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Impact of Expansionary Budget on Living Standard in Kaduna State, Nigeria (1996 – 2015)

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Abstract: This paper provides empirical analysis of the impact of expansionary budget on living standard in Kaduna State, Nigeria. Relevant time series data were used from 1996 to 2015 which were collected from the Kaduna State Ministry of Budget and Economic Planning. The Ordinary Least Square (OLS) method was used to analyze static and log – linearized model of the data. The result of the regression analysis shows that expansionary budget which is represented by macroeconomic variables (ESE, ASE, RDE, SSE) in Kaduna State exert positive impact on standard of living. The paper therefore, recommended that the implementation mechanism of budgetary discipline should be adequately entrenched for effective implementation and as such the implementation mechanism of expansionary budget in Kaduna State should be checked for effective enhancement of the standard of living because if left unchecked it could jeopardize the entire effort of attaining the social and developmental goals.
Keywords: Budget, Expansionary Budget, Living Standard, Economic Growth, Unit Root

INTRODUCTION

Budget, in any nation, is a viable and veritable fiscal policy tool through which the welfare of the citizenry is improved. In many states just like any state in the country Nigeria, budget and budgeting has become a normal routine that is embarked upon to satisfy all public service procedural righteousness of executive and legislative tussle. Once the budget is passed and become a legal document, little or no attention is given to its implementation. This scenario is a serious concern because if prompt attention is not given to it, the impact of the budget on the welfare of the general populace might not be felt [1].

Historically, the prominence of budget as a fiscal policy tool is that it displays government action plan or road map policy upon which government intends to impact proactively on the living standard of the people as a vital role in public sector fiscal expansion. It is a principal fiscal instrument that spells out the role and objectives of the government's master plan for the coming year; which is mostly done to boost economic activities; after evaluating the performance of the current year. It is the crucial means through which the government redistributes income; create jobs and or sustainable stabilization of all the macroeconomic goals [2].

According to Edame [3], budget is the principal instrument of fiscal policy. Budget exercise control over size and relationship of government receipts (revenue) and expenditures. Thus, budget is a mere statement instrument mostly used to formulate policies to be implemented in order to resolve societal problems. Ordinarily, budget supposes to serve as a means of facilitating the achievement of policy goals of government, but more often than not, studies have shown that the actualization of the desired goals is seriously pathetic.

Expansionary fiscal policy has been the tool used by the Keynesian school of thought to address the problem of economic recession during the 1920s economic meltdown. Afterwards, it became a vital tool for influencing economic activities. In recent years in Nigeria, budget estimate at all levels has been on the increase.

Kaduna State over the years had series of budgets under various governments, before and after the inception of democratic dispensation in 1999. How far has the budget been able to affect positively on the lives of the citizens of Kaduna State remain a question that needs to be investigated. Accountant General's Annual Report of Kaduna State (2013), states that budget implementation has been poor on account of serious shortfalls of revenues over planned expenditure. The trend, according to the report, became worse in Kaduna State especially from 2005, when revenue receipts were 34% less than budgeted. The gap between the budget and revenue receipts continued to increase, the shortfall being 42% in 2006, 56% in 2007, 59% in 2008, 55% in 2009 and 63% (capital receipts only) in 2010. It is obvious from here that budgets have not achieved the social and developmental objectives of the State because they have been unrealistic in conception, content and execution. It is the dwindling nature of the state budget and making an unrealistic budget for Kaduna State that brought the UK department for International Development in partnership with the state, which has been working in the Nigerian State of Kaduna since 2006 [4].

However, expansionary budget has to do with using instrument that would stimulate aggregate demand and indirectly increasing economic activities. That is, expansionary budget makes budget surplus smaller or a budget deficit bigger; thereby increasing government purchases of goods and services, higher government transfers, or lower taxes – invariably reducing the budget balance for that year. The inability of various governments to fully implement its planned budget has direct effect on the general standard of living of the people. This is because the set objectives may end up been in doldrums. And it is when the government meets these objectives that the welfare of the ordinary man on the street of Kaduna is improved; that is having access to affordable basic necessities of life.

Public Sector financing, which is done through annual budget, contributed enormously to the fiscal actions of every government. When the right action plan is taken, it will propel effective allocation of resources, sense of identity and fulfillment of socio – economic cohesion and fairness to the infrastructural development in any state especially Kaduna State. The ability of the state government to optimally redistribute income for the general welfare of her citizens remains an issue to be looked into. Instead of promoting social cultural, economic and infrastructural development, the state is bedeviled with public sector deterioration, gross inequality of class and uneven allocation of resources, unemployment, double edged sword poverty, poor public finance management and social incontinence.

In this direction, budget implementation as a means of influencing the general welfare of the people in Kaduna State need to be appraised to ascertain how it has been enhancing the Living Standards of the people in the state. Hence, this study will unveil all the gains as well as how the Kaduna State expansionary budget has impacted on the socio economic life of the populace in the years under the study.

The basic question however is, has expansionary budget been used properly to impact on the living standard of Kaduna State in Nigeria? Has any expansionary measure been effective towards the achievement of sustainable living standard in Kaduna State? Thus, it is pertinent that these issues need to be empirically examined and proffer solutions to the objective of the study.

REVIEW OF RELEVANT LITERATURE

The most prominent theories of economic growth and development that deals with government intervention in economic activities, which is the use of expansionary fiscal policy like budget, are reviewed with a vision of unveiling the tools and strategies for making sustainable developmental goals attainable. However, there have been inconclusive debates between the two schools of thought in Economics – Classical and Keynesian – on the ground that government should intervene in economic activities to curtail economic short – run fluctuations. The Classical School of thought who are proponents of Adam Smith, opposes this view saying that market forces will swiftly adjust economic situations to long run equilibrium through adjustment in labour market. The Keynesian School of thought, hold its view to John Maynard Keynes; a student of the classical school of thought who said that it was obvious that the self-adjusting mechanism in the economy proposed by the classical fail to end recession in 1920s by bringing the economy back to equilibrium due to labour market rigidity. Furthermore, Keynes suggested the prescription of expansionary fiscal policy believes in government interventions to boost economic activities to avoid long recession period. By and large, Keynes has the utmost believe that the application of the intervention through expansionary policy in the provisions of public goods took the recession away. Since then, the invisible hands alone have not enhanced equitable economic activities in our society; else we may not be able to attain the general goal of the society. It is found in the Keynesian model that the economy will tends toward equilibrium but not necessarily at full employment. When the economy is in equilibrium at less than full employment, unemployment equilibrium exists. Against this background Keynes argued that the level of total spending in the economy could be in adequate to provide full employment, that the classical economists were wrong in believing that interest rate adjustments and wages/price flexibility would prevent unemployment. According to Keynes, full employment is possible only when the level of total spending is adequate, otherwise, no way out [5].

In summary, Keynes rejected the classical contention that market economies automatically tend toward full employment; he focused attention on the level of demand or total spending as critical determinant of an economy's healthy state. It is on this basis, however, that theory of coordination failure, contemporary theories of economic growth, is considered as the right choice of theory that will guide our discussions which forms the linkage to the method decision.

The foundation of the theory of coordination failure is the idea that the market may fail to achieve coordination among complementary activities. When complementary exists, that is when returns of one investment depend on the presence or extent of other investments, there exist two scenarios. On the other hand, it would not make sense for an investor to take similar actions when he believes that others may not do same as well. The market is said to have failed to coordinate investors' actions in this way. Coordination failure therefore leads the market to an (equilibrium) outcome inferior to a potential situation in which resources would be optimally allocated and all agents would be better off. As a result, underdevelopment equilibrium is possible [6].

The theory of coordination became influential in the 1990s. However, it has a history of more than half a century. Coordination issues among complementary industries were first raised by Rosenstein – Rodan [7]. Just like early coordination failure economists Nurske [8] and Hirschman [9]; they all emphasized the role of government to solve problem. In order to reach an optimal level of coordination, the policy they recommended was a "big push", a public – led massive investment programme, which can cause complementarities to take place in the rest of the economy [6].

According to Meier, cited by [6], other early development models, "big push" strategies ran out of favour when the world witnessed the collapse of centrally planned economies and slow growth, stagnation or worst results of state – led industrialization in the underdeveloped countries [6]. However, development economists have recently returned to emphasize the problem of complementarities between several conditions necessary for successful development to take place [10], Hoff [11] and Bowles Durlauf and Hoff [12] described the economy as an ecosystem where the behaviour of one can affect the other. The coordination failure among many different individuals led the economy to multiple equilibria, but not all of them are good for every member of the economy, and some in fact are very undesirable. As a result, the market fails to coordinate everyone to achieve the optimal equilibrium. In similar vein, Rodrik [13] also indicates that success or failure of an action could depend on its milieu.

In market mechanism, there are uncertainties that goods equilibrium can be obtained. A bad equilibrium can exist when firms have pessimistic expectations and thus show their reluctance to invest, and consequently fail to coordinate their businesses. "And whereas in the past we thought the implication was that the economy would be slightly distorted, we now understand that the interaction of this slightly distorted behaviour may produce very large distortions. The consequence is that there may be multiple equilibria and that each may be inefficient" [6].

The theory of coordination failure offers some important overall lessons for policy – makers. The theory often highlights the problems of market failure that require selective government intervention to ensure that several things work together at the same time. However, to get sustainable development underway is obviously not an easy task. The "big push" strategy is recommended recently by United Nation Development programme [14]. The programme suggests that for developing countries to break out of poverty trap, a big push of basic investments between now and 2015 in public administration, human capital development and key infrastructure is necessary [14].

However, the theory of coordination failure has been criticized of its overemphasis on the role of government. Critics have asserted that the government is ineffective and could choose a bad policy [15, 6]. If a bad policy is implemented, it can push an economy into a bad equilibrium for years to come and even into a worse equilibrium than the one with which the country began [6].

From the above analysis of the theoretical review, neoclassical growth theorist believed that government interventions would cause distortions in attaining the desired economic goals; new growth theorist are of the view that individuals agents in an economy cannot maximized all their gains in free market but the policy intervention of government is considered necessary; while coordination failure theorists agreed that government must intervene to coordinate market activities through the provision of infrastructural and enabling environment for economic activities in other to increase economic growth. However, this study would adopt the coordination failure theory as its basis of analysis because the government's ability to use the concept of 'big – push' is done through the use of budget implementations. And this will help us to analyze the various budget implemented in the State whether it has a strong relationship with this concept. Lastly, the gap that exists from all the literature that has been reviewed is that this study could not find any one that dealt in expansionary budget as it affect living standard and in particular Kaduna State. Since the inception of democratic dispensation, budget estimates has been on the rise across all the tiers of government in Nigeria. So, it is very pertinent to examine the geometric yearly budget estimates whether it has impacted on the living standard of the people for whom such expansionary budget is meant to assist.

Lambe [16] carried out a study on appraising the impact of budgeting and planning on the performance of financial institutions in Nigeria using descriptive statistics, it shows that budget and planning overtime has impacted positively on effective performance of Nigerian Banks. He concluded that there must be linkages among the financial institution to form a single system so that the gains can be maximized.

Gladwell [17] in a comparative analysis asserted that sometimes economic policies, be it fiscal or monetary, may work very effectively in a particular period but after a while there could be a downturn in the economy. He made this point in the study on Economic policy in the UK under new Labour: the end of boom and bust! Hence he concluded that the rise in consumer spending, however, has been responsible for the unparalleled expansion in consumer debt at the back of boom in house prices. And this could sow the seeds of a potentially serious downturn if the interest rates increase sharply.

The problem responsible for the great expectations not matching with the realities on ground is lack of budget discipline. In a critical review of financial governance and sustainable development in Nigeria, using empirical literature review, it is stressed that although the government of Nigeria has designed a good theory of fiscal and monetary policies to facilitate sustainable growth and development of all the sectors of the economy, but the practical implementation of such policies to attain the desired result remains an illusion. He thus concludes that the federal Government of Nigeria should maintain strict budget discipline to guarantee good financial governance which is a necessary condition for sustainable development [18].

Ejuvbekpokpo, Sallahuddin & Clark [19] discovered in their study that fiscal policy could be used to impact on investment expenditure in Nigeria. This study which used Ordinary Least Square (OLS) techniques for its estimation advised the government to use an expansionary fiscal policy to encourage increase in investment in Nigeria and that government spending to be channeled to capital project and social overhead capital that will encourage investment and improve economic activities.

Kanayo & Kizito [20] in their findings observed that the level of capital budget performance is insufficient to foster rapid economic development and reduce poverty. In the study, Capital Budget Implementation in Nigeria: evidence from the 2012 capital budget, which was done through empirical review techniques recommended that government should formulate a realistic and credible budget, release appropriated funds early to Ministries, Departments and Agencies (MDAs). However, they stated that there is urgent need to strengthen the technical capacities of MDAs for efficient utilization of capital expenditures in order to improve the index captured in public expenditures.

In an analytical study of Abdullahi [1], using empirical analysis states that government budget in Nigeria in its nature is a control device itself which specifies expenditures for projects and expressed in monetary estimates. And this will show the function of government budget as a clear tool for controlling the posture of government at all levels. In the end, he recommends, among others that budget should portray peoples' needs and not the wants of the elites thereby serving as the government policy thrust.

Ekeocha [21] studied on an analysis of the federal budgeting process in Nigeria: implications for institutional reforms for achieving timeliness. In his findings, using content analysis techniques, he posits that ability to make timely and sensible fiscal choices is one of the hallmarks of good governance. He concluded that there is need for institutional reforms that will correct the identified lapses if timeliness is to be achieved in the budgeting process, thus making budget process effective.

In a content analysis perspective on the effect of dominant individuals on budget implementation in Nigeria [22] revealed that the activities of dominant individuals ranges from manipulation of budget items before and after approval of annual estimates; embezzlement and fraudulent activities; lack of proper budgeting process are responsible for the failure of budget in Nigeria. He recommended therefore that there is need for budget reform in Nigeria so as to avoid the implication of persistent high level of youth unemployment, poverty and corruption in the face of under development of the Nigerian economy.

Ngowi [23] who carried out a study on the effect of budgetary process reforms on economic governance evidence from Tanzania affirmed that budgetary reforms have improved resource allocation and fostered better management and accountability of public resources. In his empirical review of related studies, it was discovered that the introduction of cash budget coupled with ministry – wide use of an Integrated Financial Management System (IFMS) has improved fiscal discipline. Also, the introduction of Public Expenditure Reviews (PERs) and Medium Term Expenditure Framework (MTEF) have been particularly useful in fostering wide participation of stakeholders in the budget process. Finally he concludes that government is in the right direction by prioritization of education, health and infrastructure – sectors that have high impact on poverty reduction.

In a study undertaken by Tajudeen & Adedokun [24], econometric analysis of the impact of fiscal stance on economic growth in Nigeria, revealed that fiscal impulse response results indicated that fiscal stance are relatively more vulnerable to government deficit and revenue shocks from oil and exports. Hence he advised reduction in government deficit financing and unproductive expenditures that would not lead to economic growth and development. This assertion was concluded from the use of econometric techniques such as descriptive statistics, stationarity test, co – integration test, multivariate granger causality in vector error correction model (VECM), variance decompositions (VDCs), and Impulse response functions (IRFs); the data covering the period 1970 to 2010. He affirmed that there is causal relationship among the variables which shows that government deficit financing and government capital expenditure are neutral in the short – run.

Marinas [25], in his work, the effectiveness of fiscal policy in combating economic crisis; an analysis based on the comparative economic literature, discovered that even though the concept of fiscal policy represents the Keynesian solution to recovery of the economies which have been affected by crisis, the fiscal expansion promoted during the recession periods does not generate the same expected positive effects any more (increase of consumption, significant decrease of unemployment, increase of revenues in economy) as they are conditioned by the reaction of the private economic agents to the stimuli. He concluded that the fiscal multipliers tend to be rather proper and their values decreases more during the deep economic recession periods.

RESEARCH METHODOLOGY

This paper examines the impact of expansionary budget on living standard in Kaduna state of Nigeria. This study sets a hypothesis that there is no significant relationship between expansionary budget and living standard in Kaduna state. It is on this basis that the variables are set where Totals Capital Expenditures (TCE) is the dependent variable whiles various capital expenditures of the state; Economic Sector (ESE), Rural Development Expenditure (RDE), Social Sector Expenditure (SSE) and Administrative Sector Expenditure (ASE) which are defined by the state as its target of execution are considered as the independent variables. To test this hypothesis, time series data from 1996 to 2015 was obtained from the Annual Budget Estimates of Kaduna State Ministry of Budget and Economic Planning as well as the Annual Accountant general's report on the statement of account of Kaduna state.

The model specification will be based on the theory that government intervention policy impact on the living standard of Kaduna state of Nigeria. Specifically, arising from the evidences in the empirical reviewed in section 2.0 which is rooted in the Keynesian approach of dealing with economic issues above; the model is selected based on how the State coordinates her economic activities in order to improve on the living standard of her citizens.

$CE = f(ESE, SSE, RDE, ASE)$ ------------------------ (1)

Where; TCE = Living Standards proxy by capital expenditure
ESE = Economic Sector Expenditures
SSE = Social Sector Expenditures
RDE = Regional Development Expenditures
ASE = Administrative Sector Expenditures

Econometric model

The econometric model will be captured in the form of
$CE = \alpha + \beta X + \epsilon_t$------------------------------------- (2)

Where, X represent all the independent variables, and The model is transformed into natural logarithms as follows;

$LNTCE = \beta_0 + \beta_1 LNESE + \beta_2 LNSSE + \beta_3 LNRDE + \beta_4 LNASE + \mu_t$------------------------ (3)

Where; the variables are as above,
μ = error term
t = the time period
LN = natural logarithm, but
TCE = dependent variable, while *ESE*, *SSE*, *RDE*, and *ASE* are independent variables,
β_0 = constant, β_1, β_2, β_3, β_4 are the parameters for each of the variables, while
$\beta_0 > 0$ and $\beta_1, \beta_2, \beta_3, \beta_4 \neq 0$

Economic a – priori Criteria: According to Koutsoyiannis [26], this is the expected signs and magnitude of the parameters of economic relationships and which is determined by the concept of economic theory. So, the in dependent variables are expected to have the following signs.
β_0 = constant, β_1, β_2, β_3, β_4 are the parameters for each of the variables, while
$\beta_0 > 0$ and $\beta_1, \beta_2, \beta_3, \beta_4 \neq 0$

Empirical Result

The empirical result of the impact of expansionary budget on living standard in Kaduna State is hereby presented below. The stationarity test is first done in order to determine whether the macroeconomic variables used by the state government in formulating the expansionary budget which is meant to impact on the living standard. The unit root test is followed by the regression result. The test for stationarity on the budget variables are presented below in table 1.

Table-1: Unit Root Test at first difference

Variables	ADF Test Stationarity	P – Values	Status of Stationarity	Order of Integration
LNTCE	-5.743411***	0.0014	I(0)	I(1)
LNESE	-5.646179***	0.0016	I(0)	I(1)
LNSSE	-5.607816***	0.0017	I(0)	I(1)
LNRDE	-4.657150***	0.0093	I(0)	I(1)
LNASE	-6.774675***	0.0002	I(0)	I(1)

ADF CV 1st diff 1% = -4.616209 5% = -3.710482 & 10% = -3.297799
**** 1% **5% & *10% Stationary*
Source: Author's Computation (2016) Eviews 7.0

The table above displays that the variables are stationary at first difference with trend. This can be seen from the comparison of the observed values (in absolute terms) of the ADF test statistics at 1%, 5% and 10% levels of significance. But before the talking the first difference, all the variables are stationary at level. The differencing was taking in order to ascertain whether the variable will take a different dimension in it behaviour. However, it thus remains much better than when at level. Meaning, the critical values of ADF in absolute terms are all less than the calculated values of ADF. That is they are all stationary at first difference.

Looking at the uncertainty about the quality of data used in the study, the level of statistical significance chosen for testing the hypothesis is at 5% level; the result of the regression shows that there is existence of a linear and proportionate relationship between TCE and the explanatory variables.

The explanatory variables used here are the macroeconomic policy variables used by Kaduna state to stimulate economic activities. They are Total Capital Expenditures (TCE) of the budget was regressed on the Economic Sector Expenditures (ESE), Administrative Sector Expenditures (ASE), Regional Development Expenditures (RDE) and Social Sector Expenditures (SSE). The sign of the coefficient estimates are rightly corresponding, reflecting a positive relationship with economic growth; thus conforming to the a-priori expectations. The empirical results emanating from the study before transformation shows that coefficient of determination, R^2 shows that the endogenous variables jointly explained 100% of the total changes in the dependent variable (TCE). Also the R^2 adjusted is the same as R^2 and this reaffirms the goodness of fit and signifies that 100% of the variations did not merely result from the use of multiple variables in the model. But the F – Statistic (NIL) shows that the model is not satisfactory, hence the joint influence of the explanatory variables is statistically insignificant at 0.05 percent level of significance. However, the Durbin Watson test of autocorrelation (1.57) indicates that there is no existence of autocorrelation in the data used.

Specifically, at 5% level of significance, all the variables (ESC, ASE, RDE and SSE) are statistically significant and exert impact on the TCE (proxy for standard of living). This affirms the hypothesis that expansionary budget has significant impact on the living standard in Kaduna State in Nigeria within the period under review.

The empirical facts from this study show that expansionary budget, if judiciously implemented in bound to impact positively on the standard of living. It can be seen from here that the resources that is being used by the successive government to provide social and physical infrastructures is a good thing in the right direction, only when it is implemented to the later. Owing to the problem of F – statistic that is not shown, we decided to transform the data to get rid of the spurious tendencies. The result is presented in table 2 below.

Table-2: Presentation of Log Linear Model Result (LNTCE)

Variables	Coefficient	Std Error	T - statistic	Prob. Value
C	1.559030	0.044250	35.23256	0.0000
LNESC	0.358744	0.037862	9.474990	0.0000
LNASE	0.213949	0.054723	3.909665	0.0014
LNRDE	0.244368	0.033412	7.313801	0.0000
LNSSE	0.129221	0.031023	4.165370	0.0008

R^2 = 0.997556 Adjusted R^2 = 0.996905 D – W STAT = 1.966116 F-STAT= 1530.752

Source: Author's Computation (2016) Eviews 7.0

LNTCE = 1.56 + 0.36(LNESC) + 0.21(LNASE) + 0.24(LNRDE) + 0.13(LNSSE)
T = (35.23) (9.47) (3.91) (7.31) (4.16)

The entire statistical significance of the estimated log linear equation is satisfactory. R^2 = 0.998, adjusted R^2 = 0.997, Durbin Watson statistic = 1.97 and F – statistic = 1530.752, all at 5% significance level, show robust results that reaffirm the confirmation that expansionary budget has significant impact on the living standard in Kaduna state in Nigeria.

DISCUSSION OF FINDINGS

The macroeconomic variables used all show that there is direct relationship standard of living, which further confirms the a-priori expectation. This suggests that expansionary budget can influence the living standard in any economy. It further reveals that a unit increase in capital expenditure will as well as rise the living standard of the people significantly. For example, a unit increase in standard of living will be brought by increase of about 36 units in Economic Sector Expenditure, 21 units in Administrative Sector Expenditure, 24 units in Regional Development Expenditure and 13 units in Social Sector Expenditure. This will serve as a framework for guiding budget formulation and implementation.

In addition, it could be further deduced that a stable macroeconomic environment and political stability is bedrock for effective and efficient expansionary budget that will impact on living standard and economic growth. The explanatory variables have elastic effect on the standard of living in Kaduna State. This implies that any negative percentage change in them will lead to a less proportionate change in the living standard in the State.

Other related finding, like Ocheni, Atakpa & Nwankwo [18] has it in his findings that the problem responsible for the great expectations not matching with the realities on ground is lack of budget discipline. This assertion was made in a critical review of financial governance and sustainable development in Nigeria. Another similar finding that is related to our findings is that of Kanayo & Kizito [20]. Their findings observed that the level of capital budget performance is insufficient to foster rapid economic development and reduce poverty. This was done in the study, Capital Budget Implementation in Nigeria: evidence from the 2012 capital budget. In the same vein, Ejuvbekpokpo, Sallahuddin & Clark [19] discovered in their study that fiscal policy could be used to impact on investment expenditure in Nigeria. This study used Ordinary Least Square (OLS) techniques for its estimation and advised the government to use an expansionary fiscal policy to encourage increase in investment in Nigeria; thereby leading to economic growth and development.

Thus from our findings, Economic Sector Expenditures (ESE), Administrative Sector Expenditures (ASE), Regional Development Expenditures (RDE) and Social Sector Expenditures (SSE) have significant impact on Total Capital Expenditure (TCE); proxy for living standard in Kaduna State. This implies that the application of any of the above mentioned variables by the government in Kaduna state to improve on the living standard will always yield a relatively proportionate impact.

In this study examined the impact of expansionary budget on living standard in Kaduna state, Nigeria from 1996 to 2015. Prior to the application of OLS estimation, a unit root test was conducted to ascertain the stationarity of variables. The result revealed that all the variables are stationary at level and at first difference.

The empirical investigation of the effect of expansionary budget on the living standard was done and the major findings are summarized beneath;

- It was found that the overall aim of expansionary budget is to enhance on the living standard of the populace. This result supported the fact that if expansionary budget is well and painstakingly utilized while adhering to all budget best practices and disciplines would improve the living standard of the people. This is because; it has taken care of the basic necessities of life in every society.
- The regression estimates showed that the adoption of all the macroeconomic variables in Kaduna state have significant on the growth and development of the state. This suggests that all hands must be on deck to ensure that its implementation is not jeopardized by administrative rigidity or bottle neck. This is quite understandable because the struggle to eradicate poverty may not be achieved except there is adequate policy measure, like expansionary budget, that could be used in addition to any other social security to enhance the living standard through sustainable development. However, public awareness about budgeting in the state is still very remote from the general public. It is when government begins to involve the people in the affairs that affect their welfare especially on this topic expansionary budget that they will always be eager to partake and guide its implementation judiciously devoid of any sectional chauvinism.

CONCLUSION

The role of the ministry of budgeting and economic planning in Kaduna state in formulating the budget is in no small way affecting the welfare of the state. The body must utilize best management techniques that will improve on the present status quo of budget implementation so as to attain realistic budgeting. However, despite the fact that all the aforementioned relevance of the macroeconomic variables used in budget in Kaduna state, therefore, there is need to improve on them and possibly include other variable(s) that will as well touch the life of the people.

Recommendations

Given the above findings among other peculiar things, it is obvious that the development of Kaduna state is very much dependent on the provision of the necessary economic and social environment that would encourage the general growth and development of both the human and natural resources that it is endowed. Hence, the following recommendation is hereby made.

The need to sustain budget formulation and implementation, especially expansionary budget, is implied from the significant impact of the macroeconomic fiscal policy variables used are strong evidence that expansionary budget can influence the living standard of the citizenry in Kaduna state. I do strongly agree with Kanayo & Kizito [20] that capital budget can help to enhance capital budget performance is insufficient to foster rapid economic development and reduce poverty. Good budgetary policy on paper without effective implementation will not produce any significant effects. Therefore, I recommend that the implementation mechanism of budgetary discipline should be adequately entrenched to for effective implementation and as such the implementation mechanism of expansionary budget in Kaduna state should be checked for effective enhancement of the standard of living.

Expansionary budget should be used to create enabling environment for sustainable economic growth and development that will facilitate job creation, promote social empowerment, promoting social cultural, economic and infrastructural development, even allocation of resources, poverty reduction and poor public finance management in Kaduna State. In order words, one of the major challenges retarding the effectiveness of the expansionary budget in achieving sustainable standard of living in Kaduna state is lack of proper implementation coordination.

Again, the Budget and Economic Planning Ministry should create the implementation plan for expansionary budget where the budget is properly monitored for effective formulation, implementation and appraisal. This will help to guide the budget from been short of execution. Due to the agrarian nature of the major populace in the state, the budgetary authority must harness the opportunity in expansionary budget to improve on the welfare of the citizens of the state.

Finally, all the relevant authorities should make sure that budget formulation and implementation less volatile and more viable as it is in the developed world. This will allow for smooth execution of the expansionary budget. The superiority tussles that always delay the scrutiny and passage of the budget between the executive and the legislative arm of the government must be relaxed in the interest of the ordinary man in the state. Likewise, the issue of unnecessary padding of the budget must be checked by the appropriate authorities in order to safeguard the integrity of the two arms of government involved in budgeting which enhance transparency, accountability and proper implementation of the expansionary budget. Consequently, it reduces the gap that exists between the actual estimates and what is being implemented before the year runs out.

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