

current fiscal actions taken by the Canadian government (Martin, 1996). Moreover, expenditures appear to respond to disequilibrium with respect to the time path of GDP. The difference in results when compared to Owoye can be attributed to several factors. First, Owoye did not take into account overall movements in the economy as measured by GDP. Second, though both studies use annual data our study encompasses a longer time frame. Third, the methodology differs in that the Johansen-Juselius procedure provides a unified framework for the estimation and testing of cointegrating relationships in the context of vector autoregressive error correction models.

Given the numerous studies on the tax-spend debate in the case of the US perhaps future research should be directed towards the tax-spend issue of both industrialized as well as less developed countries.