

Effect of Public Debt on Wealth Creation in Nigeria

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Abstract

Public debt has become essential to most developing countries in financing their budget deficits especially, for the purpose of investment in human capital, research for innovation, and infrastructure that would aid technological advancement and in turn encourage wealth creation. This study analyzed the effect of public debt on wealth creation in Nigeria. Using secondary data for the period 1981 to 2022, and following the Autoregressive Distributed Lag methodology, the study reveals that public debt (as measured by domestic and external debt) has positive effects on wealth creation in Nigeria in the short-run. However, in the long-run, external debt has a weak negative effect on wealth creation. Thus, the study concludes that public debt is an important source of funding for investments that are capable of spurring growth in wealth. Nonetheless, ensuring debt sustainability is paramount if the wealth benefits are to be enjoyed into the long term. The study therefore, recommends the judicious use of public debt by the government through the prioritization of investments that are capable of enhancing the nation's productivity such as investments in human capital development, and in research and development. This way the benefits of public debt will not be overtaken by the burden of its repayment in the long run.

Keywords: Budget deficit, domestic debt, eternal debt, public debt, wealth creation.

JEL Classification: H63 H68 O15

Introduction

Wealth creation is essential for every economy. It ensures the development of people and their community by reducing unemployment and poverty, and eliminating social vices, thereby guarantying economic sustainability, growth and development. It entails the process of careful allocation of the available assets into income generating mediums (Ike, Okanya, & Opeyemi, 2021). It is every government's desire to create wealth for its people and advance growth of the economy as a whole. A channel to achieving these is by public investment in human capital, research for innovation, and infrastructure that would aid technological advancement ((Ternenge, Uchejeso, & Philemon, 2020). Providing for such expenditures has often been justified as the reason for public debt in developing countries since their revenues often fall short of required expenditure (Omondi, 2024). Thus, public debt has become essential to most developing countries in financing their budget deficits. Judicious borrowings to finance public investment are considered key to hasten wealth creation and improve economic growth (Ameji, 2024).

Generally, it is believed that wealth creation and prosperity are necessary for a better life for the people of a country. Hence, interest in the direction of public debt geared towards wealth creation has increased over time (Carnegie, 2024). Noteworthy in this regard, is the assertion that in the economic area comprising the Organisation for Economic Co-operation and Development (OECD) countries as well as in China, half of wealth creation schemes consist of net public debt (OECD, 2022). It has also been averred that the wealth creation in developing countries is often linked to public debt since they usually operate deficit budgets (Hogan, 2012).

Nigeria's outstanding debt profile, comprised of both external and domestic debts, has grown rapidly over the years. With a total debt stock of \$91.4634 billion as at June 2024 the country is considered as one of nations in Sub-Saharan Africa that are highly indebted (DMO, 2024). Mindful of the undesirable effects of heavy debt burden and interest payment to its economy, Nigeria has over time implemented a number of measures to manage public debt. These measures include the establishment of the Bond Market Steering Committee (BMSC) and the Debt Management Office (DMO) in 2000, and the constitution of Monetary and Fiscal Policy Coordinating Committee (MFPCC) in 2004. While the DMO is generally accountable for overseeing the nation's debt, MFPCC and BMSC have the duty of overseeing Nigeria's debt in its different forms. These institutions work in tandem with the Federal Ministry of Finance, Budget and National Planning in managing the country's debt (Alonge, Afolalu & Olaniyan, 2023). The establishment of the various agencies and committees is to ensure the judicious use of government debt for increased wealth of the people (Olika, 2021).

The implementation of the various policies to manage public debt notwithstanding, wealth creation in Nigeria has been contentious given the fluctuations in per capita income (World Bank, 2024). In 2010, the per capita income growth rate stood at 21.03%. However, growth in per capita income decreased to -16.29% as at 2015. From 2015 to 2018, it increased to 9.47% then fell again to -11.11% in 2020. As at 2022, the Nigeria's per capita income growth stood at 4.69% (CBN, 2022). This trajectory raises concerns as to the nature of relationship amid public debt and wealth creation in Nigeria. It is in this respect that this paper seeks to analyze the effects of public debt on wealth creation in Nigeria using secondary data for the period 1981 to 2023.

The discussions in this study are presented in five sections. Following the introduction, section 2 reviews literature while the methodology is discussed in section 3, and estimation of the model gauging the effects of public debt on wealth creation in Nigeria is presented in section 4. The conclusion of the paper is reported in Section 5.

Literature Review

Theoretical Framework

The analysis in this paper is hinged on the endogenous growth theory wherein, long-run growth depends on commercial endeavours that generate novel technological insights. Major contributions to this theory were by Arrow (1962), Uzawa (1965), Lucas (1988) and Romer (1990). According to the theory, the growth rate of output/income, is reliant on the rate of technical progress, and growth in factors of production. Technical progress on the other hand, relies on factors that are considered internal to the economy such as improvements in innovation, knowledge, and human capital.

Given the general production function:

$$Y = AF(K, L) \quad (1)$$

where Y represents income, (or the economy's Gross Domestic Product (GDP)), K represents capital, L stands for the labour amount in the economy, and A denotes level of technology. Following growth accounting procedure, the growth in income thus described as:

$$\frac{\Delta Y}{Y} = \left[(1 - \theta) \times \frac{\Delta L}{L} \right] + \left(\theta \times \frac{\Delta K}{K} \right) + \frac{\Delta A}{A} \quad (2)$$

In equation 2, $(1-\theta)$ denotes the share of labour in income and θ represents capital's share in income, and Δ is the change operator. This relationship depicts the sources of growth in total income in an economy.

In per capita terms, the growth accounting equation is represented as:

$$\frac{\Delta y}{y} = \theta \left(\frac{\Delta k}{k} \right) + \frac{\Delta A}{A} \quad (3)$$

Equation 3 indicates that growth in per capita income is equal to the sum of growth rate of per capita capital (capital-labour ratio) weighted by capital's share in income, and technical progress. In this study, whereas growth in per capita income is taken as the measure of wealth creation, public debt is considered a means to actualizing public investments in human capital and basic research thus, constituting an important determinant of technical progress.

Empirical Literature Review

A number of studies have either assessed the relationship amongst public debt and economic activity or between public debt and the wealth status of an economy. For the years 2006–2017, Misztal (2021) explored at how the public debt affected the economic activity of the 27 EU members (except from the UK). Following ordinary least squares (OLS) techniques, the investigation found an unfavourable impact of foreign debt and domestic debt on the GDP expansion of the European Union member countries. The study concluded that notable economic issues might arise from a large national debt. While the previous research focused on the economic activity measured by GDP growth of 27 European Union countries, the current study considered wealth creation measured by growth in per capita income of Nigeria.

Origin, *et al.* (2021) examined the effect of Nigeria public debt on public investment from 1985-2018. The results they obtained following the ARDL procedure showed that in the short run public debt has insignificant effect on public investment in Nigeria. However, the cointegration test found the existence of long-run relationship among the investigated variables. The study concluded that allocation of borrowed fund for investment improves the nation's economy. The current study unlike Origin *et al.*, (2021) considers wealth creation rather than public investment in its examination of the effects public debt on the economy of Nigeria.

In Abdulmumin's (2022) evaluation of the effect of public debt on the economy of Nigeria, for the years 1987 to 2020, the study's findings revealed that external debt is a positive determinant of economic growth in Nigeria while domestic debt is a negative significant determinant of economic growth in Nigeria. The study concluded that public debt has a significant effect on economic growth in Nigeria. The current study focuses the effects of public debt on wealth creation. Moreso, its approach deviates from that of Abdulmumin (2022) as it utilizes the growth rates of the variables based on the growth accounting formulation.

The influence of an unexpected shift in public debt on real GDP was examined by De Soyres, *et al.* (2022) by analyzing the gross public debt data for 178 nations from 1995-2020. The investigation outcome indicated that unexpected increases in public debt typically have an unfavourable effect on real GDP levels, with the exact effect varying based on other basic factors. The study concluded that increases in the public debt to GDP ratio impeded the real GDP level of nations with rising debt trajectory or high initial debt level. The current investigation deviates from De Soyres *et al.* (2022) as it was focused on the association amongst public debt and Nigeria's wealth creation.

Chigozie, *et al.* (2023) explored how public debt influence Nigeria's economic development. The dependent variables were HDI and PCI, and the independent variables were internal and external debts. Using secondary data and relying on Granger causality test the research indicated that public debt had no noteworthy effect on economic development. The current study's approach deviates from that of Chigozie, *et al.* (2023) as it utilizes the growth rates of public debt and per capita income based of the growth accounting formulation.

Omondi (2024) assessed the correlation between public debt and Kenya's economic growth. Based on content analysis procedures the study found a significant positive effect of total public debt on economic expansion in Kenya. The study concluded that there were no leakages with regard to prudent usage of the borrowed funds. Unlike Omondi (2024) the present investigation verified whether wealth creation in Nigeria is affected by the country's public debt. Moreover, the current study was based on the growth accounting framework.

Nworie, *et al.* (2024) examined the effect of public debt on economic development in Nigeria spanning from 2000 to 2023. The econometric technique of multiple regression analysis was employed in the data analysis. The findings showed that long-run equilibrium relationship exists among the variables. In the short-run, domestic, and multilateral debt have negative and insignificant effect while, bilateral debt, and debt servicing has positive and non-significant effect on economic development in Nigeria. The study concluded that proper and judicious use of public debt would positively affect economic development in Nigeria. The current investigation deviates from Nworie *et al.*, (2024) as it was focused on the relationship between public debt and wealth creation in Nigeria and not development in general.

Onigah (2024) sort to find out the impact of public debt on economic growth. Secondary data from 1999 to 2022 were employed. Following OLS method of multiple regressions the study found that external debts within the period has negative effect on economic growth while domestic debts within the period have positive effect on economic growth. The study concluded that internal debts were a blessing to Nigerian economic growth while external debts were curses on Nigerian economic growth within the period. While the previous research focused on the economic growth, the current study considered wealth creation.

Nwodo, *et al.* (2025) examined the impact of public debt on economic growth in Nigeria from 1980-2021. The study utilized the ARDL estimation technique for their analysis. The results showed that external and domestic debts had negative impacts on economic growth in the short-run, but exerted a positive and insignificant impact on economic growth in the long- run. The study concluded that domestic and external debt did not enhance economic growth in Nigeria in the short run. The current study's approach deviates from that of Nwodo *et al.*, (2025) as it utilizes the growth rates of public and per capita income based of the growth accounting formulation while focusing on evaluating the effect of public debt on wealth creation.

Data and Methodology

Research Design

In order to analyse public debt effects on wealth creation in Nigeria, the *ex-post facto* non experimental research design was adopted in this study. The research design was considered appropriate because secondary data were used in the study and does not give room for manipulation of the data, being that the data are publicly available.

Model Specification

To achieve the objective set out by this study, equation 3 was considered. Therein, the growth in per capita income is shown to be the sum of the growth in per capita capital and technological progress (of which public debt is taken to be an important component). As a result, the following functional expression was derived:

$$GPCI = f(GPCC, GDDEBT, GEXDEBT) \quad (4)$$

where *GPCI* is growth in per capita income, *GPCC* is growth in per capita capital, *GDDEBT* represents growth in domestic debt, and *GEXDEBT* stands for growth in external debt stock.

The definition of the variables in equation 4 and how they were measured is as presented on Table 1.

Table 1: Definition and Measurement of Variables

| Variable | Definition | Measurement |
|--|--|---|
| Growth in Per Capita Income (<i>GPCI</i>) | It refers to the growth in the average income in the country. | It was calculated as the percentage change in the ratio of GDP to population per annum. |
| Growth in Per Capita Capital (<i>GPCC</i>) | It is defined as the growth in average capital input per individual. | It was computed as the percentage change in the ratio of net savings to population each year. |
| Growth in Domestic Debt (<i>GDDEBT</i>) | It refers to the growth in all government debt sourced locally. | It was calculated as the one hundredth change in domestic debt per annum. |
| Growth in External Debt Stock (<i>GEXDEBT</i>) | Defined as the portion of public debt from external sources. | It was computed by taking the one hundredth change in external debt stock each year. |

Types and Sources of Data

The investigation utilized secondary data from 1981 - 2023, collected from the World Development Indicators (WDI). The data were considered adequate and appropriate for the study

Results and Discussion

Descriptive Statistics

The summary statistics of the data collected (1981 - 2023) for the variables specified in equation 4 is as presented on Table 2.

Table 2: Descriptive Statistics of the Variables

| | <i>PCI</i> | <i>DDEBT</i> | <i>EXDEBT</i> | <i>PCC</i> |
|--------------------------------|------------|--------------|---------------|------------|
| Mean | 1921.746 | 4.59 | 38.7 | 239.2877 |
| Median | 1769.882 | 0.0861 | 33.1 | 221.0600 |
| Maximum | 2679.554 | 43 | 106 | 582.3500 |
| Minimum | 1408.209 | 0.0041 | 11.5 | 45.6800 |
| Std. Dev. | 465.6442 | 10.6 | 22.3 | 135.6282 |
| Skewness | 0.3235 | 2.4837 | 1.6099 | 0.7718 |
| Kurtosis | 1.4233 | 7.9607 | 4.8939 | 2.8440 |
| Jarque-Bera Probability | 5.2044 | 88.3012 | 25.0016 | 4.3130 |
| | 0.0741 | 0.0000 | 0.0000 | 0.1157 |
| Observations | 43 | 43 | 43 | 43 |

Note: St. Dev. =Standard Deviation.

Source: Author's computation using study data (2025)

The outcomes, as shown in Table 2, depict that the mean and median of per capita income (PCI) for the period between 1981 and 2023 was \$1,921.75 and \$1,769.88 with a standard deviation of \$465.64. The minimum PCI was \$1,408.21 and the maximum was \$2,679.55 corresponding to the values for 1984 and 2015 respectively. In addition, the mean and median value of domestic debt (DDEBT) for the period between 1981 and 2023 was \$4.5billion and \$86.1million, with a corresponding standard deviation of \$10.6billion. The minimum and maximum domestic debt during the study period was \$4.1million and \$43billion respectively. Further, the results indicated that the average external debt stock for the period between 1981 and 2023 was \$38.7billion and the median was \$106billion while the corresponding standard deviation was \$22.3billion. Within the period, the lowest value of external debt was \$11.5billion (in 1981) and the largest amount of external debt was \$106billion (in 2023).

Similarly, per capita capital had an average of \$239.29 and standard deviation of \$135.63, which ranges between minimum and maximum values \$45.68 and \$582.35 corresponding to the values for 1993 and 2006 respectively. This suggests that the average values of any particular series are typically located far from the center. The mean stays notably higher than the median, suggesting that values change with time from 1981–2023. Skewness is a measure of asymmetry. It is significant in explaining the deviation of the mean from the median and, therefore, showing the dispersion of the data. The skewness for a normal distribution is zero. All the variables except domestic debt and external debt have coefficients that are less than 1, which is an indication that the data is symmetrical. In economic analysis, these findings denote that the results produced will be accurate, and thus, the data matches the required conditions of economic modelling.

Pre-Estimation Tests Results

It was necessary to do a unit root test to check for data stationarity because the study used time series data. Unit root testing is necessary in order to identify a proper estimation technique to avoid spurious outcomes. The investigation utilized the Augmented Dickey Fuller (ADF) test to ascertain the stationarity status of the variables. Because of its power over many sample experiments and the durability of its critical values, the ADF is widely utilized. Table 3 shows the estimates from the test.

Table 3: Results of the Augmented Dickey Fuller test for unit root

| Variable | ADF test statistics levels | ADF test statistics first difference | Order of integration |
|----------------|----------------------------|--------------------------------------|----------------------|
| <i>GPCI</i> | -0.730765 | -3.978901* | <i>I</i> (1) |
| <i>GDDEBT</i> | -4.801202* | -78.36206 | <i>I</i> (0) |
| <i>GEXDEBT</i> | 1.894365 | -4.649696* | <i>I</i> (1) |
| <i>GPCC</i> | -1.491347 | -10.18129* | <i>I</i> (1) |

Note: * specifies significance at 1 per cent level

Source: Author's computation using study data (2025)

From Table 3 growth in domestic debt did not have unit root at levels hence, it was considered to be stationary at *I*(0), all other variables contained unit root at levels and only became stationary after they were differenced once, *I*(1). Therefore, the variables are a combination of *I*(0) and *I*(1). Hence, the appropriate estimation method is the Autoregressive Distributed Lag (ARDL) model approach.

Before proceeding with the estimation of the ARDL model, it was necessary to verify if multicollinearity was a concern among the regressors. Thus, the Variance Inflation Factors (VIF) test was done. Table 4 presents the VIF test results.

Table 4: Result of the Test for Multicollinearity

| Variable | Coefficient variance | Uncentered VIF |
|----------------|----------------------|----------------|
| <i>GDDEBT</i> | 1.23E-16 | 1.535034 |
| <i>GEXDEBT</i> | 1.79E-17 | 3.391774 |
| <i>GPCC</i> | 0.590133 | 4.238946 |

Source: Author's computation using study data (2025)

From the result in table 4, none of the variables it's VIF in excess of 10. Therefore, given the rule of thumb of the VIF test, it was concluded that the regressors were not highly correlated and multicollinearity was not considered a problem.

In proceeding with ARDL it was necessary to test for cointegration among the variables. To achieve this, the ARDL Bounds test for cointegration was conducted. The ARDL Bounds test results is as presented on table 5.

Table 5: ARDL Bound Test Result

| <i>F</i> -statistics | Critical values | | |
|----------------------|--------------------|--------------------------|--------------------------|
| | Significance Level | Lower bound <i>I</i> (0) | Upper bound <i>I</i> (1) |
| 7.277687 | 10% | 2.592 | 3.454 |
| | 5% | 3.100 | 4.088 |
| | 1% | 4.310 | 5.544 |

Source: Author's computation using study data (2025)

Given that the upper bound critical value (4.088) is less than the *F*- statistic (7.2777) at 95 per cent confidence interval, the null hypothesis of no cointegration is rejected. Hence, the conclusion that the variables were cointegrated and exhibit a long-run relationship.

Results of the Estimated Model Examining the Effects of Public Debt on Wealth Creation in Nigeria

To verify the effects of public debt on wealth creation in Nigeria, estimates from the ARDL model presented in Table 6 were considered.

Table 6:
Results of the estimated ARDL Model
Dependent Variable: *GPCI*

| Long-run Estimates | | | | | |
|----------------------------|--------------------|--------------------|--------------------|--------------------|--|
| Variable | Coefficient | Std. Error | t-statistic | Probability | |
| <i>GDDEBT</i> (-1) | -3.05E-08 | 3.33E-08 | -0.916265 | 0.3658 | |
| <i>GEXDEBT</i> (-1) | -4.83E-08 | 2.72E-08 | -1.774872 | 0.0846 | |
| <i>GPCC</i> (-1) | 3.937261 | 1.721638 | 2.286928 | 0.0284 | |
| C | 2919.512 | 963.4466 | 3.030279 | 0.0046 | |
| Short-run Estimates | | | | | |
| Variable | Coefficient | Std. Error | t-statistic | Probability | |
| COINTEQ* | -0.0745 | 0.0131 | -5.6682 | 0.0000 | |
| <i>D(GPCI</i> (-1)) | 0.1064 | 0.1333 | 0.7976 | 0.4323 | |
| <i>D(GPCI</i> (-2)) | 0.3031 | 0.1149 | 2.6369 | 0.0139 | |
| <i>D(GDDEBT)</i> | 5.41E-09 | 2.27E-09 | 2.3786 | 0.0250 | |
| <i>D(GDDEBT</i> (-1)) | 1.41E-10 | 2.21E-09 | 0.0639 | 0.9496 | |
| <i>D(GDDEBT</i> (-2)) | 5.36E-09 | 1.99E-09 | 2.6904 | 0.0123 | |
| <i>D(GEXDEBT)</i> | 2.29E-09 | 1.52E-09 | 1.5054 | 0.1443 | |
| <i>D(GEXDEBT</i> (-1)) | 7.46E-09 | 1.90E-09 | 3.9225 | 0.0006 | |
| <i>D(GEXDEBT</i> (-2)) | 7.49E-09 | 1.75E-09 | 4.2755 | 0.0002 | |
| <i>D(GPCC)</i> | 0.0957 | 0.0852 | 1.1232 | 0.2716 | |
| <i>D(GPCC</i> (-1)) | 0.1149 | 0.0816 | 1.4092 | 0.1706 | |
| <i>D(GPCC</i> (-2)) | 0.3379 | 0.0845 | 3.9968 | 0.0005 | |
| <i>D(GPCC</i> (-3)) | 0.2060 | 0.0763 | 2.7010 | 0.0120 | |
| | | Test | F-Statistic | Probability | |
| Adjusted R ² | 0.5222 | Serial correlation | 1.5450 | 0.2377 | |
| f-statistics | 4.4607 | Heteroscedasticity | 0.2560 | 0.9964 | |
| Probability (f-statistics) | 0.0007 | Ramsey reset test | 2.2112 | 0.1519 | |

From the estimates in Table 6, the measure of goodness fit, the adjusted R square is 0.522187 implying that 52.2 % of the variations in wealth creation is explained by the independent variables; domestic debt, external debt and per capita capital. The diagnostic tests result (including the Breusch-Godfrey Serial Correlation LM test, and the Breuch-Pagan-Godfrey Heteroskedasticity) all indicated that the estimates from the ARDL model should be relied upon. Specifically, the probability values from the two tests were greater than 0.05. Hence, the null hypotheses of no serial correlation, and homoscedasticity were upheld respectively. Moreover, the the Jarque-Bera test for normality of residuals had a probability value (0.6696) greater than 0.05 per cent. Thus, we concluded that the residuals were normally distributed (see Figure A1 in the Appendix).

The result of the Ramsey RESET test for stability had a probability value of 0.1519. Accordingly, the null hypothesis that the model's specifications are accurate was accepted. Also, the cumulative sum of recursive residuals and cumulative sum of squares of recursive residuals test results were consistent with the result of the Ramsey RESET test for stability (see Figure A2 and Figure A3 in the appendix). From the results above, in the long run, only per capita capital among other variables was discovered to have a favourable and noteworthy effect on growth of per capita income at 5 per cent level of significance. Specifically, a 1 unit increase in per capita capital will lead to a 3.9373 per cent increase in wealth creation.

From the short-run estimates shown in Table 6, coefficient of Error correction (ECT) term gives the speed of short-run adjustment. Given that it is significant and negative, it suggests that the dependent and independent variables will eventually converge. The error correction term (-0.0745), confirms that all the variables are co-integrated or have long-run relationships. Which means that 74 percent of the short run disequilibrium is corrected within a year. Growth in per capita income 2 previous periods had positive and strong effect on growth in per capita income in the current period. In the short-run, according to expectation, growth in domestic debt had a favourable and noteworthy effect on growth in per capita income. Specifically, a 1 million per cent increase in the growth of domestic debt will increase the growth in per capita income by 0.005 per cent. Similarly, in the short-run, a 1 million per cent increase in the growth of external debt will increase the growth in per capita income by 0.007 per cent. These findings concur with that of Omondi (2024) but contrasts that of Misztal (2021) and De Soyres, Kawai, and Wang (2022).

For growth in per capita capital, the result indicates that changes 2 periods and 3 periods ago significantly affect growth in per capita income in the current period. In particular, a 100 per cent increase in the growth of per capita capital 2 periods ago will increase the growth in per capita income by 33.79 per cent. In the same vein, a 100 per cent increase in the growth of per capita capital 3 periods ago will increase the per capita income growth equal to 20.60 per cent. This finding is consistent with the a priori expectation.

The effect of growth in domestic debt on per capita income growth was not significant in the long-run. Conversely, growth in per capita income was only affected by growth in external debt at the 10 per cent level of significance. Therefore, in the long-run, growth in external debt is said to have a weak detrimental effect on the growth in per capita income. This finding possibly suggests that the growth enhancing effect of debt wears out in the long-run especially with a rising debt profile. The result showing a negative effect of debt on per capita income is similar to those obtained by Misztal (2021) and De Soyres, *et al.* (2022). The result also indicated that a rise in the growth of per capita capital increases the growth in per capita income. A 10 per cent increase in the growth of per capita capital would raise the growth in per capita income by 39.37 per cent. This finding is consistent with the postulation of the growth accounting framework that growth in income depends on the growth in factor inputs especially capital.

Conclusion and Policy Recommendations

This investigation centered mainly on exploring the effect of public debt on wealth creation in Nigeria from 1981-2023 Using secondary data and following the ARDL estimation technique, the paper was able to establish the effect of public debt on wealth creation in Nigeria. The results obtained revealed that while public debt (both domestic and external debt) had

positive effects on wealth creation in the short-run, public debt (as proxied by external debt) had a weak negative effect on wealth creation in the long run. The paper thus concludes that public debt is an imperative source of funding for investments that are capable of spurring growth in wealth. Nonetheless, ensuring debt sustainability is paramount if the wealth benefits are to be enjoyed into the long term. The study thus, recommends the judicious use of public debt by the government through the prioritization of investments that are capable of enhancing the nation's productivity. Such investments could be directed at human capital development, and in research and development however, the analysis of how these investments impact on wealth creation is beyond the scope of the analysis done in this paper.

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Appendices

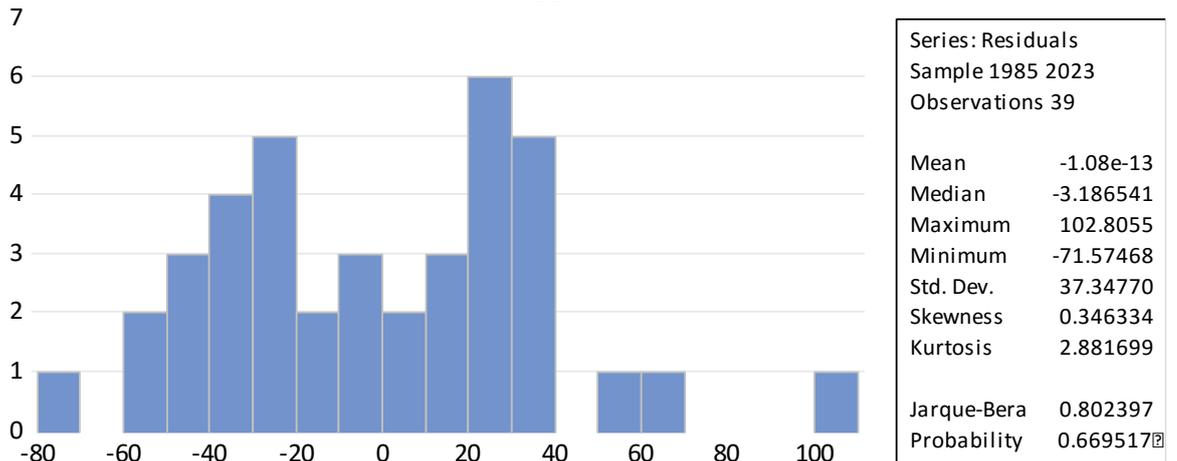


Figure A1: Jarque-Bera Test for Normality of Residuals Result

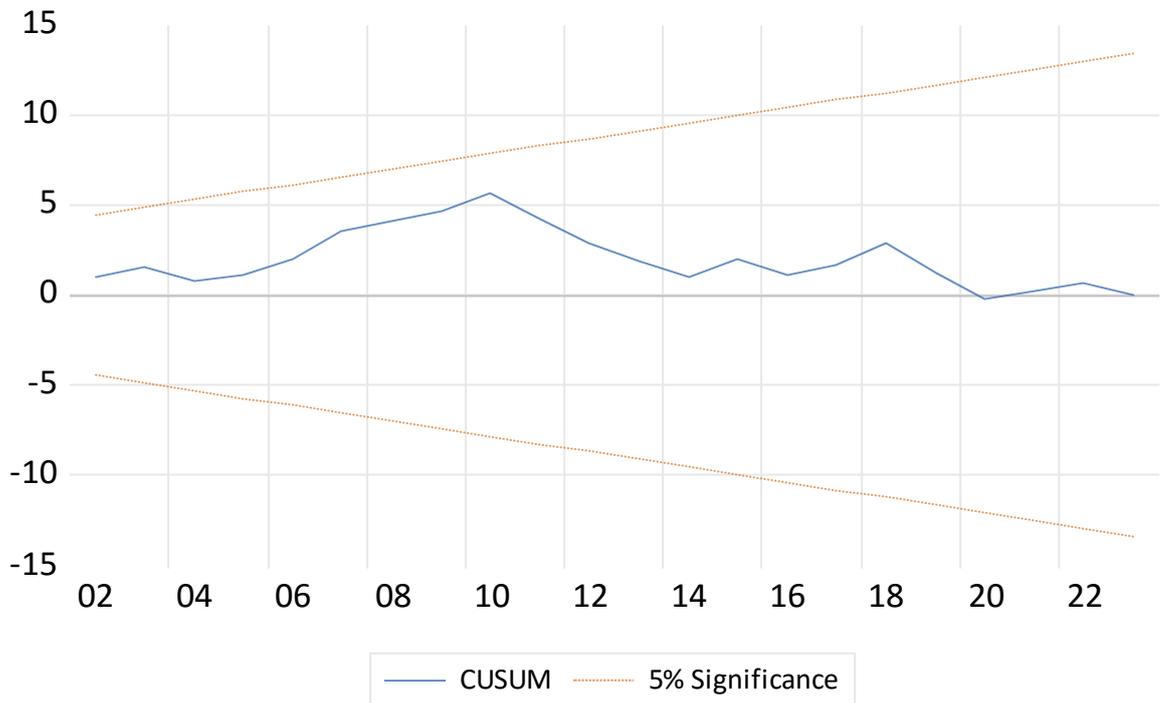


Figure A2: Result of the CUSUM for stability