The Impact of Government Expenditure and Financial Inclusion on Inclusive Growth in Ethiopia

Zelalem Borena Bono

Department of Accounting and Finance, College of Business and Economics, Wolaita Sodo University, Ethiopia

*Corresponding Author: Zelalem Borena Bono, Msc in Accounting and Finance, Lecturer in Wolaita Sodo University

ABSTRACT

This study is intended to explore the relationship among government expenditure, financial inclusion, and inclusive growth. Government expenditure and equitable growth are indeed vital for inclusive growth which in turn can lead to sustainable growth. Although inclusive growth is an important issue both in developing and developed countries. Due to high demand of inclusive growth by the society the way of achieving inclusive growth become an important issue by politicians and non-governmental organizations. This research is therefore to evaluate the impact of financial inclusion and government expenditure on education and health in achieving inclusive growth of Ethiopia. To accomplish the investigation Gini coefficient was considered as a measure of inclusive economic growth. The ARDL model was considered to shows the short run and long run impact of variables at the same time. The results shows that government recurrent expenditure on health, government capital expenditure on education and financial inclusion increases inclusive economic growth among peoples while the impact of government capital expenditure on health, GDP growth rate and economic freedom are not significant to affect inclusive growth. On the reverse government recurrent expenditure on education has negative impact in achieving inclusive growth which may arise the rent seeking and corruption as stated by Washington consensus. Finally, to achieve inclusive economic growth in Ethiopia the government is expected to strength institutional quality, encourage recurrent expenditure on health and capital expenditure on education, increases financial inclusion and consider well managed mechanism to control the efficiency of the recurrent expenditure of education.

Keywords: *Financial Inclusion, Inclusive Growth, Recurrent Expenditure, Capital Expenditure*

INTRODUCTION

Inclusive economic growth refers to the long term economic growth with broad base by including all population of the country to be beneficiary in the economy by increasing income equality and reducing unemployment. There are various measures that are considered to achieve an inclusive economic growth and among these increasing government expenditure and financial inclusion are the main ones. Government spending on productive sectors is an important for the inclusive economic growth of one country. Government spending on education, government spending on health, others like public transfers and subsidies are very important for inclusive economic growth. Government expenditure on education and health is generally regarded as productive spending with a comprehensive role in the economy by increasing private and social return. Private return includes empowerment and higher individual earning because when individuals schooling year increases the opportunity of individuals getting job and good salary increase (Mincer, 1974). Due to an increase individualism power and getting high salary government expenditure increases inclusive growth in the country. Government spending on health increases the access of individuals" health service at low cost and it increases the life expectancy and their competence in the work place and in turn it increases the well-being of the society and inclusive growth of the country. Government spending programs are more effective as compared to government revenue policy to increase inclusive economic growth in the country because it can be applied to specific groups either in the form of social transfer or subsidy. Financial inclusion has become highly important for economic growth and sustainable development of a country because if people have an account and save

his/her money in a formal institution it has two impacts on the economy. First it earns to the account holder an interest rate income and second it is used as a source of credit which have positive impact on economic growth through encouraging investment opportunities. Africa 80 percent of adults didn't have formal account is due to lack of revenue to use it. Cost, distance and appropriate documentations are other barrier which causes 25 percent of Africans lives without opening an account. Adults in rural areas are faced a problem in opening an account due to lack of appropriate documentation and distance from bank branches (AfDB, 2013). In addition to the economic issues it became a great political issue by different parties in different countries because of the demand of individuals to benefit from the country's economic activity is increasing over time. Therefore to achieve inclusive growth redistribution of wealth is an important issue which promotes inclusive growth. Inclusive growth is important for a country to have a sustainable economic development. Inclusive growth can be achieving by different forms and among those creating employment opportunity is the one in developing countries not only un employment is a problem under employment is also a great factor which affects inclusive growth by employing them working limited hour and high skilled workers being force to take up low paying jobs. Due to these policy makers must generate decent employment opportunities. In addition to creating employment opportunities it can be achieved by redistribution of wealth to poorest increasing reachability of education and health are the two common ways by providing health facilities with cheap cost/free for poor people helps to redistribute wealth from reach to poorest one.

Statement of the Problem

The positive impact of financial inclusion on the inclusive growth is an accepted idea but the degree of its impact depends from country to country. Since, finance is the blood cell of economic activity financial inclusion affects economic activity by allowing resource flow from surplus to deficit. Due to this there will not be any idle resource and both the resource lender and borrowers benefit from financial inclusion as a whole increases the welfare of the society. According to IMF investigation developing countries redistribution of income through expenditure on health and education is more effective as compared to social transfers including sub Saharan African countries. The

effectiveness of education and health to redistribution of income is by allowing poor people to educate and competent in the market at high salary paying jobs and providing health care at cheap cost/ free to make the poorest healthier increasing their productivity and reducing their cost to medical care issues. Currently there is a research gap on this area especially on the case of Ethiopia regarding to the impact of financial inclusion and government expenditure on inclusive growth. Therefore this paper is to fill the existing research gap regarding to the effectiveness of government spending on education and health in achieving inclusive economic growth either by supporting the IMF statement for developing countries spending on education and health is effective to increase inclusive growth. In addition to the impact of public spending and the impact of financial inclusion on inclusive growth is an important concept there is no research done which empirically shows in Ethiopia. This study intends to make a comprehensive analysis on financial inclusion, government spending and inclusive growth in Ethiopia and filling the existing gaps in literature.

Objective of the Study

The general objective of this study is to investigate the impact of financial inclusion and government expenditure on inclusive growth of Ethiopia.

Based on the general objective the following specific objectives are formulated:

❖ To identify the impact of financial inclusion on inclusive growth.

❖ To identify the impact of government education expenditure on inclusive growth.

❖ To identify the impact of government health and education expenditure on inclusive growth.

LITERATURE REVIEW

Theoretical Literature Review

There are a number of theoretical arguments regarding to the impact of government expenditure on inclusive growth. Monetarists and Keynesians argue government intervention is necessary or not on achieving inclusive growth. Monetarist argue that government intervention is failure and they argue that market lead growth is sufficient to reduce income in equality because benefits of growth

automatically trickle down to the poor through employment creation on the reverse Keynesians argue that free market is un able to achieve reducing of income inequality because of trickling down benefits may be insufficient therefore state intervention is important which targets industrial policy and redistribution of assets which reduces income in equality among peoples.

In the pre-Washington consensus in 1960 and 1970 government was considered as an important to redistribute income among peoples. International organization provide funds to the government to facilitate the redistribution of wealth to the poor through investment on education, health, transfer of land and other assets with these policies poor countries caught up in the international debt crises which is consumed resources that to redistribution with growth strategy. This failure was due to rent seeking and corruption at the time of government intervention due to this problem new consensus is reached in early 1980 which is called Washington consensus and states that government intervention is failure instead free market is important in achieving growth and income distribution. But in 1980 and 1990 this strategy faces challenge from other economic argument which is called developmental state which supports government intervention is important for economic growth and income distribution which is achieved by japan and east Asian triggers.

Empirical Literature Review

Bastagli F.et al (2012) investigates on the relationship between income inequality and fiscal policy. The inequality problem can be achieved through social safety nets, access of education and health services but the redistribution of wealth should be in a way which does not affect the economic efficiency or should be at least by minimum cost. The income inequality is increasing for the last three decades for advanced, emerging and developing countries even if the income inequality is decline in sub-Saharan African countries it is still high. In developing countries redistribution of income through expenditure on health and education is more effective as compared to social transfers including sub Saharan African countries. The effectiveness of education and health to redistribution of income is by allowing poor people to educate and competent in the market at high salary paying jobs and providing health care at cheap cost/ free to make the

poorest healthier increasing their productivity and reducing their cost to medical care issues.

Kolawole B. (2016) investigates the relationship between government spending and economic growth in Nigeria. To achieve the investigation Kolawole consider variables GDP per capital as a proxy for inclusive growth, government spending on education, government spending on health, GDP growth rate, economic freedom as a proxy of institutional quality, resource dependence and public resource index.

Oji K. (2015) had investigated how to promote financial inclusion for inclusive economic growth in Africa. Oji considers descriptive statistics to achieve the investigation like percentage of people having a formal account, percentage of people who have obtained loans, debit cards and credit cards. Finally Oji concludes that financial inclusion is important for the economic development and inclusive economic growth because of financial inclusion is central for economic empowerment for a sustainable economic developed by including rural people.

Felipe J. (2012) investigated about inclusive growth and why it is important for developing Asia. Felipe argues that inclusive growth is achieved by allowing all the society to access a meaningful job which is achieved by policy objective of achievement of full employment. Felipe finally propose full employment will be achieved by undertaking public investment, gear fiscal and monetary policy for the achievement of full employment and other policy measures like giving attention agricultural and industrial policy.

Gallo L. and Sagales O. (2014) investigate whether the fiscal policy increasing income in equality in Uruguay or not? To accomplish the investigation they use VAR model with the variables included under study are current expenditure, social security expenditure, public investment and Gini coefficient. Their finding shows that current and social expenditure increases income in equality and public investment decreases income inequality in Uruguay.

Corinia G.A. and Martorano (2016) had building the integrated inequality database and identified the seven signs of inequality measurement in sub-Saharan Africa (SSA). To deal with the problem of missing data for Gini coefficient they use linear point-to-point interpolation. Finally they found that the

inclusion of „social services" (health and education) in the calculation of the „overall (private and public) household income or consumption percapita" likely reduces the Gini coefficient for both poor and middle income countries.

Nurudeen, A. & Usman, A. (2010) had investigated the impact of government Expenditure and Economic Growth in Nigeria. They found that government total capital expenditure (TCAP), total recurrent expenditures (TREC) and government expenditure on education (EDU) have negative effect on economic growth. On the contrary, rising government expenditure on transport and communication (TRACO), and health (HEA) results to an increase in economic growth.

RESEARCH METHODOLOGY

To accomplish the study Autoregressive Distributed Lagged Model (ARDL) was considered which have the following advantages over other co-integration approach models it solves the problem of data having different order of integration, simultaneously evaluates the short run and long run relationship, relatively efficient for small sample size data and it assumes all the variables are endogenous. To smooth those data which is not uniformly measured logarithm transformation was considered.

Stationary Test

Before ARDL data analysis the time series data stationarity should be tested. The stationarity of the data or the existence of unit root is tested based on Augmented Dickey Fuller test and others to identify the order of integration. The Augmented Dickey Fuller (ADF) unit root test which adjusts the existence of serial correlation by including additional lags as compared to Dickey Fuller DF.

ARDL Lag selection

Selecting an appropriate number of lags for the model under consideration is again, both science and art. Unless the number of lags is specified by economic theory, the econometrician has several tools at disposal to select lag length optimally. One possibility is to select the maximal number of lags for the dependent variable, say p, and the maximal numbers of lags for each of the regressor variables, say qi, and then run regressions with all the different possible combinations of lags that can be formed using this specification. The optimal

combination is then set as that which minimizes information criterion Akaike (AIC), Schwarz (BIC), Hannan-Quinn (HQ), or even the adjusted R2.

Diagnostics Test

Diagnostics test is an important concept in model selection. The selected ARDL model should pass diagnostics tests like serial correlation test, hetroschadasticity test and normality test in order to say the correct model is selected on the basis of selection criteria if it not passes the above diagnostics test considering other action is expected.

Co-integration Test

Using the ARDL model of Equation 1 above Pesaran, Shin and Smith (2001) describe a methodology for testing whether the ARDL model contains a long-run relationship between the dependent variable and the regressors.

Short Run Dynamics

The short-run dynamic parameters of the function can be obtained by estimating an error correction model version of the ARDL model in is specified as below:

$$\Delta Y_t = \mu + \sum_{i=1}^{g} \theta_i \Delta Y_{t-i} + \sum_{j=1}^{g'}\sum_{i=0} \Delta Y_{j,t-i}{'}\phi_{j,i} + \lambda ETC_{t-1} + \nu_t \underline{\hspace{2cm}} 1$$

Where ETC_{1-t} the lag of residual which is obtained from the long run equation of the level data its coefficient shows the speed of adjustment which shows the time it will takes to adjust short run disturbance from equilibrium.

Model Specification

Based on Clark G. et al(2003), Kolawde B.O.(2016), Green W.J. and Javanovic B.(1990), Hur S.(2015) the model is specified as follows:

Gini=f(EF, RGDPGR, NBTP, RGCEH, RGREH, RGREE, RGCEE)

Where;

Gini = Gini coefficient

EF = Economic Freedom

RGDPGR= Real Gross Domestic Product growth rate

NBTP= Number of Bank Branches to Total Population ration

RGREH = Real Government Recurrent Health Expenditure

RGREH = Real Government Capital Health Expenditure

RGREE = Real Government Recurrent Education Expenditure

RGREE = Real Government Capital Education Expenditure

Based on Persan and Shin (1999) and Persan et al (2001) the ARDL model for the above function is presented as follows:

$$\Delta(LnGini_t) = \alpha_0 + \alpha_1 LnGini_{t-1} + \alpha_2 LnEF_{t-1} + \alpha_3 RGDPGR_{t-1} + \alpha_4 LnNBTP_{t-1} + \alpha_5 LnRGCEH_{t-1}$$
$$+ \alpha_6 LnRGREH_{t-1} + \alpha_7 LnRGCEE_{t-1} + \alpha_8 LnRGREE_{t-1} + \sum_{i=1}^{p} \theta_{1i}\Delta Gini_{t-i} + \sum_{i=0}^{q1} \theta_{2i}\Delta EF_{t-i} + \sum_{i=0}^{q2} \theta_{3i}\Delta RGDP_{t-i} +$$
$$\sum_{i=0}^{q3} \theta_{4i}\Delta LnNBTP_{t-i} + \sum_{i=0}^{q4} \theta_{5i}\Delta LnRGCEH_{t-i} + \sum_{i=0}^{q5} \theta_{6i}\Delta LnRGREH_{t-i} + \sum_{i=0}^{q4} \theta_{7i}\Delta LnRGCEE_{t-i} +$$
$$\sum_{i=0}^{q5} \theta_{8i}\Delta LnRGREE_{t-i} + \varepsilon_t \quad\quad\quad\quad 2$$

Where Δ is the first difference operator, θ_{ji} short run coefficients for the ith lag and for the jth variable, α_i is the long coefficients for the ith variable, α_0 is the drift component and ε_t is white noise residual.

The short-run dynamic parameters of the function can be obtained by estimating an error correction model version of the ARDL model:

$$\Delta(LnGini_t) = \alpha_0 + \sum_{i=1}^{p} \theta_{1i}\Delta Gini_{t-i} + \sum_{i=0}^{q1} \theta_{2i}\Delta EF_{t-i} + \sum_{i=0}^{q2} \theta_{3i}\Delta RGDP_{t-i} + \sum_{i=0}^{q3} \theta_{4i}\Delta LnNBTP_{t-i} +$$
$$\sum_{i=0}^{q4} \theta_{5i}\Delta LnRGCEH_{t-i} + \sum_{i=0}^{q5} \theta_{6i}\Delta LnRGREH_{t-i} + \sum_{i=0}^{q4} \theta_{7i}\Delta LnRGCEE_{t-i} + \sum_{i=0}^{q5} \theta_{8i}\Delta LnRGREE_{t-i}$$
$$+ \varphi EC_{t-1} + v_t \quad\quad\quad\quad 3$$

RESULT AND DISCUSSION

In this section the result of stationary test, model selection, diagnostics test and short run and long run parameter estimation results were displayed.

Unit Root Test

The stationary test shows variables of Log of Economic Freedom (EF) and log of Real Government Capital Education Expenditure (RGCEE) are stationary at level. While Real Gross Domestic Product Growth Rate (RGDPGR), Log of Number of Population to Bank branches ratio (NBTP), Log of Real Government Capital Health Expenditure (RGCEH), Log of Real Government Recurrent Health Expenditure (RGREH), and Log of Real Government Recurrent Education Expenditure (RGREE) are not stationary at level and they are stationary at first difference. In general the variables have different order of integration with the value of I(0) and I(1) and there is no variable with I(2) the ARDL model is an appropriate model to analyze those variable having different order of integration.

Diagnostics Test

The LM test (serial correlation test) below shows there is no serial correlation for the selected model. The probability value of the LM test shows that it is greater than five percent and the null hypothesis of no serial correlation is not rejected which implies there is no serial correlation.

Heteroskedastic test shows the residuals are homoscedastic of the residuals are not which implies there is constant variance and mean which does not depend time.

The normality test result using jarque Bera test shows that it is possible to say there is normality.

The stability test (CUSUM test) shows that the model satisfies the stability condition at five percent level of significance. Since the model passes all diagnostics the selected model is appropriate for long and short run parameter estimation for the ARDL model.

Co-integration Test

After model selection and diagnostics test the basic thing in ARDL model is test to check the existence of co-integration among variables or not. The ARDL bounds test bellow shows the null hypothesis of there is no co-integration is rejected because the F-statistics test 7.77 is greater than upper bound critical value even at one percent level of significance. This show there is a co-integration between the variables included under study and shows that the ARDL model is an appropriate model for estimation short run and long run parameters.

Table1. *ARDL Bounds Test*

Null Hypothesis: No long run relationship exist				
Test Statistics		Value		k
F-statistics		7.7691		5
Critical Value Bunds	Significance			
	10%	5%	2.5%	1%
10 Bounds	2.26	2.62	2.96	3.41
11 Bounds	3.35	3.79	4.18	4.68

Source: *Outcome of analysis of this study*

Short Run and Long Run Parameter Estimation

Table2. *ARDL Co-integration and Long Run Result using Selected Mode*

Dependent Variable: LGINI				
Co-integration form				
Variable	Coefficient	Std. Error	t-statistics	Prob.
D(LNBTP)	- 0.0361	- 0.0100	- 3.6255	- 0.0055
D(LEF)	-0.0079	0.0697	-0.1127	0.9128
D(LRGCEE)	-0.0128	0.0100	-1.2867	0.2303
D(LRGCEH)	0.0069	0.0042	1.6631	0.1307
D(LRGREE)	0.1624	0.0342	4.7450	0.0011
D(LRGREH)	-0.1482	0.0272	-5.4479	0.0004
D(GDPGR)	-0.0013	0.0004	-3.0109	0.0147
CointEq(-1)	-0.2661	0.0302	-8.8060	0.0000
Cointeq=LGINI-(-0.1358*LNBTP-0.1118*LREEC+0.0260*LRHEC-0.5568*LRHER+0.0034*GDPGR+0.6102*LREER-0.0295*LEF+4.6340				
Long Run Coefficients				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
LNBTP	-0.1358	0.0405	-3.353	0.0085
LEF	-0.0295	0.2632	-0.1122	0.9131
LRGCEE	-0.1118	0.0417	-2.6795	0.0252
LRGCEH	0.0259	0.0150	1.7341	0.1169
LRGREE	0.6102	0.1846	3.3047	0.0092
LRGREH	-0.5568	0.1477	-3.7689	0.0044
GDPGR	0.0034	0.0023	1.4749	0.1743
C	4.6340	1.2573	3.6857	0.0050

Source: *Outcome of analysis of this study*

The speed of adjustment (CointEq (-1)) has its expected sign and it is significant at one percent level of significance. The speed of adjustment result -0.267 indicates that the speed of adjustment to equilibrium after a shock was low. Such that, a disequilibrium from shock in the previous year converged back to long-run equilibrium in the current year with an adjustment speed of 27 percent approximately.

The estimation result of both short run and long run shows that a decline of the total population to total number of commercial bank branches ratio reduces income equality by allowing those peoples get finance access for investment and saving from both sides from demand and supply side. From the surplus side it decreases the opportunity cost of holding money and from the shortage side it allows investors to get access of credit which increases the equality of income distribution among individuals. The investigation result supports the findings of Onaolapo R. (2015), Oji K. (2015), Zulfiqar A. et al (2016) and Beck et al (2004).The long run result indicates that a 10 percent reduction of the

ratio of total population to total number of commercial bank branches reduces the income inequality by 1.3 percent.

While the economic freedom used as a proxy of quality of institution has a positive impact on income equality distribution but it is not significant both in the short run and long run. This implies government institutions are poor in their quality to achieve income inequality among individuals this supports the hypothesis of Washington consensus government intervention is inefficient due to rent seeking and corruption.

Capital education expenditure has also a positive impact on both the short run and long run on achieving income equality. However only long run capital expenditure is significant in the long run .This is because as the government invests on long term projects of education like building schools and universities this increases the income of the poor through education by developing their skill and their competitiveness in the market. A 10 percent increase expenditure on capital education expenditure reduces income inequality by 1.1 percent. On the reverse side recurrent education expenditure has a negative impact on achieving income distribution among individuals which supports the empirical investigation of Nurudeen, A. & Usman, A. (2010).This may be due to miss allocation of recurrent education expenditure because if corruption and rent seeking as stated by Washington consensus.

The real GDP growth rate has also a positive impact on achieving income distribution in the short run but have negative impact in the long run. Even if it has negative impact in long run it is not significant. The short run empirical result supports the empirical result of Kolawole B.(2016).

Recurrent expenditure on health has also a positive impact in achieving of income equality among individuals both in the short run and long run. This is due to an increase recurrent government expenditure on health either by subsidizing or availing it free of charge to poor people increases poor individuals" productivity which increases their income and in turn it positively affects income distribution. As the result indicates a 10 percent increase of recurrent expenditure on health causes an increase of income equality among individuals of population by around 5.5percent.The investigation result supports the findings of (Mincer, 1974) and Bastagli F. et al (2012) who

found that increasing government expenditure on health to the poor targeted increase income distribution among individuals either by reducing their medical cost or increasing their productivity. On the reverse capital expenditure on health have negative impact on achieving income distribution among individuals but it is not significant. The result indicates still those health infrastructure programs not significantly accessed by the poor it needs attention of government to increase its reachability of the poor.

CONCLUSION

Inclusiveness of economic growth is an important issue in the current world because of high demand of individuals to be beneficiary from their countries economic growth. The policy variables were financial inclusion and government expenditure on health and education was considered and to achieve this investigation the ARDL model was adapted which considers long run and short run effects in addition of its appropriateness using for different order of integration.

The government expenditure variables on health and education both recurrent and capital was considered, total population to number of commercial banks was considered as a proxy for financial inclusion. The selected model of ARDL (1, 0, 1, 0, 0, 1) satisfies all diagnostics tests as well bound test. Using the selected model the following conclusions were made on the estimation result.

Financial inclusion, real recurrent government expenditure on health and real capital government expenditure on education were significant and affects inclusive growth positively both in the short run and long run. While the economic freedom and real GDP growth rate have positive and negative impact respectively in achieving equal income distribution but not significant to affect inclusive growth among individuals. The impact of government capital expenditure on health was also negative but it is not significant.

On the other hand recurrent government expenditure on education reduces inclusive growth. This result may be due to the inefficacy of using those expenditures on the right place by giving attention to poor people due to rent seeking and corruption. The result of inefficiency of institutions in achieving inclusive growth supports this result.

RECOMMENDATIONS

Based on the findings the researcher forwards the following recommendations to the policy makers and the concern body:

❖ The impact of financial inclusion in achieving inclusive growth is positive considering policy actions which encourages financial inclusion is important to achieve inclusive growth of the country.

❖ The Government is expected to encourage its capital expenditure on education and recurrent expenditure on health since its impact on achieving inclusive growth is positive.

❖ On the other hand government should manage its expenditure reachability to the targeted individuals because recurrent education expenditure increases income inequality instead reducing it which may arise due to corruption and rent seeking.

❖ An increase of real gross domestic product growth rate does not increase income equality among individuals government should consider inclusive growth measures beyond than real GDP growth rate target.

❖ Even if economic freedom has positive impact it is not significant which needs the governments attention to increase institutional quality to achieve inclusive economic growth.

REFERENCES

[1] Banerjee A. and Newman A. (1993), Occupational Choice and the Process of Development, Journal of Political Economy,Vol. 101 Issue(2), 274-298.

[2] Bastagli, F., D. Coady, and S. Gupta, 2012, "Income Inequality and Fiscal Policy," IMF Staff Discussion Note 12/08.

[3] Beck, T., A. Demirguc-Kunt and I. Ross (2004), "Finance inequality and poverty: Cross country evidence". World Bank Policy Research Working Paper

[4] Clarke,G., Xu,L.C. &Zou,H. (2003),Finance and Income Inequality, Test of Alternative Theories, World Bank Policy Research Working Paper, 2984

[5] Corinia G.A and Martorano (2016) building the integrated inequality database and the seven signs of inequality measurement in sub-Saharan Africa, UNDP working paper series

[6] Felipe J. (2014) inclusive growth: Why is it important for developing Asia? CADMUSA papers series of the South-East European Division of the World Academy of Art and Science (SEED-WAAS),Volume I,PP 36-57

[7] Gallo L. and Sagalés O. (2014) Is the Fiscal Policy Increasing Income Inequality in Uruguay? Journal of Economics and Development Studies, Vol. 2, No. 3, pp. 137-156

[8] Galor O. and ZeiraJ. (1993) Income Distribution and Macroeconomics, Review of Economic Studies Vol.60 Issue (1), PP. 35-52

[9] GreenwoodJ and JovanovicB. (1990), Financial Development, Growth, and the Distribution of Income, Journal of Political Economy Vol. 90 Issue (5), 1076-1107

[10] Gujarati N. (2004). Basic Econometrics 4th edition, McGraw-Hill Company

[11] Hur, S. (2014). Government Spending and Inclusive Growth in Developing Asia. ADB Economics, Working Paper Series No. 415,(415)

[12] Kang J.W. (2015) interrelation between growth and inequality, ADB working paper series No. 447.

[13] Kolawole B. (2016)Government Spending and Inclusive-Growth Relationship in Nigeria: An Empirical Investigation, Zagreb International Review of Economics &Business, Vol. 19, No. 2, pp. 33-56.

[14] Kuznets, S.(1955),Economic Growth and Income Inequality. American EconomicReview45 (1), PP.1-28.

[15] Nurudeen, A. & Usman, A. (2010). Government expenditure and economic growth in Nigeria, 1970-2008: A disaggregated analysis. Business Economics Journal, 4, 1-11.

[16] Oji C.K. (2015) Promoting Financial Inclusion for Inclusive Growth in Africa, Economic Diplomacy Program, South African Institute of International Affairs.

[17] Onaolapo A. R. (2012) effects of financial inclusion on the economic growth of Nigeria, European Centre for Research Training and Development UK, International Journal of Business and Management ReviewVol.3, No.8, pp.11-28.

[18] Pesaran, M. H. and Y. Shin (1999)an autoregressive distributed lag modeling approach to co-integration analysis. Chapter 11 in S. Strom (ed.), Econometrics and Economic Theory in the 20th Century: The Ragnar Frisch Centennial Symposium. Cambridge University Press, Cambridge.

[19] Pesaran, M. H., Shin, Y. and Smith, R. J., 2001.Bounds testing approaches to the analysis of level relationships. Journal of Applied Econometrics, 16,289–326.

[20] Saad-Filho A. (2010) Growth, Poverty and Inequality: From Washington Consensus to Inclusive Growth, Economic & Social Affairs, DESA Working Paper No. 100.

[21] Triki T. and I. Faye (2013) Financial Inclusion in Africa, African Development Bank Group, African Development Bank.

[22] Yinusa O. and Ayinde T. (2016), Financial Development and Inclusive Growth in Nigeria: A Threshold Analysis Acta Universities Danubius, Vol.12.

[23] Zulfiqar K., ChaudharyM. and Aslam A. (2016) financial inclusion and its implications for inclusive growth in Pakistan, Pakistan Economic and Social Review, Volume 54, No. 2, pp. 297-325.