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IMPACT OF FISCAL POLICY INSTRUMENT ON UNEMPLOYMENT IN NIGERIA 1990-2020

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Abstract: This study examines the impact of fiscal policy instrument on unemployment in Nigeria using time series annual data from 1990- 2020 which constitutes 30 years observations. This study used secondary data obtained from the CBN annual statistical bulletin. Fiscal policy instrument was proxy government expenditure, government borrowing and Taxation. The data were analysed using ADF unit root test, co-integration test and ARDL Model. The study found that Government Borrowing has a positive and no significant effect on Unemployment in Nigeria, Taxation has a positive and no significant impact on Unemployment in Nigeria, Government Expenditure has a positive and no significant impact on Unemployment in Nigeria. The study recommends that Government should aggressively focus on investment, employment generation and economic growth that has mechanism to improve standard of living. Expansionary fiscal policy should be encouraged as it plays vital role in the development process of an economy.

Key Words: Fiscal Policy, ARDL Model, Taxation, Government Borrowing and Government Expenditure.

Introduction

Fiscal policy is indisputably one of the profoundly admired policies utilized by the government to monitor and accomplish 'macroeconomic stability of the economy of most developing nations (Siyan and Debayo, 2005).

Fiscal policy is a key economic stabilization weapon that includes measure taken to regulate and control the volume, cost and accessibility of money in an economy to accomplish some predetermined macroeconomic policy objective and to offset undesirable trends in the Nigerian economy (Gbosi, 1998).

One of the objectives of a modern government is to moderate unemployment and make the environment favorable for investors to put resources in order to make work or create job and ensure price stability in the economy through compelling and appropriate accomplishment of fiscal policies. Fiscal policy is the government's management of the economy through the control of its wage and spending energy to complete some pursued macroeconomic goals amongst which are price stability, negligible unemployment rate and economic growth (Ozurumba, 2012).

Fiscal policy is the methods by which a government adjusts its level of spending to curtain and impact a country's economy. It is utilized alongside the monetary policy, which the central bank utilized to influence money supply in a country. These two policies (fiscal policy) are utilized to accomplish macroeconomic objectives in a country. These objectives incorporate price stability, full employment, reduction of poverty levels, high and sustainable economic growth, favorable balance of payment, and reduction country's debt.

Unemployment is major fundamental development challenges confronting Nigeria right now. Investigation have demonstrated that unemployment was high in the 1980s, yet the accessible reports from different local and universal bodies, and the glaring proof of joblessness in this decades are clear signs that there was no time in Nigeria's checkered history where unemployment is as serious as now. One cannot generally presume that the governments at one level or the other have not done anything at one time or the other, to lessen unemployment in Nigeria. For example, the formation of National Directorate of Employment (NDE) and its aptitudes acquisition programs, NAPEP, PAP, the SURE-P,YOUWIN, are a some of the different measures aimed at ensuring economic growth that is rich with job creation opportunities (Aganga, 2010 and Ogunmade, 2013).

Unemployment is an issue that has generated debates from every nook and cranny of the world. Its impact was more, felt during the industrial revolution when the dimension of man power absorption changed towards the consideration of skill as a fundamental pre-requisite. However, over the years, government around the world have been concerned with how the unemployment question could be answered – similarly, the Nigeria economy was characterized by severe unemployment, especially after the civil war which necessitated policy measures aimed at reducing its (Jensen and Slack, 2003)

1.2 Statement of the Problem

Unemployment in Nigeria has assumed a frightened proportion. It is even more frightened considering the fact that high rate of unemployment create poverty, misery and threatens social cohesions, kidnapping, banditry, unknown gunmen and EndSARS problems. How to control unemployment has been a major policy thrust of the Nigerian government that sought assistance of some international agencies such as the international labour organization.

Unemployment in Nigeria is primarily youth unemployment, especially young school leavers that constitutes the largest number of the problems in Nigeria. Currently, there is a nationwide high rate of unemployment particularly among the youth that are leaders of tomorrow and appear to be inherent in the nation economic system, because intentionally or unintentionally the policy maker do not employ measures capable of controlling unemployment to an acceptable level. Tax collected from companies and private individual are misappropriated. Nigerian government has continued to borrow money without any physical impact on Nigerians. The expenditure on capital project is diverted to private purses whilst expenditure on personnel emolument is delayed by government officials. This study is therefore concerned with finding out the impact of Federal Government expenditure and taxation on unemployment in Nigeria.

Objectives of the Study

The broad objective of this study is to examine the impact of fiscal policy on unemployment in Nigeria. The specific objectives are to;

- Ascertain the effect of government borrowing on unemployment in Nigeria
- Examine the impact of Taxation on unemployment in Nigeria
- Determine the effect of government expenditure on unemployment in Nigeria

Research Hypotheses

- $H0_1$: Government Borrowing has no significant effect on Unemployment in Nigeria

- $H0_2$: Taxation has no significant impact on unemployment in Nigeria
- $H0_3$: Government Expenditure has no significant effect on Unemployment in Nigeria

Literature Review

2.1 Conceptual Framework

2.1.1 Fiscal Policy

Fiscal policy is that aspect of government policy that is concerned with the use of taxation, public expenditure and other financial programmes existing in the annual budget and deciding on how best the collected revenue should be used in order to achieve national goal. (Anyafor, 2016) Fiscal policy centered on the government's management of the nation's economy by changing the magnitude and composition of taxation and public expenditure done with much regard to their impact on the economy (Anyanwu, 2013).

In Nigeria, fiscal policy has been used in various ways based on the prevailing economic situation and economic objectives the government wants to achieve. The protagonist view on fiscal policy some decades ago such as Keynes (1936) is relevant today because of its ability to revive a depressed economy. Fiscal policy is a veritable tool of the government as it is aimed at directing the economy at the desired state. Nigerian government has at different periods combined fiscal and monetary policies with a view to direct the macroeconomic variables on the path of growth and stability.

Government Expenditure: If government needs to set out on an expansionary fiscal policy in order to stimulate the aggregate demand, it will shape its expenditure. This is usually embraced during the time of recession when there is high rate of unemployment, low demand and reduction in output of goods and services. On the opposite side if the goal of the government is to set out on a contractionary fiscal policy it will reduce its expenditure and increase taxes in order to lessen the aggregate demand. This is typically embraced within the time of inflation or when balance of payment is in shortage (Egbulonu and Amadi, 2016)

Taxation: Taxation is one of the primary fiscal policy tools the government has at its disposal to reduce unemployment. High taxes mean consumers have less disposable income, which results in less consumption. When consumers buy less, less revenue accrues to businesses making them less likely to hire new workers or may even result to laying off workers to reduce cost. Cutting taxes is a common practice which the government uses to induce economic growth

and reduce unemployment. Tax cuts put more money into the hands of consumers, which can lead to increased revenue for business and expansion and hiring. Spending on government programmes is another way government can use to influence unemployment. For example, if the government funds new public works programmes, such as building infrastructure like roads or rail ways, it can create jobs that serve to reduce unemployment and increase disposable income and spending. If such programmes encourage overall economic growth, employment will be enhanced after the projects are completed (Egbulonu and Amadi, 2016)

Theoretical Framework

2.2.1 Theories of Fiscal Policy

Keynesian and Ricardian Equivalent Theory

According to Keynesians, fiscal policy has a significant cause on income, employment and productivity in the short term without money supply. It declares that aggregate demand is a determinant of output. An expansion in government expenditure will reveal a cause and surge in domestic income. As internal income rises, imports will likewise rises lastly lessen the surplus in the trade cycle. Additionally, the Keynesians open economy model proves that a casual relationship runs from budget deficit to aggregate demand. Particularly rise in budget deficit will increase the interest rates as a compensation of the misfortune and a wellspring of fund. Thus, as capital flows rises, the demand on local currency as well rising (Barro,1989). The Keynesian theory advocates the utilization of fiscal policy to offset imbalances in the economy. Keynes stated that a government should use fiscal policy to stimulate an economy slowed down by recession through deficit, to spend more than what it gathers from taxes. On the other hand, to slow down an economy that is undermined by inflationary weights, government ought to increase taxes or cut expenditure to fashion a spending surplus that would act as a dragon the economy(Grossman 1987).Stabilization policy requires that policy makers can decide possible targets and can successfully control the instrumental variables for which the government seeks desirable values.

The Ricardian Equivalence theory opposed that the budget deficit has no impact on the present account deficit. This is justified that when the government take actions to cut taxes by then increases its default, general society assumes later rise of the taxes in future. As a result customers reduce their utilization spending and boost their savings to face the expected upsurge in the taxes latter on.

2.2.2 Theories of Unemployment

Marxist Theory of Unemployment

This theory was developed by Karl Marx in 1863. From his Theory of Surplus Value comes the quotation below:"It is the very way of the capitalist mode of production to over work a few employees while keeping the rest as a save armed force of unemployed homeless people "Karl Marx, (1863). Karl Marx, in this theory, assurances that unemployment is intrinsic inside the unstable capitalist system and periodic disasters of mass unemployment are to be expected .Capitalism to the Marxistsun justifiably controls the labour market by perpetuating unemployment which brings down worker's interest for reasonable wages. Workers are pitted against each other with the intention of expanding paybacks for their employees. In the conception of Karl Marx, the best way permanently eliminate unemployment isto eradicate capitalism and the system of forced rivalry for wages, and after that move tothe socialist or communist economic system. For the contemporary

Marxists, the presence of diligent unemployment is a proof of powerlessness of capitalism to guarantee full employment. Thesocio-economic distress the Nigerian residents confronted under imperialism (colonialism)led the population to clamor for socialism as advocated by the Marxists.The socialist movement was at first a response against out rageous poverty brought about by capitalism on the masses. It lays great stress on the state embarking on a broad programme of welfare for the people, "the program that would give social insurance to defend the masses against unemployment and economic grief"; for example, the post-independent Africa preached socialism. The NCNC government under Dr. Nnamdi Azikiwe and Dr. Michael Opara, preached "Welfares and Pragmatic Socialism". The Action Group, under Chief Obafemi Awolowo supported" Democratic Socialism" .Besides, in Ghana, under Dr. Kwame Nkrumah, many state industries were established (Udu and Agu, 2005).

Empirical Review

Njoku, Chris-Ejiogu, Ozurumba and Akujuobi (2020) examined the effect of fiscal policy on unemployment reduction in Sub Saharan Africa with emphasis on Ghana and Nigeria Secondary data were collected for both countries. The research covered the period 1986 to 2017. The Philips-Perron Unit root test conducted revealed that the variables were all stationary at first difference which confirms that there is no unit root in the variables. The Johansen Contegration

test suggested a long run relationship exist between fiscal policy and unemployment reduction in both Nigeria and Ghana. The research recommends that governments of Nigeria and Ghana should channel spending to the productive sector as this would curb the rate of unemployment facing the countries. There is also need for strict fiscal responsibility and discipline in the countries as this would reduce the leakages in their economies

Adewale (2018) in his study on the analysis of Effectiveness of Monetary and Fiscal Policy Instruments in Stabilizing Economy: Evidence from Nigeria using the Error Correction Mechanism (ECM). The results show that, there is long run equilibrium relationship between monetary/fiscal policy and economic growth (GDP) in Nigeria. The ECM has the expected negative coefficient and is less than one. This confirmed that a long run positive relationship exist between money supply, government spending and government revenue while interest rate and budget deficit have significant negative relationship with economic growth in Nigeria for the period under review. The research recommended the effective use of money supply and government expenditure as main instruments of monetary/fiscal policy in Nigeria in order to enhance the economic growth in the country

Egbulonu and Amadi (2016) examined the relationship between fiscal policy and unemployment rate in Nigeria for the period 1970 to 2013. Data for the study were sourced from the National Bureau of Statistics (NBS) and the Central Bank of Nigeria (CBN) Statistical Bulletin (various editions), and consists of Government Expenditure, Government Debt Stock (as proxy for Government borrowing), Government Tax Revenue and Unemployment rate. The data were tested for Stationarity using Augumented Dickey-Fuller (ADF) Unit Root test. The test revealed that all the variables used in the study are stationary at their first difference 1(1)]. They found a negative relationship between fiscal policy tools (government expenditure and government debt stock) and unemployment rate in Nigeria while government tax revenue exhibited a positive relationship with unemployment rate. This means that increase in tax rate reduces employment in Nigeria. The study recommended that borrowed funds by the government should be invested properly on capital and physical goods which will stimulate national incomes and create more jobs.

Agu (2015) used descriptive statistics and also adopted the method of ordinary least square in the multiple regression equation analysis. With gross domestic product as the dependent variable while the independent variables were expenditure on the following: general administration, education, health, agriculture, construction, transport and communication. The study revealed

that government expenditure tended to increase higher than revenue generation; investment expenditure far below recurrent expenditure while positive correlation exist between expenditure on government services on economic growth.

Methodology

3.1 Research Design

The study adopts linear regression analysis type of research design.

3.2 Sources and Nature of Data

The data to be used for the purpose of this research work were from secondary sources.

This data were obtained from Central Bank of Nigeria (2019) Statistical Bulletin and data from National Bureau of Statistics (2013).The World Economic Indicators (April 2014) among others. The study covers a period of 2010 to 2020. The reason for the choice of the period is because of visible happenings in the economy with respect to macroeconomic variables, increased poor living standard in spite of the government application of fiscal policy over the years.

3.3 Model Specification

Fiscal policy has to do with the government's management of the nation's economy by varying the magnitude and content of taxation and public spending done with much regard to their impact on the economy. The model comprises equations of unemployment rate (Unem), fiscal policy rate (FPR), government revenue and government expenditure.

$UNEM = \mathcal{F}$ (Gbor, Tax & Gexp)……(i)

$UNEM = b_0 + b_1Gbor + b_2Tax + b_3Gexp + Ut$……(iii)

$LnUem + Ln\ b_1Gbor + Lnb_2Tax + Lnb_3Gexp + Ut$…….(iv)

Where;

Unem = Unemployment = Dependent Variable

Gbor = Government borrowing = Independent Variable

Tax = Taxation

Gexp = Government expenditure

4.0 Data Presentation and Analysis

4.1 Data Presentation from 1990 to 2020

Table 4.1

Data of the variables under study, Unemployment, Government expenditure, Taxation and Government Borrowing, 1990-2020

Year	UNEM	GEXP	TAX	GBOR
1990	3.5	36.22	3.6	298.61
1991	5.2	38.24	23	328.45
1992	3.4	53.03	48.8	544.26
1993	2.7	136.73	61.3	633.14
1994	2	89.97	76.8	648.81
1995	1.8	127.63	51.6	716.87
1996	3.8	124.29	14.3	617.32
1997	3.2	158.56	10.2	595.93
1998	5.2	178.1	11.9	633.02
1999	5.2	449.66	0.2	2577.37
2000	13.1	461.6	14.5	3097.38
2001	13.6	579.3	16.5	3176.29
2002	12.6	696.8	12.2	3932.88
2003	14.8	984.3	23.8	4478.33
2004	13.4	1032.7	10	4890.27
2005	11.9	1223.7	11.6	2695.07
2006	12.3	1290.2	8.5	451.46
2007	12.7	1589.27	6.6	438.89
2008	14.9	2117.36	15.1	523.25
2009	19.7	2127.97	13.9	590.44
2010	21.1	3109.38	11.8	689.84
2011	23.9	3314.51	10.3	896.85
2012	27.4	3325.16	12	1026.9
2013	24.7	3689.06	7.96	1387.33
2014	26.5	3426.9	7.98	1631.5
2015	10.4	3831.95	9.55	2111.51
2016	19.12	4160.11	15.37	3478.91
2017	20.42	4779.99	16.5	5787.51
2018	23.13	5675.19	12.1	7759.2
2019	29.13	6997.39	11.4	9022.42
2020	27.20	7894.30	11.69	9158.40

Source: CBN Statistical Bulletin, 2021

2. Data Analysis and Interpretation

4.2 Descriptive Statistics

Table 4.2

	LGBOR	LGEXP	LTAX	LUNEM
Mean	7.189947	6.726025	2.532637	2.342640
Median	6.934300	7.109634	2.493205	2.572612
Maximum	9.107468	8.853437	4.341205	3.371769
Minimum	5.699138	3.589611	-1.609438	0.587787
Std. Dev.	0.995034	1.646754	1.009842	0.860390
Skewness	0.364905	-0.494702	-1.904482	-0.626597
Kurtosis	1.836758	1.947489	10.65617	2.072430
Jarque-Bera	2.435767	2.695319	94.45326	3.139892
Probability	0.295856	0.259848	0.000000	0.208056
Sum	222.8884	208.5068	78.51174	72.62185
Sum Sq. Dev.	29.70275	81.35397	30.59342	22.20812
Observations	31	31	31	31

Table 4.3 Summary of Unit Root Test

Variables	Augmented DF	Critical value @5%	Prob	Order of Integration
LGBOR	-5.207840	-2.971853	0.0002	I(1)
LGEXP	-7.608619	-2.967767	0.0000	I(1)
LTAX	-8.042609	-2.967767	0.0000	I(1)
LUNEM	-6.757197	-2.967767	0.0000	I(1)

Source: Author's computation from E-views result, 2021

Table 4.2 shows the test for stationary properties of the series following the Augmented Dickey Fuller statistics. It indicates that all the variables have unit root but attained statioarity at first difference with the ADF statistics for the respective variables being more negative than the critical values at 5% level of significance. The reported p-values are less than 0.05. Hence the null hypothesis of the presence of unit root in all the variables convincingly rejected.

More so the variables are all integrated of the same order and significantly co-integrated among the variables under study as opined by Engle and Granger (1985). They argue that when time series data are integrated of the same order 1(1), the data series tend to co-integrate. This implies that their short-run relationship is sustainable in the long-run.

4.3 Co-integration Test

Seeing that the series was integrated of same order 1(1) suggesting the presence of a unit root, there was the need to determine if there is the existence of long-run relationship by conducting a

co-integration test among the variables. In order to establish the long –run equilibrium relationship, the study employed the Johansen co-integration method.

Table 4.4 Johansen Co-integration Test

Date: 10/19/21 Time: 20:30
Sample (adjusted): 1992 2020
Included observations: 29 after adjustments
Trend assumption: Linear deterministic trend
Series: LGBOR LGEXP LTAX LUNEM
Lags interval (in first differences): 1 to 1

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.537751	51.95335	47.85613	0.0196
At most 1	0.483785	29.57546	29.79707	0.0530
At most 2	0.220243	10.39974	15.49471	0.2512
At most 3	0.104021	3.185324	3.841466	0.0743

Trace test indicates 1 cointegrating eqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

Most appropriate Lag
Table 4.5

VAR Lag Order Selection Criteria
Endogenous variables: LUNEM
Exogenous variables: C LTAX LGEXP LGBOR
Date: 03/20/21 Time: 10:17
Sample: 1986 2020
Included observations: 31

Lag	LogL	LR	FPE	AIC	SC	HQ
0	5.029036	NA	0.054868	-0.066389	0.118641	-0.006074
1	62.12409	95.77234	0.001473	-3.685425	-3.454137	-3.610031
2	67.46502	8.614415*	0.001116	-3.965485	-3.687939*	-3.875012*
3	**68.53541**	**1.657379**	**0.001114***	**-3.970027***	**-3.646223**	**-3.864475**
4	68.86340	0.486683	0.001168	-3.926671	-3.556609	-3.806040

* indicates lag order selected by the criterion
LR: sequential modified LR test statistic (each test at 5% level)
FPE: Final prediction error
AIC: Akaike information criterion

From the above table, lag length 3 has the lowest lag length value of -3.970027 in respects to Akaike information criterion. Thus our equation will be based on 3 lag lengths.

Because there is one co-integration we are subjected to use ARDL model.

Table 4.6 ARDL MODEL

Dependent Variable: LUNEM
Method: ARDL
Date: 10/19/21 Time: 21:38
Sample (adjusted): 1994 2020
Included observations: 27 after adjustments
Maximum dependent lags: 4 (Automatic selection)
Model selection method: Akaike info criterion (AIC)
Dynamic regressors (4 lags, automatic): LGBOR LTAX LGEXP
Fixed regressors: C
Number of models evalulated: 500
Selected Model: ARDL(1, 0, 2, 4)

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
LUNEM(-1)	0.347388	0.203714	1.705272	0.1075
LGBOR	0.001215	0.064427	0.018853	0.9852
LTAX	0.051879	0.097959	0.529596	0.6037
LTAX(-1)	-0.107328	0.065492	-1.638800	0.1208
LTAX(-2)	-0.091229	0.067430	-1.352943	0.1949
LGEXP	0.507587	0.474282	1.070222	0.3004
LGEXP(-1)	0.096018	0.420742	0.228211	0.8224
LGEXP(-2)	-0.420150	0.412370	-1.018865	0.3234
LGEXP(-3)	0.502739	0.294775	1.705497	0.1074
LGEXP(-4)	-0.355113	0.240811	-1.474658	0.1597
C	-0.442024	0.730642	-0.604980	0.5537

R-squared	0.932820	Mean dependent var	2.500126
Adjusted R-squared	0.890833	S.D. dependent var	0.803749
S.E. of regression	0.265562	Akaike info criterion	0.477632
Sum squared resid	1.128374	Schwarz criterion	1.005566
Log likelihood	4.551963	Hannan-Quinn criter.	0.634615
F-statistic	22.21668	Durbin-Watson stat	2.177721
Prob(F-statistic)	0.000000		

*Note: p-values and any subsequent tests do not account for model selection.

The ARDL method result as presented in table 4.6 above, show that the coefficient of determination (R-square) is ‘a good fit’ indicating that 93 percent of the variations in RGDP are determined by the combine effect of changes in the explanatory variables – GBOR,GEXP and TAX indicators. The F- statistics (22.21668) confirms further that these explanatory variables are jointly and statistically significant in explaining the variations in the UNEM of Nigeria. The

selected explanatory variables such as GBOR, GEXP and TAX are positively signed but not significant. A cursory look at the diagnostics test suggests no possible spurious regression (Durbin Watson (DW) statistics ratio (2.177721) and R-square (0.93) which implies time-dependency of these variables at this level.

4.4 Test of Hypotheses

4.5.1 Hypothesis One

Re-Statement of Hypothesis:

Ho_1: Government Borrowing has no significant effect on Unemployment in Nigeria

Ha_1: Government Borrowing has no significant effect on Unemployment in Nigeria

Decision

Using table 4.6; the decision criterion is not to reject the null hypothesis if the probability of t - statistics is > 0.05 level of significance. Otherwise reject the null hypothesis and accept the alternate hypothesis accordingly. Table 4.6 shows a positive coefficient of 0.001215) and the probability value of t – statistics of 0.9852 > 0.05 level of significance; therefore, we do accept the null hypothesis and conclude that Government Borrowing has a positive and no significant effect on Unemployment in Nigeria

4.5.2 Hypothesis Two

Re-Statement of Hypothesis:

Ho_2: Taxation has no significant impact on unemployment in Nigeria.

Ha_2: Taxation has significant impact on unemployment in Nigeria.

Decision

Using table 4.6; the decision criterion is do not reject the null hypothesis if the probability of the t-statistics is > 0.05 level of significance; otherwise, reject the null hypothesis and accept the alternate hypothesis accordingly. Table 4.6 shows a negative coefficient of 0.051879 and the probability of the t- statistic of 0.6037 > 0.05 level of significance; therefore we reject the alternative hypothesis and conclude that Taxation has a positive and no significant impact on Unemployment in Nigeria

4.5.3 Hypothesis Three

Re-statement of hypothesis

Ho_3: Government Expenditure has no significant effect on Unemployment in Nigeria

Ha_3: Government Expenditure has significant effect on Unemployment in Nigeria

Decision

Using table 4.6; the decision criterion is do not reject the null hypothesis if the probability of the t-statistics is > 0.05 level of significance; otherwise, reject the null hypothesis and accept the alternate hypothesis accordingly. Table 4.6 shows a positive coefficient of 0.507587 and the probability of the t- statistic of 0.3004 > 0.05 level of significance. Therefore we reject the the alternative hypothesis and conclude that Government Expenditure has a positive and no significant impact on Unemployment in Nigeria.

5.0 Summary of Findings, Conclusion and Recommendations

5.1 Summary of Findings

(i) Government Borrowing has a positive and no significant effect on Unemployment in Nigeria

(ii) Taxation has a positive and no significant impact on Unemployment in Nigeria

(iii) Government Expenditure has a positive and no significant impact on Unemployment in Nigeria.

5.2 Conclusion

The study has examined the impact of Fiscal Policy on Unemployment in Nigeria 1990-2020. Against this background, we specifically sought among others to determine the effect of Government Borrowing unemployment in Nigeria, examine the impact of Taxation on unemployment in Nigeria, and determine the impact of Government Expenditure on unemployment in Nigeria. Our analyses was based Unit Root test, Johansen co-integration and ARDL technique using annual data set from 1990- 2020 showed that Government Borrowing has positively and non significantly affected unemployment in Nigeria. Taxation exert positive but no significant impact on unemployment in Nigeria, Government Expenditure positively and non significantly impacted unemployment in Nigeria.

In inclusion this means that Fiscal Policy has contributed to the problem of sustainable employment in Nigeria.

5.3 Recommendations

- Government should aggressively focus on investment, employment generation and economic growth that has mechanism to trickle does to the masses.
- Expansionary fiscal policy should be encouraged as it plays vital role in the development process of an economy.

- Government should encourage investors by reducing tax rates on corporate and personal income tax

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