**The nexus between size and efficacy of government: evidence from OPEC**

Lotfali Agheli(\*)

Economic Research Institute, Tarbiat Modares University, E-mail: [aghelik@modares.ac.ir](mailto:aghelik@modares.ac.ir)

**(\*)** Corresponding Author

**Abstract**

From classic to modern economic theories, the scope and size of government in economy have been always main topics for economists. The governments have played different roles in a historical context. Provision of public goods is a generally accepted task for all governments. The supply of public goods requires efficient allocation and management of scarce resources. Government efficacy stems from good governance and proper planning and policy-making. This paper aims to bridge from government size to government efficacy the Organization of the Petroleum Exporting Countries (OPEC). To this end, a panel data model is estimated during 2002-2015 by using some control variables. Findings indicate a negative relationship between government size and efficacy. In addition, oil rents affect government efficacy negatively. The trade openness result in efficient government. Finally, economic growth has positive effect on government effectiveness. According to findings, minimization of government size, injection of oil revenues into Sovereign National Funds (SNFs), adoption of open door policies, and targeting sustainable economic growth give rise to an efficient government.

**Keywords.** Government size, Government effectiveness, Trade Openness, Oil Rents, OPEC

**JEL.** F41, F53, H11, P48