ANALYSIS OF REVENUE AND ECONOMIC PERFORMANCE: AN EMPIRICAL STUDY OF NIGERIA GOVERNMENT SCORECARD FROM 1981 to 2016

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Abstract

Analysis of revenue and economic performance of Nigeria government was examined in this article in order to present Government Scorecard from 1981 to 2016. The relevant data was collected from secondary sources through Central Bank of Nigeria, and Pearson Product Moment correlation Coefficient (PPMCC) which measures the linear correlation between two variables X and Y and is denoted by r, was used to test the relationship between two quantitative values, namely: proxies of oil revenue and that of economic performance of Nigeria. In view of the hypotheses tested, the study found, among others, that oil revenue does not significantly influence GDP, per capita income and inflation. As a result of these findings, this study concludes as follows: that oil revenue money is not significantly and adequately being spent in the best interest of Nigerians in such an extent that will influence GDP, per capita income, and inflation rate; that oil revenue benefits few highly placed individuals who are connected to the power that be to the exclusion of the majority of Nigerians. Also, for the past decade, petroleum industry has been the main source of energy and contributed on average more than 74% while non-oil realized 26% to the Nigerian Federal Government finances. Based on these findings and conclusion, this paper recommends that government should invest more oil revenue in projects and infrastructures that will generate multiplier effects and impact positively on GDP, per capita income and inflation. Government should fight corruption more decisively and totally irrespective of whose ox is gored. They should diversify the economy into agriculture and encourage entrepreneurs to produce more goods and render more services in order to increase GDP and economic development.

Key Words: Oil Revenue, Gross Domestic Product (GDP), per capita income, Poverty Index

Introduction

Nigeria can be described as one of the richest countries of the world because she is endowed with abundant natural, human and material resources, especially oil revenue. It is unfortunate that these enormous economic factors that made Nigeria the giant of Africa have not impacted positively on her economic performance over the years. The growing disparity between revenue and economic performances in Nigeria as indicated by economic indices has been abysmal and a source of concern to many economists, analysts and researchers (Nwosu & Okafor, 2014). The country economic

performance has become worrisome as the country registered low per capital income, low capital expenditure which resulted in deteriorating economic infrastructure, high revenue expenditure, high debt profile, epileptic power supply, high unemployment rate, among other things after receiving enormous revenue from oil and non-oil sources (Omachi, 2011).

There is no doubt that over the years, oil revenue has consistently exceeded none oil revenue and should have acted as an important engine of growth and not only by contributing to a more efficient

source of allocation of resources within the country, but also by transmitting growth all over the country for the economic wellbeing of the people. Unfortunately, successive Nigerian government failed to maximize the benefits from oil boom revenue. Instead of investing more of the abundant oil revenue in productive sectors of the economy like agriculture, palm oil, cocoa, groundnut, mining, tourism, entrepreneurship, improve infrastructure, capacity building, the successive governments become more interested and concerned with the scramble for oil revenue and depended excessively on it, continued to mismanage it and neglected other viable sources of revenue.

The percentage of Nigeria's annual budget allocation to the revenue expenditure is quite alarming when compared with capital expenditure. Capital expenditure by its nature has the potentiality of not only creating new goods and services, but has the capacity to generate multiplier-effect for economic development. The practice of budgeting more of recurrent expenditure over capital expenditure by successive governments over the years can be described as planned systematic destruction of the economy. This unhealthy economic policy and practice being adopted by Nigeria governments over the years makes one to wonder whether those at the helm of affairs are not aware of the economic implications of their actions and their consequences on the suffering masses of Nigeria.

Many Nigerian citizens are living in squalor and abject poverty in the midst of abundant wealth. Wealth without the well-being and welfare of the citizenry is a cursed wealth or resource curse to any society. In Nigeria, costs associated with the running of government have increased astronomically and dramatically over the years leaving little for capital expenditure (Adewole & Osabuohien, 2007). This has been worsened because of unnecessary budget padding which involves the practice of adding more costs to expenditure heads, especially on recurrent expenditure even when the previous revenue expenditure budget provision was not fully spent. This present harmful situation in which recurrent expenditure always exceeds capital expenditure by a wide margin, calls for concerted effort on the part

of government in order to redress this unhealthy practice because of its negative economic consequences over the years. In view of the foregoing therefore, it has become increasingly necessary to carry out an empirical investigation on the analysis of revenue and economic performance, especially as it concerns the expenditure pattern of successive Nigeria governments and what they have used the abundant revenue to achieve over the years.

The Research Problem
Nigeria of this 21st Century is still finding it difficult to guarantee for her citizenry the basic needs of man as postulated by Abraham Maslow as Food, Shelter and Clothing even when its revenue has increased dramatically. The situation has become so bad that an increasing number of Nigerians are committing suicide on regular basis because of unbearable hash economic realities while government seems to be bereft of practical remedial actions to take to save this ugly situation and prevent further disastrous consequences. From all indications, it means that there is something wrong between revenue generation and its utilization to boost economic performance in Nigeria and this has been a source of great concern to many Nigerians, economists, analysts and researchers.

As a country endowed with abundance of natural resources, especially crude oil, which forms the bedrock of the economy, there is little or no significant evidence of any reasonable economic development to show for it. The economic indices and indicators such as infrastructural development, GDP, per capita income, poverty index, human development index, unemployment, leave much to be desired.

Incorrigible; that is what everyone called Nigeria in the early 2000s, (eve now). Un-reformable, hopeless, the nation riddled with corruption, bloated with debt, battered by economic volatility; the macro-economic equation was seriously unbalanced. A series of national institutions—the civil service, pensions, customs—were broken. Health care, education, and other basic services were poorly delivered. Infrastructure was in disarray and still not yet fixed to an acceptable standard (Ngozi Okomjo-Iweala, 2012).

The country according to Al - Jazeera Report (2014) is the world's eighth-largest oil exporter, and almost 90 percent of its export earnings are tied to oil. Sixty percent of the population lives in extreme poverty, youth unemployment is close to 80 percent, and on top of that there is the almost daily violence in the north, where rebel group Boko Haram is fighting for a state governed by Sharia law and government seems to be giving them tacit support. There are chronic power shortages, which can increase the cost of doing business in the country by up to 40 percent. The entire national grid only delivers as much electricity as Qatar, which is not nearly as big or populous a country. And for a country with great oil wealth, there is the mysterious issue of falling oil revenues.

Corruption according to Uzochukwu (2015) is at the root of many of Nigeria's problems. Corruption takes many forms and infiltrates all political institutions and economic sectors. The ruling government is not performing its functions as promised, and officials are too busy enriching their pockets to govern effectively. Corruption Perception Index out of the 177 countries measured. Mathematically, it shows that Nigeria was the 33rd most corrupt country in 2013. In the year 2012, a Gallup poll found that 94% of Nigerians thought corruption was widespread in their government. The spoils of political corruption—billions of US dollars—are stashed in foreign bank accounts. The most currently released result on the level of corruption in Nigeria has improved when compared to that of 2013 and other years. In the 2014 result on corruption ranking, Nigeria is ranked 136 out 174 surveyed countries.

According Douglas, (2008) the fact that Nigeria as the leading oil producer in Africa and the seventh global crude oil supplier does not match the level of penury and deprivation that has gripped the oil region even after five decades of oil production that has fetched the nation over $600 billion in revenue (Douglas, 2008).

Revenue is one of the most significant factors in the measurement of economic performance, and gross domestic product (GDP) is the most commonly used measure of a country's economic activity (Simpson, 2018). Unfortunately, this huge Nigerian revenue profile over the years has not positively impacted upon the lives, infrastructure, environment and economic development of Nigeria as it is the case in other countries like South Arabia, Kuwait, Libya and other countries where oil is produced, rather most of the income has consistently been mismanaged and siphoned into foreign accounts by corrupt government officials and politicians over the years. It is in the light of the above, that the researcher is investigating the relationship between revenue and economic performance of Nigeria from 1981 to 2016 period.

According to Hakkio (2001), the economies of the industrialized countries are being reshaped by the rapid development and diffusion of advanced information and communications technologies. He further states that access to information is unprecedented, and the ability to process and exchange information has helped businesses increase efficiency and households raise their standards of living. Also, there has been considerable agreement as to the broad features of the emerging information economy. This means that advanced quality information and communications technologies generated by highly knowledgeable technocrats drive the economies of industrialized countries. Unfortunately, the opposite is the case in Nigeria. Any genuine technocrat who dares to proffer feasible solution to fight corruption and reform Nigeria ailing economy is always visited with stiff opposition and dangerous attacks at all fronts. One of such cases in point is that of the former Minister of Finance Ngozi Okonjo-Iweala (2018) whose mother was kidnapped because of her positive role to reform Nigeria economy and fight corruption. According to her "the demand of the kidnappers was not about money! They asked my brother to tell me to announce on national television and radio that I was resigning from my job as Finance Minister and leaving the country to go back to the United States, from where I came. So my brother called to tell me what the kidnappers wanted—for me to resign publicly before the whole country. I was stunned to find that my mother had been seized as a means of blackmailing me into leaving the government. The question was who could be behind this?" Were government security operatives able to rescue the old woman without ransom? This is Nigeria for you!

Over the years, many people have expressed great concern about the huge amount of oil revenue that is not being properly utilized to diversify and improve the Nigerian economy and the insignificant non-oil revenue accruing to government due to neglect of the none oil sector of the economy by successive governments. In line with this unfortunate state of affairs, many researchers have concentrated their work on poor economic performance of Nigeria. However, this study investigates not only the effects of government oil revenue and non-oil revenue on the Nigerian economy but delves into the implications of the expenditure pattern of the government in terms of capital expenditure and revenue expenditure using gross domestic product, per capita income, inflation and poverty index as proxies to measure the performance of Nigerian economy from 1981 to 2016.

The annual budgeting system and regular budget performance report which would have provided proper analysis of how revenue is realized and how it has been utilized for various purposes is no longer functioning the way the system used to be or should be. It is a fact that budgeting, budgetary control systems and budget performance reports which have been accepted as an international best practices by many countries, are hardly practiced as at and when required by Nigeria. It is either the budget estimate is submitted late by the president to the National Assembly for review or the latter received it and the response to it is delayed due to bureaucratic bottle necks and often time subject it to unnecessary delay and tinkering with additional expenditure headings that will benefit mostly members of National Assembly. Sometimes the budget figures are over bloated with unnecessary figures that eventually become impracticable and difficult to implement. The controversy and endless debate as to the legal role of National Assembly regarding the extent and nature of budget review is still raging virtually every year.

The reality of Nigerian economic problem is the unfolding economic recession which is characterized, among others, by hardship and impoverishment of the people in the face of abundant economic resources and high revenue profile. The foregoing unfortunate economic problems besetting Nigeria as a nation still remain a puzzle to many analysts and the factors responsible for this economic contradiction are the focus of this study.

Literature Review
Theoretical Framework
Managerial and Behavioural Theories
According to Wikipedia (2018) Managerial theories of the firm, which was developed by William Baumol (1959 and 1962), Robin Marris (1964) and Oliver Williamson (1966), suggest that managers would seek to maximize their own utility and consider the implications of this for firm behavior in contrast to the profit-maximizing case. Baumol further suggested that managers' interests are best served by maximizing sales after achieving a minimum level of profit which satisfies shareholders. More recently this has developed into *'principal–agent'* analysis. (for example, Spence and Zeckhauser and Ross (1973) on problems of contracting with asymmetric information) which models a widely applicable case where a principal (a shareholder or firm for example) cannot costlessly infer how an agent (a manager or supplier, say) is behaving. This may arise either because the agent has greater expertise or knowledge than the principal, or because the principal cannot directly observe the agent's actions; it is asymmetric information which leads to a problem of moral hazard**.** This means according to Wikipedia (2018) that to an extent managers can pursue their own interests. Traditional managerial models typically assume that managers, instead of maximizing profit, maximize a simple self-objective utility function (this may include salary, perks, security, power, prestige) subject to an arbitrarily given profit constraint (profit satisficing). The latter is what applies to Nigerian situation where the politicians and civil servants who supposed to be agents of the people the electorate decide to uncontrollably maximize their selfish benefits at the expense of the people.

Theory of Economic Dynamics
In the Lecture to the memory of Alfred Nobel, Douglass (1993), states as follows: that a theory of economic dynamics is also crucial for the field of economic development. There is no mystery why the field of development has failed to develop during the

five decades since the end of the Second World War Neo-classical theory is simply an inappropriate tool to analyze and prescribe policies that will induce development. It is concerned with the operation of markets, not with how markets develop. How can one prescribe policies when one doesn't understand how economies develop? The very methods employed by neo-classical economists have dictated the subject matter and militated against such a development. That theory in the pristine form that gave it mathematical precision and elegance modeled a frictionless and static world. When applied to economic history and development it focused on technological development and more recently human capital investment, but ignored the incentive structure embodied in institutions that determined the extent of societal investment in those factors. In the analysis of economic performance through time it contained two erroneous assumptions: one that institutions do not matter and two that time does not matter.
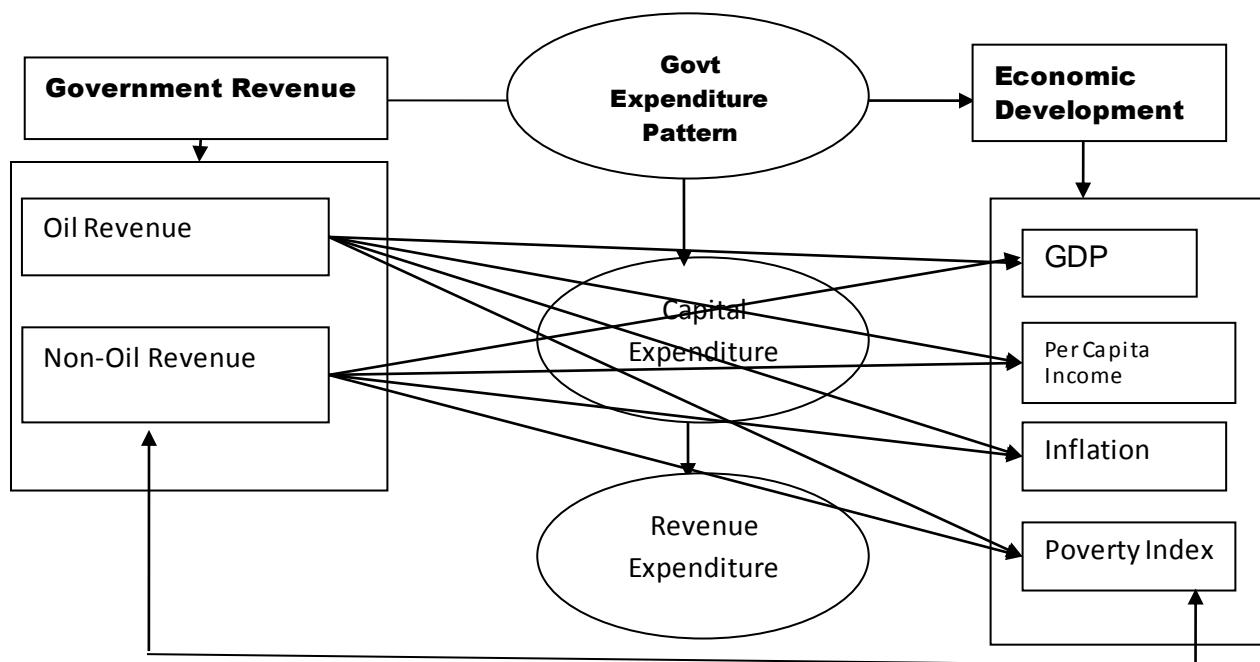
Operational Framework of Analysis of Revenue and Economic Performance of Nigeria from 1981 to 2016

Independent Variable (X)   **Dependent Variable (Y)**
Figure 1: The Operational Framework of Analysis of Revenue and Economic Performance

Empirical Review

According to Ogbonna & Ojeaburu (2015), Nigeria is a middle income, mixed economy and emerging market, with expanding financial, technology and entertainment sectors etc. As at 2014, it ranked 26th in the world in terms of Gross Domestic Product (GDP) (nominal: 30th in 2013 before rebasing), and was the largest economy in Africa (based on rebased figures announced in April 2014) by adding 89% to its GDP, and was also on track to become one of the 20 largest economies in the world by 2020. All these achievements are not sustainable due to drastic reduction of price of oil from about 120 US dollar per barrel to 41 US dollar per barrel as at November, 2015.The GDP has further reduced to 2.1% as against the over 6.3% in 2014.

The foregoing empirical has considered extant literature on the Analysis of Revenue and Economic Performance: An Empirical Study of Nigerian Government Scorecard from 1981 to 2016.

Table 2

Author(s)	Title	Method and Sample	Main Results
Osigwe,(nd)	Crude Oil and Economic Performance in Nigeria: A Sectorial Approach	Two Stage Least Squares (2SLS) and the Three Stage Least Squares (3SLS) methods of estimation were adopted	Nigeria to move more towards the manufacturing sector that guarantees high productive activities and benefits the economy more as it is a key source of innovation
Nworji, Okwu, Obiwuru and Nworji. (2012)	Effects of Public Expenditure on Economic Growth In Nigeria: A Disaggregated Time Series Analysis	OLS multiple regression model was used to analysis the secondary data collected.	The study examined that the components of government expenditure considered in this study are important variables in explaining economic growth in Nigeria.
Ogbonna and Ojeaburu. (2015).	The Impact of Government Integrated Financial Management Information System on Economic Development of Nigeria	SPSS and T-test was used to test the significant difference in independent and dependent variables. Secondary data was collected.	GIFMIS impacted positively on economic development of Nigeria, Therefore it is a good platform in modernizing government finances and reducing incidences of government borrowing in Nigeria

Adapted from various Authors as indicated above.

Practical evidence in Table 1 below indicates that the Nigeria has proven oil reserves of 36 billion barrels. condensate of 4 billion barrels, proven gas reserves of 187 trillion cubit feet and the present average daily production of oil is 2.6 million bbl/b Egbogah, (2010: 3) and (Agbogun, 2004:3).

Revenue and Economic Performance Analyzing
Results Summary of Four Major Null Hypotheses Tested on Various Sources of Nigerian Income.

Table 1: Findings

S/No	Results of Hypotheses	R(Relationship)	ACCEPTED/ REJECTED
1	HO1: There is no significant relationship between Petroleum Profits Tax/Royalties and Inflation	0.131	Accepted
2	H02: There is no significant relationship between Licensing Fees and Gross Domestic Product	0.094	Accepted

3	H03: There is no significant relationship between licensing fees and Per Capita Income	0.159	Accepted
4	H04: There is no significant relationship between licensing fees and Inflation	0.013	Accepted

Source: Ogbonna, 2011, Analyzed with SPSS version 15.0

The summary result in Table 1, H01 to 4: above shows that r = 0.131, 0.094, 0.159 and, 0.013 respectively. This implies that weak relationships exist between Petroleum Profits Tax/Royalties and Inflation; between Licensing Fees and Gross Domestic Product; between licensing fees and Per Capita Income; and between licensing fees and inflation. This means that the above sources of income are not making significant impact on Nigeria economic development.

Nigeria per capita income which is also called GDP per capita is obtained by dividing the country's gross domestic product, adjusted by inflation, by the total population. The GDP per capita was 3,203.3 US dollars in 2014. The GDP per Capita in Nigeria is equivalent to 9 percent of the world's average. GDP per capita in Nigeria averaged 818.48 USD from 1981 until 2014, reaching an all-time high of 3,203.3USD in 2014 and a record low of 171 USD in 1994 (World Bank, 2015). This per capita income has not changed so much comparing to other countries of the world, while the country has become richer and richer from the exploitation of its oil resources. This has become a paradox as the citizenry are still living in abject poverty.

Table 1: A Comparative Statistics of Nigeria with 'South Africa —

	NIGERIA	SOUTH-AFRICA
Land	923,768sq km	1219,O9OscLkm
Population	123 mlion	40mhon
Annual Electricity Consumption	137b kwh	175 kwh
ElecttyCpnsunpticnperc pita	144 kwh	4375_kwh_
ailed Generator Cpacity-	5896MW	41,000MW
Average Djjy Generation	3000 MW	30OOMW
Proven Oil Reserves	36 billion barrels	Not Available
Condensate	4 billion barrels	

Source: Numbeo.com. Cost of living.; crime; United Nations Office on Drugs and Crime

Conceptual Literature Review

Over the years, there have been declining economy, insecurity and high level of corruption in Nigeria. The successive governments have not been able to stem the tide of corruption. Currently, there is strong perception that Nigeria economy, Human poverty index, the security situation, the incessant killing going on and the level of corruption are not getting better. The foregoing prevailing circumstances are increasingly affecting the economic development of Nigeria.

The Human Poverty Index (HPI) concentrates on the deprivation in the three essential elements of human life already reflected in the Human Development Index (HDI), namely: longevity, knowledge and a decent standard of living (Wikipedia 2018).

According to United Nations Report on Human Development Programme, poverty is multidimensional but this is traditionally ignored by headline money metric measures of poverty. The multidimensional poverty index (MPI), published for the first time in the 2010 report, complements monetary measures of poverty by considering overlapping deprivations suffered by individuals at the same time. The index identifies deprivations across the same three dimensions as the HDI and shows the number of people who are multi-dimensionally poor (suffering deprivations in 33% or more of the weighted indicators) and the number of weighted deprivations with which poor households typically contend with. It can also be deconstructed by region, ethnicity and other groupings as well as by dimension and indicator, making it a useful tool for policy makers to effectively use it for allocation of resources by making possible the targeting of those with the greatest intensity of poverty (United Nations Development Report, 2018).
From Wikipedia, the free encyclopedia

Nigeria according to Wikipedia, (2018) has one of the world's highest economic growth rates, averaging 7.4% according to the Nigeria economic report released in July 2014 by the World Bank. Poverty still remains significant at 33.1% in Africa's biggest economy. For a country with massive wealth and a huge population to support commerce, a well-developed economy, and plenty of natural resources such as oil, the level of poverty remains unacceptable by all considerations. However, poverty may have been overestimated due to the lack of information on the extremely huge informal sector of the economy, estimated at around 60% more, of the current GDP figures. Where information is lacking, economic planners are handicapped and basic

necessities of life will even be lacking. Poverty in Nigeria can also be caused by the political instability of the country. However, these programs have largely failed to overcome the three reasons for this persistent poverty: income inequality, ethnic conflict, and political instability (Wikipedia (2018) and World Bank., 2018).

Economic Development
According to Aiyedogbon and Ohwofasa (2012), Nigeria's main challenges include, converting economic growth to economic development, increasing per capita income, reducing inflation rate, reducing poverty, diversifying its economy from the oil and gas sector towards more labor intensive sectors like agriculture, solid mineral, textile, and improving health and education. The oil has increased economic volatility and inflation while those living in poverty being most vulnerable to volatility and inflation. To add to it, instability of government revenues and a crowding out of agriculture (which provides the source of income to the poor) have made the situation worsen. The oil industry does not employ a sizeable number of unskilled workers, thereby contributes little to reducing poverty. Ford (2007) as cited in Aiyedogbon and Ohwofasa (2012), discusses the oil crisis in the oil producing region of Nigeria. He states that poverty has been linked to high crime rates, especially in the Niger Delta region where there is a sharp contrast between the rich and the poor. The masses cause social unrest because the wealth gotten from their territory does not get to them. In the Nigerian society, the best way to acquire wealth is to enter the political sphere. Most of the time political success is tied to political tugs and criminal activities. He ends the article by stating that the link between economic and political power must be broken for progress to be made.

The banes of Nigerian economy include but not limited to mismanagement and non-diversification of the economy, leadership failure and rent seeking. In area of mismanagement, practical evidence abound that shows the successive Nigerian government failed to maximize the

benefits from oil boom revenue. Instead of investing the abundant oil revenue in productive sectors of the economy, improve on capacity building and key national institutions such as power, energy, road, various means of transportation, political, legal, financial system, agencies, and improve investment environment. The successive governments become more concerned with the oil revenue and depended excessively on it, continued to mismanage it and abandoned other viable sources of revenue.

Rent seeking as a Bane of Nigerian Economy
One of the economic challenges facing Nigeria is *rent seeking* activity. *Rent seeking* activities are undertaken by individual monopolists, political heavy weight or firms to influence public policy in such a way that unduly increases their incomes at the detriment of the entire society. *Rent seeking* activities enable individuals and firms to avoid certain costs or reap some benefits at the expense of the public by lobbying and/or bribing of government officials or making campaign contributions with the intention to reap undeserved benefits at the end. Special-interest groups, such as retired army generals, political god-fathers, monopolists etc are usually involved in rent seeking activities and may seek from government some special advantages or some outright transfer of certain rights or subsidy.

Chinua Achebe posits that the trouble with Nigeria is simply and squarely a failure of leadership. There is nothing basically wrong with Nigerian character. The Nigeria problem is the unwillingness or inability of her leaders to rise to the responsibility, to the challenge of personal example which is the hallmarks of true leadership. Of a truth leaders do not emerge from the blue or nowhere; they emerge from the people being led. In essence, the leader was once one of the followers before he become a leader. Therefore, people in any society deserve the kind of leader that emerges from among them. To this end an excellent leader without excellent followership will lead to poor economic performance. Conversely, a bad leader with bad followership will equally lead to poor economic performance. Therefore, Nigeria

does not only need good leader but she also needs good followership in order to get to the Promised Land.

On the economic side according to Okomjo-Iweala (2012), Nigeria was and still is a well-endowed country. With the world's eighth-largest population, it has a big domestic market—in fact, the largest in Africa. Before the 1970s, its economy was based mainly on agriculture, and more than 80 percent of the population lived in rural areas. It exported a substantial share of the world's cocoa, palm oil, groundnuts, cotton, hides, skins, rubber, and coffee. Along with these agricultural products and commodities, it also exported tin, coal, and other minerals. Exploration for hydrocarbons began as early as 1907. In 1956, crude oil was discovered in commercial quantities at Oloibiri in the Niger Delta. This discovery opened up the oil industry to investment from multinational oil companies such as Mobil, Tenneco, Amoseas (now Chevron Texaco), and Agip Production of crude oil in commercial quantities' began In 1958 at 5,000 brrels per day (bpd) and has been on the increase over the years.

From an active reformers' point of view, Okomjo-Iweala (2012) states that the surge in oil production in the 1970s, in conjunction with the oil shock, had profound effects on [he shape and structure of Nigeria's economy and also on its politics. A diversifying economy before 1970, Nigeria quickly turned into a monoculture economy based on oil. The surge in oil revenues was not managed properly, and the economy was awash with considerable liquidity (including in foreign currency) chasing too few goods. This quickly manifested in all the classic signs of Dutch Disease — a sudden influx of foreign-exchange income that causes inflation and results in neglect of investment in other parts of the economy. Nigeria's currency, the naira, became overvalued. The terms of trade turned against agriculture because the high value of the naira made it easier and cheaper import agricultural products than to produce at home.

For revenue to be properly utilized and effectively applied for the best interest and needs of the people, the instrument of budgetary allocation should be efficiently employed for planning and controlling of resources. Effective budgetary allocation process means that the resources of the government are channeled to areas or sectors of the economy that will facilitate the achievement of government macroeconomic needs in consonance with citizens' priorities, especially in the development of infrastructure (Egbide, 2015).

In Nigeria, like many other countries of the world, government budgetary allocations are undoubtedly one of the most used sources of capital for development (Kwanashie, 2013). This, by implication, presupposes that sufficient and effective budgetary allocation can go a long way to fast-track economic growth and development including poverty reduction. It is also opined that efficient or meaningful budgetary allocation to key sectors of the economy such as:

agriculture, education, health, and transport and communication should, among other things, bring government closer to the people, enhance equity and ultimately reduce poverty (Gupta, Clements, Guen-Sui & Leruth, 2001; Usman & Ijaiya, 2010). Putting it differently, effective budgetary allocation has the potential to eradicate disequilibrium in the economy.

Data Analysis

The data obtained from Central Bank of Nigeria on oil revenue and none oil revenue was used and the analysis was focused on empirical investigation of the relationship between government revenue and economic performance of Nigeria, using oil revenue and none oil revenue

as proxies of government revenue. Also, we used GDP, per capita income, inflation and poverty index as proxies of economic performance of Nigeria.

Data Analysis and Interpretation Using Correlation

Data were analyzed with SPSS software Version 20.0. The correlation analysis was employed in order to estimate a sample correlation coefficient, specifically the Pearson Product Moment correlation Coefficient denoted as r which ranges from -1 to +1 and quantifies the direction and strength of the linear association. On the other hand, the significant value of the relationship were obtained and hypothesized with the significance level of 0.05.

Criterion for Decision Rule

The following decision rule applies when using the SPSS analysis in regression model

- If the significant value is lower than the significant level of 0.05, the null hypothesis is rejected.
- If the significant value is higher than the significant level of 0.05, the null hypothesis is accepted.
- Significant level of 0.05.

Decision rule for correlation coefficient follows:

Source: Drapper, N. R. and Smith, H. (1966). Applied Regression Analysis; New York, John Wily & Sons Inc.

- The r must be between -1 and +1.
- r = +1 means perfect positive correlation.
- r = -1 means perfect negative correlation.
- r = 0 means no correlation.

The following research hypotheses were used for the empirical analysis:

Analysis and Interpretation

H_{01}:   There is no significant relationship between oil revenue and GDP

R	Sig Value	Decision
0.341	0.048	Reject H_{01}

From the above table, r is 0.341 indicating a positive correlation with a significant value of 0.048.

The above analysis means that oil revenue does not significantly influence GDP, although it has insignificant relationship.

H_{02}:   There is no significant relationship between oil revenue and per capita income

R	Sig Value	Decision
0.892	0.000	Reject H_{02}

From the above table, r is 0.892 indicating a positive correlation with a significant value of 0.000.
The above analysis shows that oil revenue does not significantly influence per capita income.

H_{03}:   There is no significant relationship between oil revenue and inflation

R	Sig Value	Decision
-0.361	0.036	Reject H_{03}

From the above table, r is -0.361 indicating a negative correlation with a significant value of 0.036. The above analysis indicates that oil revenue does not significantly influence inflation. In other word, oil money is not significantly being spent in Nigeria in such a way that it will influence inflation rate.

H_{04}:   There is no significant relationship between non-oil revenue and GDP

R	Sig Value	Decision
0.253	0.149	Accept H_{04}

From the above table, r is 0.253 indicating a positive correlation with a significant value of 0.149.
What this result means is that non-oil revenue has no significant relationship with GDP.

H_{05}:   There is no significant relationship between non-oil revenue and per capita income.

R	Sig Value	Decision
0.96	0.000	Reject H_{05}

From the above table, r is 0.96 indicating a positive correlation with a significant value of 0.000.

H_{06}:   There is no significant relationship between non-oil revenue and inflation.

R	Sig Value	Decision
-0.337	0.052	Accept H_{06}

From the above table, r is -0.337 indicating a negative correlation with a significant value of 0.052.

H_{07}:   The relationship between government revenue and economic performance are not moderated by government expenditure.

R	Sig Value	Decision
0.974	0.000	Reject H_{07}

From the above table, r is 0.974 indicating a positive correlation with a significant value of 0.000.

Results of Hypothesis and Discussion

H_{01}:   There is no significant relationship between oil revenue and GDP

R	Sig Value	Decision
0.341	0.048	Reject H_{01}

The correlation result indicates a positive correlation of 0.341 which implies increase in oil revenue will bring about increase in GDP hence statistically significant relationship between oil revenue and GDP ($P<0.05$). Therefore, H_{01} hypothesis is rejected.

H_{02}:   There is no significant relationship between oil revenue and per capita income

R	Sig Value	Decision
0.892	0.000	Reject H_{02}

The correlation result indicates a positive correlation of 0.892 which implies increase in oil revenue will bring about increase in per capita income hence statistically significant relationship between oil revenue and GDP ($P<0.05$). Therefore, H_{02} hypothesis is rejected.

H_{03}:   There is no significant relationship between oil revenue and inflation

R	Sig Value	Decision
-0.361	0.036	Reject H_{03}

The correlation result indicates a negative correlation of 0.361 which implies increase in oil revenue will bring about decrease in inflation hence statistically significant relationship between oil revenue and inflation ($P<0.05$). Therefore, H_{03} hypothesis is rejected.

H_{04}:   There is no significant relationship between non-oil revenue and GDP

R	Sig Value	Decision
0.253	0.149	Accept H_{04}

The correlation result indicates a positive correlation of 0.253 which implies increase in non-oil revenue will bring about increase in GDP hence there is no statistically significant relationship between non-oil revenue and GDP ($P>0.05$). Therefore, H_{04} hypothesis is accepted.

H_{05}:   There is no significant relationship between non-oil revenue and per capita income.

R	Sig Value	Decision
0.96	0.000	Reject H_{05}

The correlation result indicates a positive correlation of 0.96 which implies increase in non-oil revenue will bring about increase in per capita income hence statistically significant relationship between non-oil revenue and per capital income ($P<0.05$). Therefore, H_{05} hypothesis is rejected.

H_{06}:   There is no significant relationship between non-oil revenue and inflation.

R	Sig Value	Decision
-0.337	0.052	Accept H_{06}

The correlation result indicates a negative correlation of 0.337 which implies increase in non-oil revenue will bring about decrease in inflation hence there is no statistically significant relationship between non-oil revenue and inflation ($P>0.05$). Therefore, H_{06} hypothesis is accepted.

H_{07}:   The relationship between government revenue and economic performance are not moderated by government expenditure.

R	Sig Value	Decision
0.974	0.000	Reject H_{07}

1) Evaluate the effects of the capital expenditure on the relationship between government revenue and the economic performance;
2) Determine the effects of revenue expenditure on the relationship between government revenue and the economic performance. The correlation result indicates a positive correlation of 0.974 which implies increase in government revenue will bring about increase in revenue expenditure hence statistically significant relationship between government revenue and revenue expenditure (P<0.05). Therefore, H_{07} hypothesis is rejected.

Summary of Result Using Correlation

Hypothesis	Correlation Coefficient(r)	Significant Value	Significant Level	Decision
H_{01}	0.341	0.048	0.05	Reject H_{01}
H_{02}	0.892	0.000	0.05	Reject H_{02}
H_{03}	-0.361	0.036	0.05	Reject H_{03}
H_{04}	0.253	0.149	0.05	Accept H_{04}
H_{05}	0.960	0.000	0.05	Reject H_{05}
H_{06}	-0.337	0.052	0.05	Accept H_{06}
H_{07}	0.974	0.000	0.05	Reject H_{07}

Summary of Findings and Conclusion

In view of the hypotheses tested, the study found, among others, that oil revenue does not significantly influence GDP, per capita income and inflation.

As a result of these findings, this study concludes as follows: that oil revenue is not significantly and adequately being spent in the best interest of Nigerians in such an extent that will positively and significantly influence GDP, per capita income, and inflation rate.

That oil revenue benefits few highly placed individuals who are connected to the power that be to the exclusion of the majority of Nigerians.

Also, for the past decade, petroleum industry has been the main source of energy and contributed on average more than 74% while non-oil realized

26% to the Nigerian Federal Government finances as contained in appendix 1.

Recommendations

Based on these findings and conclusion, this paper recommends that government should invest more oil revenue in projects and infrastructures that will generate multiplier effects and impact on GDP, per capita income and inflation. Government should fight corruption more decisively and totally irrespective of whose ox is gored. They should diversify the economy into agriculture and encourage entrepreneurs to produce more goods and render more services for increase in GDP and economic development.

Government should ensure that capital projects are given adequate priority attention in relation to recurrent expenditure which if well practiced over the years will eventually increase revenue of the

Federal Government of Nigeria because of the multiplier effect of capital expenditure.

Government should ensure improvement of key national institutions such as power, energy, road and various means of transportation, political, legal institutions, financial systems and their agencies, investment environment, social security, environmental protection, sustainable development, and the host of others.

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Appendixes

Appendix 1: *Data on Nigerian Government Revenue from 1970 to 2016*

The following Table 4.2 presents statistical data of Federal Government Revenue from oil and non-oil from 1981 to 2016:

Table 4.2: Contribution of Oil Revenue and Non-Oil Revenue to Federal Government Finances from 1981 to 2016				
YEAR	A	B	C	D	E
	Total Federally Collected Revenue N' Billion	Oil Revenue N' Billion	Non-Oil Revenue N' Billion	% of Oil Revenue	% of Non-oil Revenue
1981	13.29	8.56	4.73	64.41	35.59
1982	11.43	7.81	3.62	68.33	31.67
1983	10.51	7.25	3.26	68.98	31.02
1984	11.25	8.27	2.98	73.51	26.49
1985	15.05	10.92	4.13	72.56	27.44
1986	12.6	8.11	4.49	64.37	35.63
1987	25.38	19.03	6.35	74.98	25.02
1988	27.6	19.83	7.77	71.85	28.15
1989	53.87	39.13	14.74	72.64	27.36
1990	98.11	71.89	26.22	73.28	26.73
1991	101.0	82.67	18.33	81.86	18.15
1992	190.46	164.08	26.38	86.15	13.85
1993	192.77	162.10	30.67	84.09	15.91
1994	201.91	160.19	41.72	79.34	20.66
1995	459.99	324.55	135.44	70.56	29.44
1996	523.59	408.78	114.81	78.07	21.93
1997	582.81	416.81	166.	71.52	28.48
1998	463.61	324.31	139.30	69.95	30.05
1999	949.19	724.42	224.77	76.32	23.68
2000	1,906.16	1,591.68	314.48	83.50	16.50
2001	2,611.02	1,707.56	903.46	76.52	40.48
2002	1,731.84	1,230.85	500.99	71.07	28.93

Year					
2003	2,575.10	2,074.28	500.82	80.55	19.45
2004	3,920.50	3,354.80	565.70	85.57	14.43
2005	5,547.50	4,762.40	785.10	85.85	14.15
2006	5,965.11	5,287.57	677.54	88.64	11.36
2007	5,727.51	4,462.91	1,264.6	78.06	22.12
2008	7,866.20	6,530.60	1,335.60	83.02	16.98
2009	4,844.59	3,191.94	1,652.65	65.89	34.11
2010	7,303.67	5,396.09	1,907.58	73.88	26.12
2011	11,116.85	8,878.97	2,237.88	79.87	20.13
2012	10,654.75	8,025.97	2,628.78	75.33	24.67
2013	9,759.79	6,809.23	2,950.56	69.77	30.23
2014	10,068.84	6,793.72	3,275.12	67.47	32.53
2015	6,912.51	**3,830.10**	**3,082.41**	**55.41**	**44.57**
2016	5,679.04	**2,693.91**	**2,985.13**	**47.44**	**52.56**
TOTAL	108,135.40	79591.29	28544.11	**73.60**	**26.40**

Source: Central Bank of Nigeria Statistical Bulletin, Golden Jubilee Edition, December 2008. and 2009 CBN Bulletin and up to 2016 CBN Bulletin.

* Period in which oil revenue started to be bigger than non-oil revenue

Table 4.3: Recurrent Expenditure and Capital Expenditure from 1981 To 2016					
YEAR	A	B	C	D	E
	Total Expenditure N' Billion	Recurrent Expenditure N' Billion	Capital Expenditure N' Billion	% of Recurrent Expenditure	% of Capital Expenditure
1981	11.41	4.85	6.57	42.51	57.58
1982	11.92	5.51	6.42	46.22	53.86
1983	9.64	4.75	4.89	49.27	50.73
1984	9.93	5.83	4.10	58.71	41.29
1985	13.04	7.58	5.46	58.13	41.87
1986	16.22	7.70	8.53	47.47	52.59
1987	22.02	15.65	6.37	71.07	28.93
1988	27.75	19.41	8.34	69.95	30.05
1989	41.03	25.99	15.03	63.34	36.63
1990	60.27	36.22	24.05	60.10	39.90
1991	66.58	38.24	28.34	57.43	42.57
1992	92.80	53.03	39.76	57.14	42.84
1993	191.23	136.73	54.50	71.50	28.50
1994	160.89	89.97	70.92	55.92	44.08
1995	248.77	127.63	121.14	51.30	48.70
1996	337.22	124.49	212.93	36.92	63.14
1997	428.22	158.56	269.65	37.03	62.97
1998	487.11	178.10	309.02	36.56	63.44
1999	947.69	449.66	498.03	47.45	52.55
2000	701.06	461.60	239.45	65.84	34.16
2001	1,018.03	579.30	438.70	56.90	43.09
2002	1,018.16	696.80	321.38	68.44	31.56
2003	1,225.97	984.30	241.69	80.29	19.71
2004	1,426.20	1,032.70	351.30	72.41	24.63
2005	1,822.10	1,223.70	519.50	67.16	28.51
2006	1,938.00	1,290.20	552.39	66.57	28.50
2007	2,450.90	1,589.27	759.32	64.84	30.98
2008	3,240.82	2,117.36	960.89	65.33	29.65
2009	3,452.99	2,127.97	1,152.80	61.63	33.39
2010	4,194.58	3,109.38	883.87	74.13	21.07

2011	4,712.06	3,314.51	918.55	70.34	19.49
2012	4,605.39	3,325.16	874.83	72.20	19.00
2013	5,185.32	3,689.06	1,108.39	71.14	21.38
2014	4,578.06	3,417.58	783.12	74.65	17.11
2015	4,650.32	3831.95	818.37	82.40	17.60
2016	4,813.39	4178.59	634.80	86.81	13.19
TOTAL	51712.73	38459.33	1,3253.40	74.37	25.63

Sources: Federal Ministry of Finance and Central Bank of Nigeria Statistical Bulletin 2016

Appendix

Table 1. Correlations

		Oil Revenue	GDP
Oil Revenue	Pearson Correlation	1	.341*
	Sig. (2-tailed)		.048
	N	34	34
GDP	Pearson Correlation	.341*	1
	Sig. (2-tailed)	.048	
	N	34	34

*. Correlation is significant at the 0.05 level (2-tailed).

Table 2. Correlations

		Oil Revenue	Per Capital Income
Oil Revenue	Pearson Correlation	1	.892**
	Sig. (2-tailed)		.000
	N	34	34
Per Capital Income	Pearson Correlation	.892**	1
	Sig. (2-tailed)	.000	
	N	34	34

**. Correlation is significant at the 0.05 level (2-tailed).

Table 3. Correlations

		Oil Revenue	Inflation
Oil Revenue	Pearson Correlation	1	-.361*
	Sig. (2-tailed)		.036
	N	34	34
Inflation	Pearson Correlation	-.361*	1
	Sig. (2-tailed)	.036	
	N	34	34

*. Correlation is significant at the 0.05 level (2-tailed).

Table 4. Correlations

		Non-Oil Revenue	GDP
Non-Oil Revenue	Pearson Correlation	1	.253
	Sig. (2-tailed)		.149
	N	34	34
GDP	Pearson Correlation	.253	1
	Sig. (2-tailed)	.149	
	N	34	34

Table 5. Correlations

		Non-Oil Revenue	Per Capital Income
Non-Oil Revenue	Pearson Correlation	1	.960**
	Sig. (2-tailed)		.000
	N	34	34
Per Capital Income	Pearson Correlation	.960**	1
	Sig. (2-tailed)	.000	
	N	34	34

**. Correlation is significant at the 0.05 level (2-tailed).

Table 6.Correlations

		Non-Oil Revenue	Inflation
Non-Oil Revenue	Pearson Correlation	1	-.337
	Sig. (2-tailed)		.052
	N	34	34
Inflation	Pearson Correlation	-.337	1
	Sig. (2-tailed)	.052	
	N	34	34

Table 7. Correlations

		Total Revenue	Recurrent Expenditure Plus Capital Expenditure
Total Revenue	Pearson Correlation	1	.974**
	Sig. (2-tailed)		.000
	N	34	34
Recurrent Expenditure Plus Capital Expenditure	Pearson Correlation	.974**	1
	Sig. (2-tailed)	.000	
	N	34	34

**. Correlation is significant at the 0.05 level (2-tailed).