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Decomposing Output Growth Patterns in Ghana and Nigeria: Consumption and Investment

Rasaki Stephen Dauda
Department of Economics, Redeemer's University
Ede, Osun State, Nigeria
Email: <daudastephen@gmail.com>

Abstract

This paper decomposes the GDP of Ghana and Nigeria into household consumption expenditure (HCE) and gross fixed capital (GFC), adopting systematic cum descriptive analysis and stylized facts approaches. The findings revealed that HCE contributes majorly to the GDP of both countries, accounting for an average of 66.31%, which is high and above world average while GFC constitutes 24.98% on average. This is unhealthy for both economies that still depend on imports for consumption. Policies should target reduction in percentage of HCE in their GDP while the share of GFC should be raised. Thus, more savings and private investment are necessary.

Keywords: economic growth, consumption, investment, Ghana, Nigeria.
