfactory government outflows bare a positive and significant effect *cum* bond on Real Gross Domestic Product and therefore can boost growth and development in Nigeria.

Linear Function

This study adopts the model of Uma, et al. [3] in their study; Government Expenditure in Nigeria: Effect on Economic Development as;
Rgdp = f (Gea, Ges, Gscs, Gtre).
That is Rgdp= a0 + a1 Gea + a2 Ges + a3 Gscs + a4 Gtre + et   (1)
Where; Rgpd= Real gross domestic product;

Gea = Government expenditure on administration; Ges = Government expenditure on economic services; Gscs= Government expenditure on social and community services; Gtre= Government total recurrent expenditure.

The above model was modified to capture our study and the functional affiliation of the variables are specified as:
RGDP = f (ECONS, COMSR, TOTREC)
RGDP= a0 + a1ECONS + a2COMSR + a3TOTREC + et   (2)

Where: RGPD = Real gross domestic product; ECONS = Economic services; COMSR = Community services; TOTREC =Total recurrent outflows, a0 = intercept; a1, a2 a3, a4 = coefficients of the independent (explanatory) variables; et = stochastic error term.

On priority foundation, the coefficient of the independent variables (a1, a2, a3, and a4) are projected to showcase a positive and significant affiliation with economic growth and development.

Method of Data Analysis

The study by means of analysis adopts time series data from 1999-2016 as published by the Central Bank of Nigeria Statistical Bulletin and Annual Statement of Account 2016. Along with an arrayed series of battery tests embracing Augmented Dickey-Fuller test for stationary, Johansen co-integration test for a long-run relationship, White test for heteroscedasticity (WGH) to signpost any potential abuse of the homoscedasticity assumption of Classical Linear Regression Model (CLRM). Breusch Godfrey LM serial correlation test, Ramsey Reset Test for Model Stability, the method of estimation is fundamentally the Ordinary Least Square Technique (OLST).

Data Analysis and Interpretation of Results

Table 2: Description of the characteristics of the variables under study.

	LOGRGDP	**LOGECONS**	**LOGCOMSR**	**LOGTOTREC**
Mean	10.32054	4.992460	5.641896	7.397020
Median	10.48974	5.313145	5.677862	7.514478
Std. Dev.	0.961164	0.872573	0.921118	0.768793
Skewness	-0.40158	-0.26141	-0.0975	-0.36036
Kurtosis	1.864677	1.782067	1.478645	1.754697
Jarque-Bera	1.450512	1.317527	1.764406	1.552671

Probability	0.484201	0.517491	0.413870	0.460089
Observations	18	18	18	18

The descriptive statistics in Table 2 above displays elementary aggregative averages of mean, and median, as well as the measures of spread and variation embracing standard deviation for all the observation at differenced series. Skewness measures the degree of departure from symmetry. While kurtosis measures the degree of peakedness. Jacque Bera Statistical test for normality parades that all the distributions are platykurtic as their kurtosis are all less than two (<2) and the p values of the JB Statistics are greater than (>5%). This submits a departure from normality and is therefore dependable with behaviour economic and financial time series data.

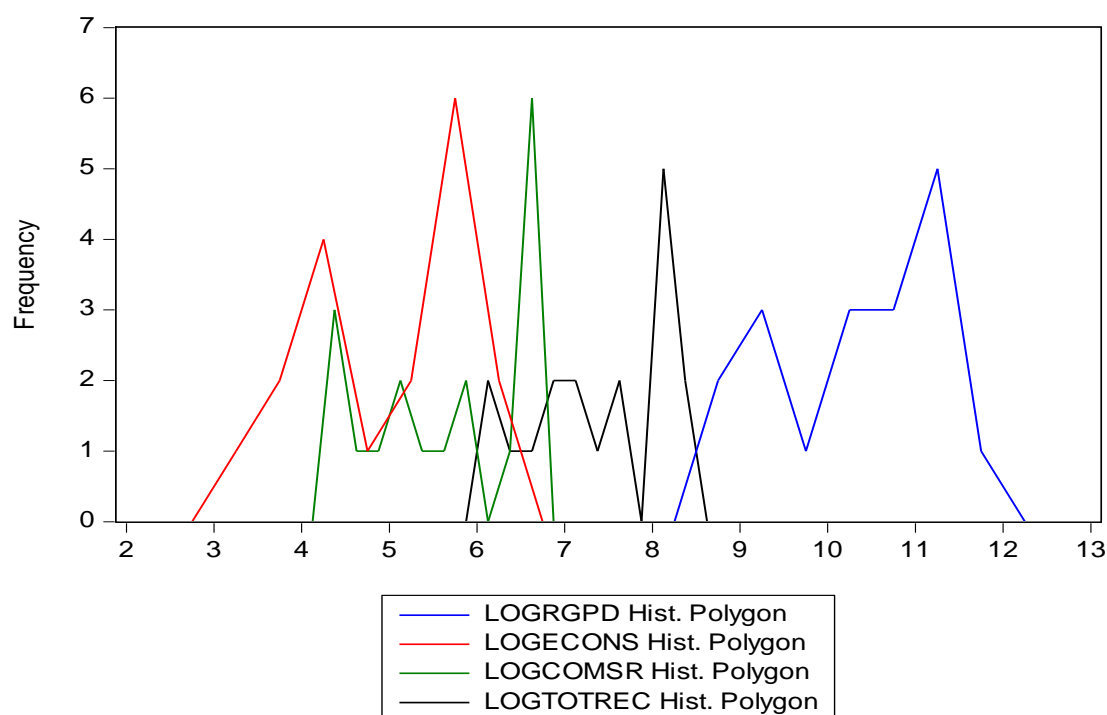**Figure 1:** Histogram (Polygon) plot of the differenced series.

Figure 1 above, shows that community services and economic services (logCOMSR and logECONS) have the maximum peak and data also confirm that COMSR and ECONS have the observation with the highest value. The plot equally illustrates that other variables fall with a range that is not extremely low with their values. The above therefore established a possible linear affiliation conceivable.

Tests for Unit Root

To ensure that the dataset is stationary enough to allow for meaningful analyses, the

variables were subjected to a unit root test following the Augmented Dickey-Fuller Statistics as adopted by Dickey and Fuller (1979, 1981), and Phillip Perron (pp) test to guard against spurious affiliation of variables. As such non-stationarity variables will produce spurious results if adopted.

Table 3: Summary of ADF unit root tests.

S/No	Variables	ADF Stat	Critical Values			Order of Integration @ 5%
			1%	5%	10%	
1	LOGCOMSR	-5.62	-4.66**	-3.73**	-3.31**	I(1)
2	LOGECONS	-5.32	-4.66**	-3.73**	-3.31**	I(1)
3	LOGRGDP	-2.46	-4.80**	-3.79**	-3.34**	I(1)
4	LOGTOTREC	-5.95	-4.66**	-3.73**	-3.31**	I(1)
**Suggests Stationarity at the given level of Significance						

Table 3 shows test for stationarity assets of the series following the Augmented Dickey-Fuller statistics. All the variables were found to be stationary in first order I (1). The p-values (0.000) are all less than 0.05 for which cause, the null hypothesis to be rejected convincingly. This test fundamentally guarantees that the regression result would not be spurious.

Table 4: Regression results.

Dependent Variable: ΔGDP **Included observation: 18** **Option in OLS: White Heteroskedasticity Consistent Errors and Covariance**					
Variables	**Expectation**	**Coefficient**	**Std.Error**	**t-statistics**	**P-value**
LOGTOTREC	+	1.276566	0.176558	7.230291	0.0000**
LOGECONS	-	-0.14312	0.064253	0.064253	0.0428
LOGCOMSR	+	0.089963	0.13446	0.669067	0.5143
Note: In the stated Probability values * means significance at 5% level of significance Source: Authors Computation.					

Other OLS Estimates

R^2 = 98.85%,
Adjusted R^2 = 98.60%,
F-Statistic = 402.9418
Prob(F-Statistic) = 0.000000
(DW Stat 1.43)

The estimated above results in (Table 4) shows the affiliation between government recurrent capital outflows and economic development in Nigeria within the scope of the formulated model tested. A positive and significant affiliation was found between ΔGDP, ΔCOMSR, and ΔTOTREC. This is inconsonant with our apriori expectation. Nevertheless, a negative and non-significant affiliation was found between ΔECONS and ΔGDP. This is a departure from our expected sign and direction. The R^2 holds the view that 98.8% of the variation in RGDP within the framework of this model is explained by regressors. The Adjusted R^2 of 98.6%, this confirms goodness of fit in the model. Unexplained variation is less than 3%. The F-test 402.9418 (0.0000*) holds that the overall regression is statistically significant at 5% level rule of thumb. Moreover, the DW statistics which is 1.48 approximately 2, by the rule of thumb, rules out the suspicion of AR (1) autocorrelation and proves that the data used for the analyses are well behaved.

Further confirmatory test for autocorrelation, the Breusch Godfrey LM serial correlation Test was used as a validity test for the DW statistics (Table 5).

Table 5: Breusch Godfrey serial correlation LM test result.

F-statistic	1.708982	Prob. F(9,5)	0.288
Obs*R-squared	13.58409	Prob. Chi Square(9)	0.1379

The result of the BG LM serial correlation test conducted with a lag of 9 which by the rule of thumb represents one-third of the number of observations indicates that the p-values of the F and Chi-square tests are all greater than 5%. This means that we accept the null hypothesis of no autocorrelation and reject the alternative hypothesis. This confirms the DW results and absolves the regression results of all forms of spuriousness.

Table 6: Test for Heteroskedasticity.

F-statistic	0.621802	Prob. F (9,8)	0.7534
Obs*R-squared	7.408817	Prob. Chi-Square (9)	0.5946
Scaled explained SS	3.009187	Prob. Chi-Square (9)	0.9639

The results of the White Test for heteroskedasticity as shown in the table above disagrees with the acceptance of the null hypothesis of homoscedasticity. To remedy this problem which is a clear violation of one of the cardinal assumptions of the Linear Regression Model, that was adopted in the regression model as reported in Table 6, the white heteroskedasticity-consistent standard errors and covariance. This gives us a more robust standard error and t-estimates as reported above.

Table 7: Ramsey RESET test.

	Value	Df	Probability
F-statistic	1.171537	(2, 12)	0.3430
Likelihood ratio	3.210490	2	0.2008

Equation: UNTITLED
Specification: LOGRGDP LOGECONS LOGCOMSR LOGTOTREC C
Omitted Variables: Powers of fitted values from 2 to 3

The Ramsey RESET test as shown in Table 7 below, conducted on a lag of 2, shows that there is no model specification error. Indicating that irrelevant variables were not included and essential variables were not omitted.

Table 8: Co-integrating test result between RGDP and government expenditure variables.

Eigenvalue	Trace Statistic	0.05 (5%) critical value	Probability	Hypothesized No of CE (s)
0.896540	70.46505	47.85613	0.0001	None *
0.763612	34.16791	29.79707	0.0147	At most 1 *
.392117	11.09143	15.49471	0.2059	At most 2
0.177529	3.127067	3.841466	0.0770	At most 3

Table 8 above, shows the Trace statistic, maximal Eigenvalue statistic, and probability. The signpost direct existence of two co-integrating equation at (5%) significance level, which therefore denotes that real gross domestic product (RGDP) adopted as proxies for economic development is co-integrated with government outflows.

The assume dismissal of null hypothesis holds no co-integration and acceptance of the alternative hypothesis of co-integration. Thus, the results suggest the existence of a stable long-run relationship between government outflow and real gross domestic product.

Table 9: Result of Granger causality test.

| Pairwise Granger Causality Tests Date: 02/09/18 Time: 09:09 Sample: 1999 2016 Lags: 1			
Null Hypothesis:	**Obs**	**F-Statistic**	**Prob.**
LOGECONS does not Granger Cause LOGRGPD	17	0.65558	0.4317
LOGRGPD does not Granger Cause LOGECONS		6.33913	0.0246
LOGCOMSR does not Granger Cause LOGRGPD	17	4.23021	0.0588
LOGRGPD does not Granger Cause LOGCOMSR		4.61999	0.0496
LOGTOTREC does not Granger Cause LOGRGPD	17	1.69123	0.2144
LOGRGPD does not Granger Cause LOGTOTREC		7.51103	0.0159
LOGCOMSR does not Granger Cause LOGECONS	17	3.16934	0.0967
LOGECONS does not Granger Cause LOGCOMSR		6.42273	0.0238
LOGTOTREC does not Granger Cause LOGECONS	17	3.19676	0.0954
LOGECONS does not Granger Cause LOGTOTREC		0.00571	0.9408
LOGTOTREC does not Granger Cause LOGCOMSR	17	8.48819	0.0113
LOGCOMSR does not Granger Cause LOGTOTREC		0.37264	0.5513
Trace test indicates 2 co-integrating equations(s) at the 0.05 level *denotes rejection of the hypothesis at the 0.05 level of significance			

Table 9 above, shows that there is a uni-directional relationship between recurrent expenditure and economic development.

Test for model Stability

To confirm the stability of the model over the sample period and the absence of wrong functional form and model specification error, we used Ramsey RESET (Regression Specification Error Test) and the Recursive Estimates Bound Graph. The recursive graph shows the two red lines which are the upper and lower bounds and the blue line which is the model. This indicates that the model is blue and within

bounds (Figure 2).

Figure 2: Test for model stability.

CUSUM　----- 5% Significance
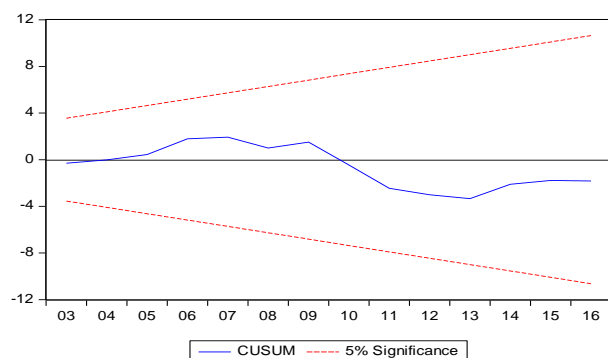
CONCLUSION AND RECOMMENDATION

For the government to realize and ensure effective, efficient and sustainable development in Nigeria as one of its prime objective of the vision 20;2020, reasonable and substantial resources both financial and human capital are required. The study empirically examines the effect and affiliation of government outflow on economic progression in Nigeria economically. It can, therefore, be established that government outflows have a positive and significant effect and affiliation on community services. On another hand, there is a negative and non-significant effect and affiliation between government outflow on economic services which measures development while the latter measures growth. The study, therefore, is inconsonant with the findings Ditimi, et al [15], Nurudeen and Usman [6], Uma, et al., [3].
The recommendation emanating from the statistical result established that the most effective and efficient way to boost development is sufficient outflow via capital outflow and a decrease in recurrent outflow in all sectors of the economy. However, a partnership between the private sectors and government in areas of social basic infrastructural developments are vital.

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