The Impact of Fiscal Policy on the Economic Growth of Nigeria

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Abstract:
This research study examined “Impact of fiscal policy on the economic growth of Nigeria”. The study made use of Johansen Co-integration Test analysis to determine the long run relation between fiscal policy and economic growth of Nigeria. The data was sourced from CBN statistical bulletin for the period of 1990 to 2021. The research findings revealed that there is a linear relationship between Gross Domestic Product and Public Debt, Tax revenue and Government Expenditure, Public debt (PDBT) and Tax Revenue (TAX) were negatively related to GDP while Total Government Expenditure (TGE) is positively related to GDP; PDBT and TAX both have an inverse relationship with GDP meaning that increases in both variables have negative impact or lead to a reduction in GDP. Statistically; the t-statistics of the variables under consideration were significant and the overall estimates of the regression were statistically adequate and therefore shows the acceptance of alternative hypothesis of no co-integration of unstable long run relationship between Fiscal Policy and Economic Growth. It was recommended that; the Nigerian government to increase expenditure on economically viable investment to improve individual income through employment and increased output. Also Government expenditure should be well monitored and ensure that these expenditures are not diversified to individuals’ pockets. The Government should also avoid incessant unproductive debt and ensure the existing debits are properly serviced as and when due.

Keywords: Fiscal policy, economic growth, Public Debt (PDBT), Tax Revenue (TAX) and Total Government Expenditure (TGE), Gross Domestic Product (GDP).

Introduction
Fiscal policy is the means by which a government adjusts its level of spending to monitor and influence a nation’s economy. It is used along with the monetary policy, which the central bank uses to influence money supply in a nation. These two policies are used to achieve macroeconomic goals in a nation. These goals include price stability, full employment, reduction of poverty levels, high and sustainable economic growth, favorable balance of payment, and reduction in a nation’s debt. Nigeria’s potential for growth and poverty reduction is yet to be realized. A key constraint has been the recent conduct of macroeconomics, particularly fiscal and monetary policies. This has led to rising inflation and decline in real incomes. National economic management became a Herculean task as the economy must contend with volatility of revenue and expenditure. The widespread lack of fiscal discipline was further exacerbated by poor co-ordination of fiscal policy among the three tiers of government. Also, there is a weak revenue base arising from high-marginal tax rate with very narrow tax...
base, resulting in low tax compliance. As a result of these and other factors, serious macroeconomic imbalances have emerged in Nigeria. A review of these macroeconomic indices shows that inflation has accelerated to double-digit levels in 2000 and 2001. It increased from 6.94 to 18.87, respectively. This double-digit inflation continued up to 2005 and decreased to single digit in 2006 and 2007. In 2008, the inflation rate reverted to double digit (11.58) and continued to increase, and in 2010, it was 13.72% (International Monetary Fund [IMF], 2011).

The use of government revenues and expenditures to influence macroeconomic variables developed because of the Great Depression when the previous laissez-faire approach to economic management became discredited.

Fiscal policy is based on the theories of the British economist John Maynard Keynes, whose Keynesian economics indicated that government changes in the levels of taxation and government spending influences aggregate demand and the level of economic activity. Fiscal and monetary policies are the key strategies used by a country’s government and central bank to advance its economic objectives. The combination of these policies enables these authorities to target the inflation (which is considered "healthy" at the level in the range of 2%–3%) and to increase employment. Additionally, it is designed to try to keep GDP growth at 2%–3% and the unemployment rate near the natural unemployment rate of 4%–5%. This implies that fiscal policy is used to stabilize the economy over the course of the business cycle. Fiscal Policy as a tool of macroeconomic management used by the government to control the economy via its revenue and expenditure portfolios is an important concept in economics. The revenue portfolio consists of components like tax revenue, trade surplus, and foreign aid, while the expenditure portfolio consists of recurrent and capital expenditure. In other words, fiscal policy is the government’s deliberate actions towards spending money and for levying taxes aimed at influencing macro-economic variables to achieve desired macroeconomic objectives. The relationship between fiscal policy and economic growth has been discussed extensively in the literature using empirical analysis. According to Tanzi and Zee (2017), there are three cardinal indicators of fiscal policy—government expenditure, taxes, and deficits. There have been macroeconomic imbalances of varying degrees in Nigeria. Inappropriate public expenditure and revenue policies, a large deficit in the public sector have been identified by experts as responsible for the macroeconomic disequilibrium (Ajisafe and Folorunso, 2015).

Evidence reveals that there was a substantial increase in government spending, primary deficit, and debt in Nigeria between 1991 and 2005 (CBN Statistical Bulletin, 2012). This was a result of the oil windfall between 1991 and 1992 which was followed by rapid growth in government spending with an average of about 21 percent of GDP during that period. However, as the oil market weakened in subsequent years, oil receipts were not adequate to meet increasing levels of demands and expenditures as being reinforced by political pressures. Although the democratically-elected government in 1999 adopted policies to restore fiscal discipline, the rapid monetization of foreign exchange earnings between 2000 and 2004 and another era of oil windfall resulted in large increases in government spending. In 2005 alone, the government spending alone increased to 19 percent of GDP from 14 percent in 2000, extraordinary budgetary outlays not initially included in the budget increased (CBN Statistical Bulletin, 2012).

Over the years, there has been expansion in deficit financing and unstable fiscal policy, driven largely by oil prices between 1991 and 1992, and 2000 and 2002; revenue and expenditure have increased sharply. This, as typically seen, followed the reduction of expenditures as oil prices substantially decline, though at times with an interval after the decline in oil prices. The implications of such boom-bust fiscal policies include transmission of oil-price volatility to the stable provision of government services. This has added to the failure over the years of public spending and stagnancy in economic growth. The Nigerian
The economy started experiencing recession from early 1980s that led to a depression in the mid-1980s. This depression continued until early 1990s without recovering from it. As such, the government continually initiated policy measures that would tackle and overcome the dwindling economy. Drawing from the experience of the great depression, government policy measure to curb the depression was in the form of increased government spending (Nagayasu, 2003). According to Okunroumu (1993), the management of the Nigerian economy to achieve macroeconomic stability has been unproductive and negative; hence one cannot say the Nigerian economy is performing. This is evident in the adverse inflationary trend, government fiscal policies, rippling foreign exchange rates, the fall and rise of gross domestic product, unfavorable balance of payments as well as increasing unemployment rates which are all symptoms of growing macroeconomic instability. As such, the Nigerian economy is unable to function well in an environment where there is low capacity utilization attributed to shortage in foreign exchange as well as the volatile and unpredictable government policies in Nigeria (Isaksson, 2001).

However this study is piercing towards examining the effect of fiscal policy on economic growth in Nigeria from 1990 to 2021. The following specific objectives will guide the study. They include: 1) to know the effect of Gross Domestic Product to the growth of the Nigerian Economy; 2) to evaluate the effects of Public debts on economic growth in Nigeria; 3) to ascertain how Tax revenue; affect the growth of the Nigerian economy; 4) to determine the trend and pattern of total government expenditure on economic growth in Nigeria.

The research will be of immense benefit to the following: Government and her agencies (CBN); Banks especially the commercial banks; Students of financial and banking; The public: Who have a right to contribute and informed to the activities of our banking institutions. It is hoped that the, findings and recommendations of this study will be of great importance to the above-mentioned group.

**Literature Review**

**The Savers-Spenders Theory of Fiscal Policy**

Savers-Spenders theory of fiscal policy was developed by Mankiw (2000) and used by Matsen, Sveen and Tarik (2008). This theory was developed because of the inconsistency of Barro-Ramsey (1974) theory of infinitely-lived families and Diamond Samuelson (1965) theory of overlapping generation respectively. Savers-Spenders theory is the new theory developed to explain the behavior of fiscal policy in the economy. The theory is based on some propositions (Mankiw, 2000). The first proposition is on temporary tax changes having large effects on the demand for goods and services. This proposition states that the higher take-home pay that spenders received will be offset by higher tax payments, or by lower tax refunds. The implication is that consumers should realize that their lifetime resources were unchanged and therefore, should save the extra take-home pay to meet the upward tax liability. The second proposition is on government debt in relation to crowding out capital in the long-run. This proposition states that extra consumption of spenders because of a tax cut financed by debt reduces investment, which in turn raises marginal product of capital and thus the interest rate. The higher interest rate therefore induces savers to save more, their higher savings continues until the marginal product of capital is driven back to their rate of time preference, thus, temporary decrease in the level of economic growth. It is to be noted that this proposition holds when tax is lump sum. The third proposition states that government debt increases steady-state inequality. This means that a higher level of debt means a higher level of taxation to pay the interest on debt. The tax will fall on both the savers and the spenders, but the interest payment will go entirely to the savers. The implication of this is that a higher level of debt raises the income and consumption of the savers and lowers the income and consumption of the spenders. Thus, a higher level of debt raises the steady-state inequality in income and consumption.
The Keynesian Theory of Economic Growth

The Keynesians are the twentieth century economists who embraced and also broadened John Maynard Keynes’ principle in the existence of incessant unemployment equilibrium, dissimilar to the classical economist’s idea on Say’s law of market arguing that market economy is self-adjusting therefore there is no need for the government involvement in the economy. They believe that fiscal policy and not monetary policy is the most powerful policy measure to make the economy stable and move it forward. They are sometimes referred to as Demand-side Economists. Keynes accepts that the forces of demand and supply could not attain full employment condition. Keynesians therefore insisted that only government interference (public sector) through the use of unrestricted policy measures would take the free enterprise economy out of depression and ensure steady growth. Variations in savings and investments are responsible for modifications in business activities and employment in an economy.

Empirical Review

Researchers have attempted to examine the effect of fiscal policy on economic growth different countries and periods, using different techniques. Amongst many others are the following:

Karagöz and Keskin (2017) studied aims to show Impact of Fiscal Policy on the Macroeconomic Aggregates in Turkey in order to achieve this objective the study used the by Bayesian vector auto regression (BVAR) technique. Covered the period (2003 – 2015), after analyzed the data the study found that government revenues and expenditures have limited impact on the macroeconomic variables set which includes gross domestic product (GDP), external debt, stock market index, inflation and interest rate.

Ngakosso (2018) searched Fiscal Policy and Economic Cycles in Congo, the study analyzed the quarterly data from for the period 1989-2015, In order to achieve these study objectives used the mathematical model developed by Huart, the study showed that restrictive fiscal policy was rejected in favor of counter cyclical restraint fiscal policy, As well as, the countercyclical expansionist fiscal policy has been confirmed.pro-cyclical expansionary fiscal policies have caused neither debt repayment nor accumulated arrears.

According to Morakinyo, David, & Alao (2018) Fiscal policy is associated with the use of government expenditure and taxation to influence the economic activities of a country. Fiscal policy involves government deliberate actions in levying taxes and spending money with the view of influencing targeted macroeconomic variables to move in a desired direction. These microeconomic variables include high employment rate, sustainable economic growth, and low inflation. As a result, fiscal policy seeks to stabilize the economy. Increases in government spending or reductions in taxes tend to lift the economy out of a recession, whereas decreases in expenditure or increases in taxes tend to slow down a boom (Dornbusch & Fischer, 1990).

Aliyu et al. (2019) investigated the influence of fiscal policy on Nigerian economic performance between 1981 and 2016. The annual time series data collected for the study was analyzed using the Cointegration and Error Correction model. The study showed that fiscal policy had a limited impact on economic growth in Nigeria throughout the study period.

Onifade, et al (2020) using ARDL model and 1981-2017 Nigerian data, discovered that recurrent expenditure negatively impacts on national output whereas capital expenditure, albeit insignificantly, positively affects GDP. The findings of these studies have validated the propositions of Barro’s (1990) endogenous model that productive expenditures have the potentials to boost level output and economic growth rate in both short and long runs.

Economic growth was proxied by real gross domestic product while fiscal balance was used to denote fiscal policy. Macroeconomic indices such as gross capital formation, broad money supply and exchange rate were captured in the study. The results revealed fiscal policy exerted significant positive effect on economic growth, which indicates that appropriate fiscal measures stimulate economic growth in Nigeria. The study maintained that government spending has greater impact on the growth rate of the Nigerian economy.

Akalper, E., Duhok, D. (2018). The purpose of this paper is to investigate the relationship between monetary policy and economic growth in the light of a developing economy, with the main focus on Malaysia. Primarily, the research will concentrate on the interactions between interest rates, inflation, money supply and growth in GDP, which will serve as the instrument for measuring economic growth. The research will apply quantitative analysis to determine the relationship between GDP growth and monetary policy instruments, particularly interest rate, money supply and level of inflation. Given the advancement and achievement in econometric analysis and computer software creation, the least-squares estimates analysis will be used to investigate the relationship and significance between these variables. It is observed that relationship between economic growth and inflation is positive. This entails that a 1 percent change in inflation will result in a 77 percent increase in the level of economic growth in this economy. The linkage between economic growth and interest rates has also been observed to be positive. A positive nexus can be observed between economic growth and money supply. The coefficient value for money supply growth shows that it has the smallest effect on economic growth amongst the variables tested in the model.

Gunby P. Jin, Y. Reed, W. R. (2017). Foreign direct investment (FDI) has been linked to economic growth in a number of countries. Productivity spillovers at the firm level have been identified as a key element in the process by which FDI stimulates economic growth. Moreover, there is evidence of FDI-related productivity spillovers in China. Whether these spillovers have been of sufficient size to affect growth at the aggregate level, however, is an empirical question. We apply meta-analysis to the corresponding empirical literature to find an answer. Our main finding is that the effect of FDI on Chinese economic growth is much smaller than one would expect from a naive aggregation of existing estimates. Publication bias and a profusion of estimates based on less preferred study and sample characteristics have served to inflate observed estimates. Once these effects are accounted for, the estimated effect of FDI on Chinese economic growth is reduced to statistical insignificance. This suggests that the cause(s) of the Chinese “economic miracle” likely lie elsewhere.

Methodology
The main type of data used in this study is secondary; sourced from various publications of Central Bank of Nigeria, such as; Statistical Bulletin, Annual abstract of Statistics, Annual Reports and Statement of Accounts; Others include the following: Journals, Periodicals, text books, newspapers, magazines and Internet services. The models used in this study are estimated using data on Gross Domestic Product (GDP), Public Debt (PDBT), Tax Revenue (TAX), and Total Government Expenditure (TGE). Time series data of real Gross Domestic Product (RGDP), Total federally collectible tax revenue (TFCTR) and tax revenue components were collected from various issues of the Central Bank of Nigeria statistical bulletin, annual reports, and financial statements as well as reports from Federal Inland Revenue Service and the National bureau of statistics.

Model Specification
Model which specifies that economic growth (GDP) is significantly influenced by the Public Debt (PDBT), Tax Revenue (TAX), and Total Government Expenditure (TGE) which are formulated as follows;
Gross Domestic Product (GDP) is the dependent variable while Public Debt (PDBT), Tax Revenue (TAX), and Total Government Expenditure (TGE) are explanatory.

**Model 1:**

\[ GDP = f(PDBT, TAX, TGE) \]  

From the above function, the following testable model was derived:

\[ GDP = \beta_0 + \beta_1 PDBT + \beta_2 TAX + \beta_3 TGE + \epsilon_t \]

Where:

- GDP = Gross Domestic Product
- PDBT = Public Debt
- TAX = Tax Revenue
- TGE = Total Government Expenditure
- \( \epsilon_t \) = Error term
- \( \beta_0 \) = intercept
- \( \beta_1 \) – \( \beta_2 \) = Coefficient of the independent variables

**Data Analysis**

The formulated models were tested for stationary using the augmented dickey fuller unit root test to be sure that one is not analyzing inconsistent and spurious relationship. A series that exhibits a stochastic trend, or even simply wanders around at random will not be stationary and cannot be forecast far into the future. Stationary series will constantly return to a given value and no matter the starting point, in the long-run, it is expected to attain the value (Hall, 1994). To illustrate the use of Dickey Fuller test, one can state the autoregressive AR (1) process. The presence of co-integration forms the basis for error correction model specification. And we did this using the Johansen Co-integration Test to test if there was co-integration between the dependent variable (Gross Domestic Product) and the independent variables (public debt, tax revenue and total government expenditure). The dynamics of dividend policy is then specified is an error correction model (ECM), incorporating the one period lagged residual from the static regression. The error correction model is designed to capture the short-run deviations that might have occurred in estimating the long-run co-integration equation (Engel and Grange, 1987).

**Presentation and Analyses of Data**

**Analyses of Data**

**Table 1. Table showing OLS Result of GDP on PDBT, TAX AND TGE**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
<th>R-Squared</th>
<th>Adjusted R-Squared</th>
<th>Durbin Watson</th>
<th>Overall Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>8.021352</td>
<td>0.642688</td>
<td>12.48094</td>
<td>0</td>
<td>0.719866</td>
<td>0.69852</td>
<td>1.338531</td>
<td>0.000000</td>
</tr>
<tr>
<td>PDBT</td>
<td>-2.53E-07</td>
<td>3.09E-08</td>
<td>-8.191988</td>
<td>0</td>
<td>0.689852</td>
<td>1.338531</td>
<td>0.000000</td>
<td></td>
</tr>
<tr>
<td>TAX</td>
<td>-0.000215</td>
<td>8.90E-05</td>
<td>-2.416656</td>
<td>0.0224</td>
<td>0.689852</td>
<td>1.338531</td>
<td>0.000000</td>
<td></td>
</tr>
<tr>
<td>TGE</td>
<td>0.000394</td>
<td>0.000156</td>
<td>2.521128</td>
<td>0.0177</td>
<td>0.69852</td>
<td>1.338531</td>
<td>0.000000</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Computed by the Researcher with E-view 10

The table above shows that there is a linear relationship between Gross Domestic Product and Public Debt, Tax revenue and Government Expenditure. PDBT (-2.53E-07) and TAX (-0.000215) were negatively related to GDP while TGE (0.000394) is positively related to GDP.

The variables are all significant at 5% level of significance. PDBT and TAX both have an inverse relationship with GDP meaning that increases in both variables have negative impact or lead to a reduction in GDP. The variables are also significant. The coefficient of determination...
is high and shows that about 72% of the total variation in GDP which is explained by the predictors (PDBT, TAX and TGE) which are a good fit. The result is not spurious as the rule of thumb of R-Squared ($R^2$) is less than the Durbin Watson (DW) value. The overall regression is significant.

**Table 2. Table showing the Unit Root test of all the variables; GDP, PDBT, TAX and TGE**

<table>
<thead>
<tr>
<th>Variables</th>
<th>ADF Statistics</th>
<th>ADF Critical Value</th>
<th>Optimum Lag Length</th>
<th>Order of Integration</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level</td>
<td>1st Diff</td>
<td>2nd Diff</td>
<td>1%</td>
<td>5%</td>
</tr>
<tr>
<td>GDP</td>
<td>-7.3293</td>
<td>3.6702</td>
<td>-2.9640</td>
<td>0</td>
<td>I (1)</td>
</tr>
<tr>
<td>PDBT</td>
<td>-5.1656</td>
<td>-3.6702</td>
<td>-2.9640</td>
<td>0</td>
<td>I (1)</td>
</tr>
<tr>
<td>LNTAX</td>
<td>-4.0843</td>
<td>-3.6793</td>
<td>-2.9678</td>
<td>0</td>
<td>I (2)</td>
</tr>
<tr>
<td>TGE</td>
<td>4.0478</td>
<td>-3.6892</td>
<td>-2.9719</td>
<td>2</td>
<td>I (1)</td>
</tr>
</tbody>
</table>

**Source:** Computed by the Researcher with E-view 10

The table shows that GDP, PDBT and TGE are stationary at their first difference which means that they are integrated of order one I (1). While variable LNTAX is integrated of order two I (2). Hence they are all stationary. This means that we reject the null hypothesis and accept the alternative hypothesis; ADF statistics is greater than the critical value at 5% level significance.

**Results of Johansen Co-Integration Test**

**Table 3. Showing Unrestricted Co-integration Rank Test (Trace)**

<table>
<thead>
<tr>
<th>Hypothesized No. of CE(s)</th>
<th>Eigenvalue</th>
<th>Trace Statistic</th>
<th>0.05 Critical Value</th>
<th>Prob.**</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>0.396043</td>
<td>32.32236</td>
<td>47.85613</td>
<td>0.5944</td>
</tr>
<tr>
<td>At most 1</td>
<td>0.278603</td>
<td>17.19479</td>
<td>29.79707</td>
<td>0.6256</td>
</tr>
<tr>
<td>At most 2</td>
<td>0.215873</td>
<td>7.397818</td>
<td>15.49471</td>
<td>0.5318</td>
</tr>
<tr>
<td>At most 3</td>
<td>0.003404</td>
<td>0.102301</td>
<td>3.841466</td>
<td>0.7491</td>
</tr>
</tbody>
</table>

**Source:** Author’s computation using E-view 10

The Johansen Co-integration Test uses two statistics tests namely: the Trace Test and the Maximum Eigenvalue Test. From the trace Rank result presented in table 3, it could be seen that the Trace statistic value is 32.32236 which is less than critical value of 47.85613 and also has a probability of 0.5944 which is greater than 0.05, this suggests that we accept the alternative hypothesis that there is no co-integration equation in the model.

**Table 4. Showing Unrestricted Co-integration Rank Test (Maximum Eigenvalue)**

<table>
<thead>
<tr>
<th>Hypothesized No. of CE(s)</th>
<th>Eigenvalue</th>
<th>Max-Eigen Statistic</th>
<th>0.05 Critical Value</th>
<th>Prob.**</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>0.396043</td>
<td>15.12757</td>
<td>27.58434</td>
<td>0.7381</td>
</tr>
<tr>
<td>At most 1</td>
<td>0.278603</td>
<td>9.796969</td>
<td>21.13162</td>
<td>0.7634</td>
</tr>
<tr>
<td>At most 2</td>
<td>0.215873</td>
<td>7.295517</td>
<td>14.26460</td>
<td>0.4548</td>
</tr>
<tr>
<td>At most 3</td>
<td>0.003404</td>
<td>0.102301</td>
<td>3.841466</td>
<td>0.7491</td>
</tr>
</tbody>
</table>

**Source:** Author’s Computation using E-view 10
The result on Table 4 showing the Maximum Eigenvalue Statistic is 15.12757 which is less than the Critical Value of 27.58434 and also has a probability value of 0.7381. This suggests that we accept the alternative hypothesis that there is no co-integration in the model. This result is in line with the Trace Statistics result. The above result denotes the non-existence of co-integration between GDP, PDBT, TAX and TGE at the period. It shows the acceptance of alternative hypothesis of no co-integration of unstable long run relationship between Fiscal Policy and Economic Growth.

**Conclusion**

The purpose of this study was to assess the impact of fiscal policy on economic growth of Nigeria. Three hypotheses were formulated (generated) to guide the researcher; The first was meant to find out the trend and pattern government expenditure on economic growth in Nigeria. The research also sought to uncover the effects of public debts on economic growth in Nigeria. The third hypothesis sought to find out how revenue affects the growth of the Nigerian economy.

This study examined the short and long run impact of fiscal policy on economic growth in Nigeria using annual time series data for the period 1990 to 2021. Johansen co-integration was used to test the long-run and short-run relationship between the variables and economic growth. The fiscal policy aggregates considered in this study were Gross Domestic Product (GDP), Public Debt (PDBT), Tax revenue (TAX), Total Government Expenditure (TGE) disaggregated to recurrent and capital expenditure, government investment and tax revenue.

Results from this study revealed that government recurrent expenditure and government investment both have short and long run positive significant impact on economic development. Total Government expenditure has a short run positive effect but a reversal in the long run. Tax revenue negatively affects development in both the short and long run.

**Recommendations**

The study recommends that;

- The Nigerian government to further increase expenditure on economically viable investment to improve individual income through employment and increased output.
- Government expenditure should be well monitored and ensure that these expenditures are not diversified to individuals’ pockets and also quality assurance be gotten from executors of government projects.
- The government should reduce the direct tax rate. This would help to increase aggregate demand, savings and investments through expansion by individuals and existing businesses.
- However, the Federal Inland Revenue Service (FIRS) should explore many other untapped ways of getting more tax revenue for the government as there are still many people and firms who do not pay tax out of tax evasion and avoidance.
- Importantly, the consistency of government policies in the short to medium term would, to a large extent, determine the extent of success of the FC initiatives as an effective means of reducing fiscal deficits and debt accumulation in Nigeria over time.
- Government should formulate and implement workable fiscal policy options that will enhance economic growth. This is possible if government pursues a fiscal policy measure that will enhance full employment national income.
- Government should ensure that revenue generation through taxation and capital expenditure and recurrent expenditure of the nation are properly managed to ensure an increased productive capacity and to accelerate economic growth of the nation.
• Avoid wasteful spending and uncontrolled money supply, and embark on specific policies aimed at achieving increased and sustainable productivity in all sectors of the economy.

References


