Government Expenditure and Economic Growth in Nigeria, 1970-2010: ARDL Bounds Test Approach

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Abstract **This paper analyses the impact of public expenditure on economic growth in Nigeria during the period 1970 to 2010 making use of annual time series data. The study employs the bounds testing (ARDL) approach to examine the long run and short run relationships between public expenditure and economic growth in Nigeria. The bounds test suggested that the variables of interest put in the framework are bound together in the long-run. The associated equilibrium correction was also significant confirming the existence of long-run relationships. Our findings indicate the impact of total public spending on growth to be negative which is consistent with other past studies. Recurrent expenditure however was found to have little significant positive impact on growth. Therefore, government should increase its spending on infrastructure, social and economic activities.**

Index Terms*— government expenditure, economic growth, ARDL co-integration, Nigeria.** ***(key words)

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