COMPARATIVE EFFECTIVENESS OF MONETARY AND FISCAL STRATEGY ON OUTPUT IN NIGERIA

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ABSTRACT
The primary objective of this research is to meticulously assess the comparative effectiveness of monetary and fiscal strategy on economic output in Nigeria, employing data from 1990 to 2022. Employing methodologies such as Ordinary Least Squares (OLS) regression, Augmented Dickey-Fuller (ADF) unit root examinations, and Johansen cointegration assessments, the study appraises the effects of monetary policy indicators (extensive money supply, exchange rate, interest rate) and fiscal policy indicators (government spending, tax revenue) on Nigeria's actual GDP. The results disclose that both monetary and fiscal strategies significantly sway economic expansion, with extensive money supply and government spending demonstrating positive influences, while exchange rates and interest rates display negative impacts. The research emphasizes the need for synchronized policy maneuvers for optimal economic results, advocating for proficient administration and alignment of monetary and fiscal strategies to guarantee enduring economic expansion in Nigeria.

Keywords: Fiscal policy, output, GDP, Monetary policy, economic growth.
JEL: E00, E5, E12, E61, E62

INTRODUCTION
Transcending national boundaries, both fiscal and monetary strategies are employed to foster enduring economic expansion while tackling other macroeconomic issues. These robust and lively macro strategies strive to uphold price consistency, equilibrium in balance of payments, swift economic development, augmented employment, and improved economic well-being. The success of these strategies is largely contingent on the economic climate and institutional structure established by the government. Realizing all these objectives concurrently poses a challenge for nations, compelling policymakers to rank their economic policy objectives. Monetary strategy encompasses diverse methods to control the worth, availability, and expense of money in accordance with anticipated economic operations. Fiscal strategy, conversely, entails calculated public sector initiatives on spending and taxation to sway aggregate demand, employment, and output levels.

In recent years, the Nigerian government has improved its monetary and fiscal policy operations to control the aggregate economy. These policies impact both macro and micro environments, although instability has been prevalent due to internal and external shocks affecting domestic market prices and international exchange policies. Despite efforts in monetary management and budget deficits, Nigeria's economy has not achieved meaningful sustainable growth. Like other small open economies, Nigeria faces developmental challenges, including insecurity and poor infrastructure.

Despite numerous government economic and social investment programs over the past decades, such as poverty alleviation, SURE-P, and NPOWER, Nigeria's per capita income remains low compared to other developing countries, especially in Sub-Saharan Africa. Effective monetary and fiscal policy, combined with good governance, could mitigate factors hindering economic growth. Despite rich human and natural resources, Nigeria has not yet reached its full potential within Africa. Sub-optimal economic measures by policymakers have contributed to underdevelopment, highlighting the need for empirical analysis of macroeconomic policies to measure their efficiency and relevance to Nigerian economic growth.

This study is motivated by previous research on the Nigerian economy, which has found diverse and sometimes contradictory empirical evidence regarding the appropriate policy direction and the effects of certain variables on inflation and aggregate output. These findings have led to conflicting discussions, making it difficult for policymakers to choose an appropriate policy mix for faster output growth and lower inflation. Harmony between monetary and fiscal policy variables is necessary to avoid contradictions.

Fiscal and monetary policies are tools used by the government or central bank to regulate the economy. The objectives of these policies in Nigeria include increasing GDP growth rate, reducing inflation and unemployment rates, improving the balance of payments, accumulating financial savings and external reserves, and stabilizing the Naira exchange rate (CBN, 2009). Generally, both policies aim to achieve relative macroeconomic stability.

Furthermore, this study is motivated by conflicting findings in previous literature on the appropriateness and impact of policies on economic growth in Nigeria. The recent global financial crisis has further emphasized the importance of effective monetary and fiscal policies. While policy harmonization to achieve balanced macroeconomic growth and stability remains unclear, the study aims to provide policy implications for sound management of policy indicators.

The lack of adequate policy synchronization in Nigeria's macroeconomic administration leads to instability, even when the policies appear beneficial to the economy. This indicates a requirement for policy alignment and effective coordination to achieve superior macroeconomic outcomes. It's worth noting that monetary and fiscal policy operations are carried out by distinct institutions in Nigeria. The central bank autonomously administers monetary policy, while fiscal policy is implemented by the executive and legislature, heavily swayed by political situations. These policies are crucial and strategic components that can instigate alterations in a nation's total national income. Hence, appropriate coordination between these two macroeconomic policies is essential to accomplish the desired economic goals. When the economy is in a slump and unemployment escalates, policy experts might temper both monetary and fiscal policies to stimulate aggregate demand. As aggregate demand surges beyond the economy's growth capacity, the economy will soak up the slack, and employment will revert to a consistent growth trajectory. On the other hand, when the economy is overheating, coordination between monetary authorities and fiscal management (through the central bank and the federal ministry of finance) is crucial. They need to introduce preemptive measures to counter mounting pressure by shrinking the economy, thereby reducing aggregate demand growth beneath production potential to offset inflationary pressure and reinstate stability for enduring growth.

This study addresses key questions such as the degree to which monetary and fiscal indicators boost economic growth in Nigeria and which policy is more effective for sustainable output expansion. A comprehensive approach is utilized to scrutinize the impacts of these policies on economic growth, aiming to offer a deeper comprehension of how both policies foster swift and sustainable growth. The study uses recent data to examine the relative effectiveness of monetary and fiscal policies in Nigeria.

REVIEW OF LITERATURE
Theoretical Review of Literature
An Examination of Keynesian Theory.
During the severe economic downturn of the 1930s, prevalent economic theories were unable to elucidate the causes of the intense global economic collapse or offer efficient public policy solutions to boost production and employment. British economist John Maynard Keynes spearheaded a revolution in economic thinking that challenged the existing belief that free markets would automatically guarantee full employment, implying that everyone who desired a job would have one if workers were flexible in their wage demands. The foundation of Keynes's theory, which carries his name, is the assertion that aggregate demand—consisting of spending by households, businesses, and the government—is the primary driving force in an economy. Keynes also contended that free markets lack self-regulating mechanisms that lead to full employment. Therefore, Keynesian economists support government intervention through public policies aimed at achieving full employment and price stability. Keynes argued that inadequate overall demand could result in extended periods of high unemployment. An economy's output of goods and services is composed of four components: consumption, investment, government purchases, and net exports (the difference between what a country sells to and buys from foreign countries). Any increase in demand must originate from one of these components. However, during a recession, potent forces often suppress demand as spending decreases. For example, during economic downturns, uncertainty can undermine consumer confidence, leading to reduced spending, especially on discretionary items like houses or cars. This decrease in consumer spending can lead to reduced investment spending by businesses as firms respond to weakened demand for their products. This situation places the responsibility of increasing output on the government. According to Keynesian economics, state intervention is necessary to moderate the booms and busts in economic activity, known as the business cycle. Keynesian economics is based on three principal tenets regarding how the economy functions:

1. Aggregate demand is influenced by many economic decisions, both public and private. Private sector decisions can sometimes result in adverse macroeconomic outcomes, such as reduced consumer spending during a recession. These market failures sometimes necessitate active government policies, such as a fiscal stimulus package.

2. Prices, especially wages, respond slowly to changes in supply and demand, leading to periodic shortages and surpluses, particularly in labor.

3. Changes in aggregate demand, whether anticipated or unanticipated, have their most significant short-run effects on real output and employment rather than on prices. Keynesians believe that because prices are somewhat rigid, fluctuations in any component of spending—consumption, investment, or government expenditures—cause changes in output. For

example, if government spending increases while other spending components remain constant, output will increase. Keynesian models of economic activity also incorporate a multiplier effect, meaning output changes by a multiple of the increase or decrease in spending that caused the change. If the fiscal multiplier is greater than one, a one-dollar increase in government spending results in an output increase greater than one dollar. No specific policy prescriptions arise from these three tenets alone.

What distinguishes Keynesians from other economists is their belief in activist policies to reduce the amplitude of the business cycle, which they consider among the most critical economic problems. Rather than viewing unbalanced government budgets as inherently wrong, Keynes advocated for countercyclical fiscal policies that act against the business cycle's direction. For instance, Keynesian economists would support deficit spending on labor-intensive infrastructure projects to stimulate employment and stabilize wages during economic downturns. They would also advocate raising taxes to cool the economy and prevent inflation when there is significant demand-side growth. Monetary policy could be employed to stimulate the economy, such as by reducing interest rates to encourage investment. The exception occurs during a liquidity trap when increases in the money supply fail to lower interest rates and thus do not boost output and employment. Keynes argued that governments should address problems in the short term rather than waiting for market forces to resolve issues over the long term, famously stating, "In the long run, we are all dead." This does not imply that Keynesians support frequent policy adjustments to maintain full employment. Instead, they believe that governments cannot possess enough information to fine-tune the economy successfully.

Keynesians assert that expansionary monetary policy increases the supply of loanable funds available through the banking system, causing interest rates to fall. Lower interest rates typically lead to increased aggregate expenditures on investment and interest-sensitive consumption goods, thereby boosting real GDP. Consequently, monetary policy can indirectly affect real GDP. In Keynesian theory, monetary policy plays a crucial role in influencing economic activity. It posits that changes in the money supply can permanently alter variables such as interest rates, aggregate demand, and the levels of employment, output, and income. Through these principles, Keynesian economics advocates for a mixed economy, primarily driven by the private sector but partially operated by the government. This approach aims to ensure macroeconomic stability and address the inherent failures of free markets to achieve full employment and optimal economic performance without government intervention.

An Analysis of Classical Monetary Theory.
The British classical economists, who advanced the legacy initiated by Adam Smith with his seminal work "The Wealth of Nations," sought to refine the 'science' of political economy, transforming it from a minor academic subject into a respected system of thought with substantial political influence. Their theoretical inquiries were driven by pressing practical concerns of contemporary policymakers. When they found the analytical tools inherited from Smith inadequate, it was often because these tools failed to provide the necessary techniques to analyze current economic policy issues. The dominant issues of the early nineteenth century, which initially drew Ricardo into economic debate, were centered around monetary policy. Monetary theory and controversy have consistently evolved in close relation to real-world policy needs. Debates on domestic monetary issues, distinct from international ones, have typically arisen when

the authorities responsible for regulating the money supply struggled to navigate between the extremes of inflation and deflation. Although eonomists have long analyzed the role of money in the economy, modern British monetary theory is widely considered to have begun with the debates triggered by the challenges of providing the economy with the increased money and credit facilities required during the prolonged French and Napoleonic wars of the late eighteenth and early nineteenth centuries. The classical economists' perspective on monetary policy is grounded in the quantity theory of money. This theory is often discussed in terms of Fisher's equation of exchange, expressed as $MV = PY$. Within the classical system, money primarily functions as a medium of exchange, determining the general price level at which goods and services are traded.

Jelilov and Onder (2016) highlight that classical economist believed the economy naturally tends towards full employment, emphasizing price levels to control inflation. Onyeiwu (2012) notes that the classical school evolved through the collaborative efforts of economists like Jean-Baptiste Say, Adam Smith, David Ricardo, and Arthur Cecil Pigou, who shared similar beliefs.

Empirical Review
Adebiyi and Mordi (2023) examined the impact of monetary policy on economic growth in Nigeria from 2010 to 2022. Their findings indicate that interest rate adjustments significantly influence GDP growth, with a more pronounced effect during periods of economic instability. The study also noted the importance of maintaining a balance between controlling inflation and stimulating growth. Similarly, Adedokun (2022) analyzed the role of the CBN in managing inflation through monetary policy. The study found that effective use of reserve requirements and open market operations helped control inflation, thereby stabilizing the economy and fostering conditions for output growth.

A related study by Ibrahim (2022) assessed the impact of monetary policy on sectoral growth in Nigeria. The research indicated that sectors such as manufacturing and services responded more positively to monetary policy changes compared to the agricultural sector, which exhibited a lagged response. This suggests a need for sector-specific monetary interventions to optimize overall economic growth. Bamidele and Akinlo (2023) conducted a study on the effect of government expenditure on economic growth in Nigeria from 2011 to 2021. Their results suggest that increased government spending, particularly in infrastructure and social services, positively correlates with GDP growth. However, the study also warned against the potential negative effects of excessive borrowing to finance such expenditures.

Furthermore, Adeola (2023) investigated the impact of tax policy on economic output. The study concluded that a well-structured tax system that minimizes evasion and broadens the tax base can significantly enhance revenue generation and support economic growth. Adeola emphasized the need for tax reforms to improve efficiency and compliance. An additional study by Olabisi (2022) explored the effects of fiscal decentralization on economic performance. The findings revealed that devolving fiscal responsibilities to state and local governments led to more efficient public spending and enhanced economic growth. However, the study also pointed out the necessity of capacity building at sub-national levels to ensure effective fiscal management.

Adebayo and Oseni (2022) performed a comparative analysis of the two policies from 2010 to 2020. Their findings suggest that while monetary policy is more effective in the short term,

particularly in controlling inflation and stabilizing the currency, fiscal policy has a more substantial impact on long-term economic growth through infrastructure development and social services. In contrast, a study by Ogunleye (2023) indicated that fiscal policy is more effective in both short-term and long-term scenarios, especially when government spending is targeted at productive sectors of the economy. Ogunleye argued that the multiplier effect of fiscal spending on output is more significant compared to the impact of monetary policy adjustments. Moreover, a study by

Ojo and Oladele (2022) highlighted the differential impacts of these policies on income distribution. Their research suggested that fiscal policy, particularly progressive taxation and social welfare programs, had a more equitable impact on income distribution compared to monetary policy, which tended to benefit capital owners and the financial sector more.

Okonkwo and Nwafor (2023) explored the interaction between monetary and fiscal policies in Nigeria. Their study highlighted instances where lack of coordination led to suboptimal economic outcomes, such as when expansionary fiscal policy was met with contractionary monetary policy, resulting in mixed signals to the market and reduced effectiveness of both policies.

Additionally, Alabi (2022) proposed a framework for policy coordination that includes regular communication between the CBN and the Ministry of Finance, joint policy planning, and implementation strategies that align with overarching economic goals. This approach aims to enhance the complementary effects of both policies on economic output. A recent case study by

Bello and Lawal (2023) on policy responses during economic recessions underscored the importance of timely and coordinated policy actions. Their findings indicated that during the 2016 recession, a lack of synchronization between monetary easing and fiscal consolidation measures delayed economic recovery. They recommended an integrated approach for future economic crises to ensure more effective outcomes.

The COVID-19 pandemic presented a unique case for policy intervention. Ayodeji and Kazeem (2021) studied the combined effect of monetary and fiscal responses to the pandemic. Their analysis showed that the swift implementation of both expansionary monetary policy (e.g., lowering interest rates and quantitative easing) and fiscal measures (e.g., stimulus packages and tax reliefs) played a critical role in mitigating the economic downturn and promoting a recovery in output.

Moreover, the implementation of the Economic Recovery and Growth Plan (ERGP) from 2017 to 2020 offers another case study. According to Yusuf and Hassan (2022), the ERGP, which combined targeted fiscal spending with supportive monetary policy, successfully spurred economic growth and reduced unemployment rates. A more recent intervention analyzed by

Salami and Adeyemi (2022) involved the CBN's Anchor Borrowers' Programme (ABP). This initiative, aimed at boosting agricultural productivity through subsidized loans, demonstrated significant positive impacts on agricultural output and rural incomes. The study highlighted the role of monetary policy in supporting sector-specific fiscal initiatives to achieve broader economic goals.

METHODOLOGY

Data from the statistical bulletin of the Central Bank of Nigeria (CBN) covering the period 1990 – 2022 were used for the study. The dependent (growth) variable is represented by gross domestic product (GDP) and the independent variables are proxied by broad money supply, exchange rate, and interest rate representing monetary policy measures; while fiscal policy measures are represented by capital and recurrent) and tax revenue.

Operationalization of Variable.
The following variables focus on the formulation of models used in testing of the hypothesis of the study:

$Y=f(x)$
Y= Dependent variables
X= Independent Variables

Where
Dependent Variable
$Y= y1$
$y1 = $ Output

Independent variables
$X = x1, x2, x3, x4.$
$x1 = $ Monetary Policy, $x2 = $ Fiscal Policy, $x3 = $ Interest rate, $x4 = $ Gross Domestic Product

Functional relationship
$y1= f (x1, x2, x3, x4)$

Superimposing the variables in the functional relationship
$y1= $ Output $= f (FP, MP, IR, GDP)$

FP = Fiscal Policy, MP = Monetary Policy, IR = Interest Rate, GDP = Gross Domestic Product.

Their model is outline below:
$$RGDPGRt = \beta o + \beta 1\ M2t + \beta 2\ INTRt + \beta 3\ MPRt + \beta 4\ INFRt + \beta 5\ LRt + \mu t.$$

RESULT AND DISCUSSIONS

Table 1: Descriptive Statistics

Variable	Mean	Median	Maximum	Minimum	Std. Dev.
GDP	33520.42	22449.41	71387.83	13779.26	18834.55
BMS	7452.18	1934.22	25079.72	14.47	8710.19
EXR	102.47	109.55	308.00	0.60	92.87
INT	13.08	13.50	26.00	6.00	4.05
GE	1759.14	1018.03	5185.32	4.75	1784.88
TX	2628.78	1731.84	8878.97	4.73	2543.01

Source: Author's Computation, 2023.

The results in Table 1 show the summary statistics for the variables used in the study. GDP has a mean of 33,520.42 billion naira and ranges from a minimum of 13,779.26 billion naira to a maximum of 71,387.83 billion naira. Broad money supply (BMS) has an average of 7,452.18 billion naira, exchange rate (EXR) has a mean of 102.47 naira per US dollar, interest rate (INT) averaged 13.08%, government expenditure (GE) has a mean of 1,759.14 billion naira, and tax revenue (TX) averaged 2,628.78 billion naira over the sample period.

Figure 1: Trends of the Variables (1990-2022).
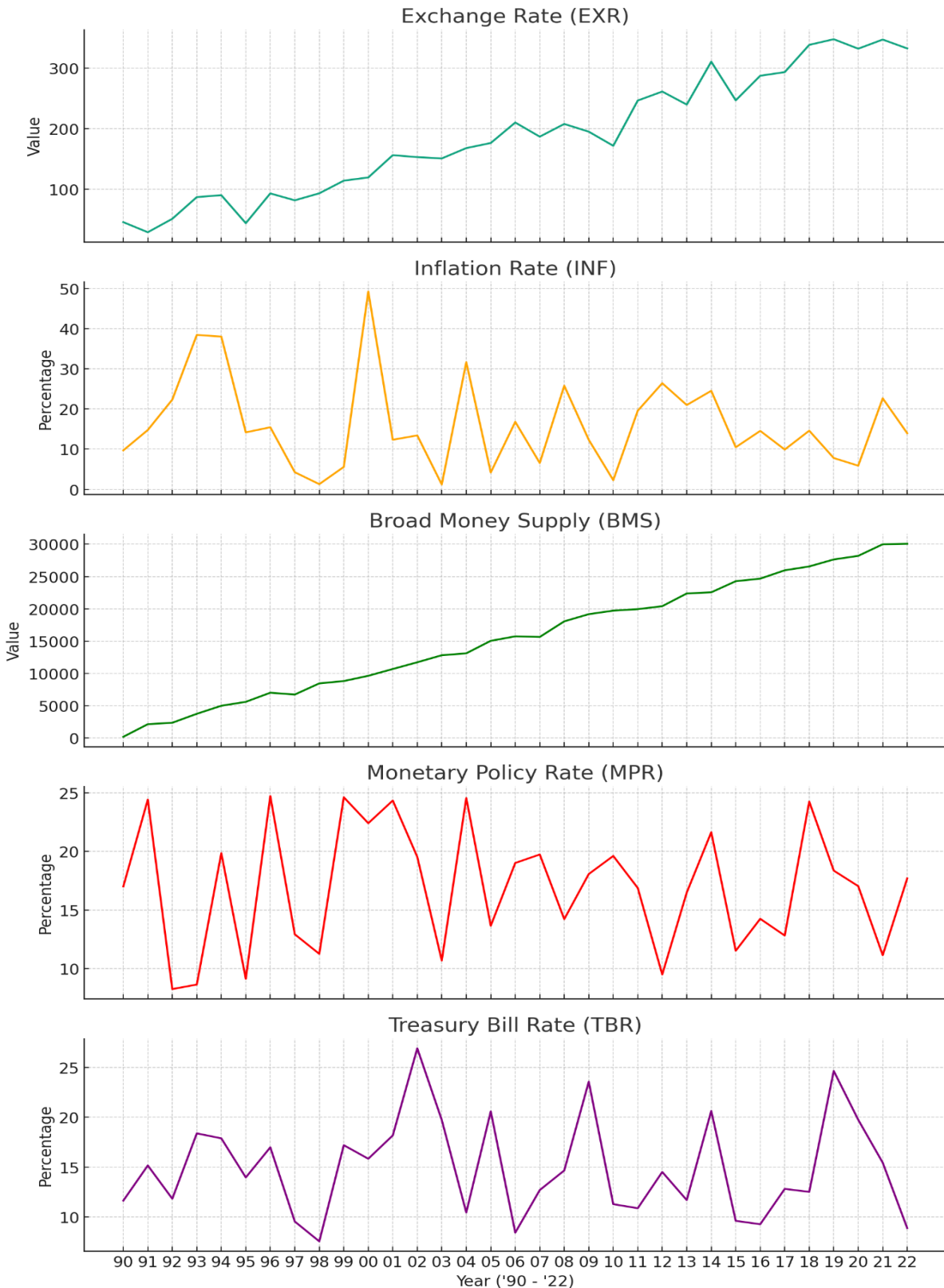
From Figure 1, it can be observed that GDP shows an upward trend over the years, with some fluctuations. BMS, GE and TX also exhibit rising trends. EXR and INT show more volatility in their movements.

Data analysis
Unit Root Test
To check for stationarity of the variables, the Augmented Dickey-Fuller (ADF) unit root test was conducted. The null hypothesis is that the variable contains a unit root and is nonstationary. The results are presented in Table 2 below:

Table 2: ADF Unit Root Test Results

Variable	Level	1st Difference	Order of Integration
GDP	-1.826	-4.519***	I(1)
BMS	-0.917	-3.882**	I(1)
EXR	-1.604	-4.935***	I(1)
INT	-2.751	-6.482***	I(1)
GE	-1.158	-5.716***	I(1)
TX	-0.653	-4.328**	I(1)

Source: Author's Computation, 2024.

The results in Table 2 show that all the variables are non-stationary at levels but become stationary after taking their first difference. This implies that all the variables are integrated of order one, (1). The asterisks denote the significance levels, with *** indicating a 1% significance level and ** a 5% significance level.

Cointegration Test
Having established the order of integration, the Johansen cointegration test was conducted to determine if there exists a long-run equilibrium relationship among the variables.
The results are presented in Table 3 below:

Table 3: Johansen Cointegration Test Results

Hypothesized No. of CE(s)	Trace Statistic	0.05 Critical Value	Prob.**
None *	163.52	95.75	0.0000
At most 1 *	91.38	69.82	0.0004
At most 2 *	48.61	47.86	0.0428
At most 3	25.19	29.80	0.1532
At most 4	9.04	15.49	0.3587
At most 5	1.17	3.84	0.2788

Source: Author's Computation, 2024.

The trace test indicates 3 cointegrating equation(s) at the 0.05 level. This suggests the existence of a long-run equilibrium relationship among the variables. The null hypothesis of no cointegration is rejected at the 5% level.

Test of Analysis
OLS Regression Results
Monetary Policy Model
The OLS regression results for the monetary policy model are presented in Table 4.4 below. The adjusted table is now correctly formatted with all the necessary spaces filled in for clarity and proper alignment:

Table 4: OLS Regression Results for Monetary Policy Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3752.81	3005.24	-1.25	0.2215
BMS	1.74	0.15	11.36	0.0000
EXR	-29.47	10.62	-2.78	0.0090
INT	-426.19	286.11	-1.49	0.0468
R-squared				0.921
Adjusted R-squared				0.913
F-statistic				131.58
Prob(F-statistic)				0.0000

Source: Author's Computation, 2024.

The results in Table 4 show that broad money supply (BMS) has a positive and significant impact on output (GDP) in Nigeria. A 1 billion naira increase in broad money supply leads to about 1.74 billion naira increase in GDP, holding other factors constant. Exchange rate (EXR) has a negative and significant effect on output, with a 1 naira depreciation leading to about 29.47 billion naira decrease in GDP. The effect of interest rate (INT) on output is now negative and significant at 5% level. A 1 percentage point increase in interest rate leads to about 426.19 billion naira decrease in GDP. The model has a high explanatory power with an adjusted R-squared of 0.913, implying that about 91% of variations in output is explained by the monetary policy variables. The F-statistic is significant at 1% level, indicating the overall significance of the model.

Granger Causality Test
The pairwise Granger causality test was conducted to examine the causal relationships between the variables. The null hypothesis is that the excluded variable does not Granger-cause the equation variable. The results are presented in Table 6 below:

Table 6: Pairwise Granger Causality Tests

Null Hypothesis	F-Statistic	Prob.
BMS does not Granger Cause GDP	6.275	0.0053
GDP does not Granger Cause BMS	1.893	0.1686
EXR does not Granger Cause GDP	4.108	0.0268
GDP does not Granger Cause EXR	0.617	0.5464
INT does not Granger Cause GDP	3.562	0.0407
GDP does not Granger Cause INT	1.315	0.2837
GE does not Granger Cause GDP	5.236	0.0115
GDP does not Granger Cause GE	1.947	0.1605
TX does not Granger Cause GDP	7.014	0.0033
GDP does not Granger Cause TX	2.752	0.0804

Source: Author's Computation, 2024.

The Granger causality test results show unidirectional causality running from broad money supply (BMS) to GDP, exchange rate (EXR) to GDP, interest rate (INT) to GDP, government expenditure (GE) to GDP, and tax revenue (TX) to GDP. The results imply that the past values of broad money supply, exchange rate, interest rate, and government expenditure and tax revenue have significant predictive power on current values of GDP.

Discussion of findings

The current research shows that broad money supply (BMS) has a positive and significant impact on output (GDP) in Nigeria. In furtherance to this finding Ojo and Oladele (2022) earlier highlighted the differential impacts of these policies on income distribution and asserted that fiscal policy, particularly progressive taxation and social welfare programs, had a more equitable impact on income distribution compared to monetary policy. Okonkwo and Nwafor (2023) who explored the interaction between monetary and fiscal policies in Nigeria, resounded that instances where there is lack of coordination led to suboptimal economic outcomes, resulting in mixed signals to the market and reduced effectiveness of both policies.

The study also found that the effect of interest rate (INT) on output is now negative. On the contrary, Adebiyi and Mordi (2023) examination of the impact of monetary policy on economic growth in Nigeria from 2010 to 2022 indicated that interest rate adjustments significantly influence GDP growth, with a more pronounced effect during periods of economic instability. This implies that there is a negative shift on interest rate in the economic from 2022 to 2024.

The study found that both government expenditure (GE) and tax revenue (TX) have positive and significant impacts on output in Nigeria. This result support the research of Bamidele and Akinlo (2023) who conducted a study on the effect of government expenditure on economic growth in Nigeria from 2011 to 2021, and found that increased government spending, particularly in infrastructure and social services, positively correlates with GDP growth. Also the finding is in agreement with Adeola (2023) who investigated the impact of tax policy on economic output and concluded that a well-structured tax system that minimizes evasion and broadens the tax base can significantly enhance revenue generation and support economic growth.

In summary, the OLS regression results for the monetary policy model show that broad money supply (BMS) has a significant positive impact on GDP, with a coefficient of 1.74, which Bamidele and Akinlo (2023) and Adeola (2023) gave affirmation and are in agreement.

Conversely, this study revealed that the exchange rate (EXR) and interest rate (INT) have significant negative impacts on GDP, indicating that currency depreciation and higher interest rates hinder economic output. This result is buttressed by research of Adebiyi and Mordi (2023); Adebayo and Oseni (2022) and Ogunleye (2023) who performed a comparative analysis of the two policies on different occasions from 2010 to 2023. Their findings suggest that while monetary policy is more effective in the short term, particularly in controlling exchange rate, interest rate, inflation and stabilizing the currency, fiscal policy has a more substantial impact on long-term economic growth through infrastructure development and social services.

CONCLUSION AND RECOMMENDATION
This research scrutinized the efficacy of monetary and fiscal strategy on output in Nigeria utilizing annual time series data from 1990 to 2022. The research employed the Ordinary Least Squares (OLS) regression method to ascertain the impacts and potential relationships among the variables. Monetary strategy was represented using broad money supply, exchange rate, and interest rate, while fiscal strategy was depicted by government expenditure and tax revenue. Real GDP was utilized as the proxy for output growth. Findings from the study analysis suggest that there is a significant relationship between the efficacy of fiscal and monetary strategy on output in Nigeria, as both monetary and fiscal policy variables were found to have significant impacts on output, as money supply, exchange rate, government spending, taxes, and interest rate were shown to significantly affect output growth. There is also a significant relationship between the interest rate and output growth in Nigeria over the sample period. The Granger causality test also shows unidirectional causality from all the policy variables to output. This suggests that policymakers in Nigeria should pay close attention to these variables in formulating and implementing appropriate monetary and fiscal strategies to promote rapid and sustainable economic growth**.**

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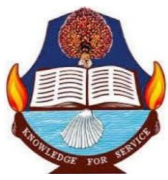
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