Public Capital and Recurrent Education Expenditures and Economic Growth in Nigeria: An Empirical Investigation

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Abstract

Over the years, researchers have found conflicting results regarding the relationship between public education expenditure and economic growth in Nigeria and there seem to be no clear distinction regarding which of capital and recurrent components contributes more to the growth of a nation’s economy. Hence, this work empirically investigated the impact of capital and recurrent public education expenditure on economic growth in Nigeria so as to ascertain which component contributes more to economic growth. The study applied ordinary least squares technique on time series data for the period, 1981-2016 and found that capital component of the total education expenditure had stronger impact (17%) on the nation’s economy (GDP) than its recurrent counterpart (13%). The Granger Causality test showed that while capital education expenditure granger causes economic growth in Nigeria, recurrent education expenditure does not. This work therefore recommends that Nigerian government should step up her yearly budgetary allocation to education from the current single digit averaging about 7% of the total budget to double digits so as to boost the growth of her economy and that such allocation should pay more attention to the capital component as it promotes growth more than its recurrent counterpart.

Keywords: Capital expenditure, Recurrent expenditure, Education Expenditure, Economic Growth, Empirical Investigation