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HYPOTHESES

RESEARCH METHODOLOGY

RESULTS & DISCUSSION

FINDINGS

RECOMMENDATIONS/SUGGESTIONS

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CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

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NATURAL RESOURCE ENDOWMENT AND ECONOMIC GROWTH IN AN OIL EXPORTING COUNTRY: THE CASE OF NIGERIA

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ABSTRACT

The question of whether natural resource endowment in a country is necessary or sufficient for economic growth has been an issue of debate since the contribution of Sach and warners (1995). Thus, this study examines the long-run impact of natural resource (oil) endowment on economic growth in Nigeria. The result indicates that the variables are inter-related, and that they have long-run relationship. We therefore proceed to estimate the long-run impact of oil resource endowment on economic growth using the fully modified ordinary least square (OLS), because the conventional OLS can yield results that are biased and inconsistent. The result showed that net oil export has a positive and significant impact on economic growth in Nigeria in the long-run. The implication of this is that even though it seems that a resource curse exists in Nigeria now, in the long-run, oil resource "curse" can be converted into resource "blessings". However, when oil resource endowment is measured with oil export, it was observed that although the coefficient had positive relationship with economic growth, it was not statistically significant implying that there is neither a resource "curse" or "blessing" in Nigeria in the long-run. Overall, we conclude that that good governance is necessary to achieve economic growth in the long-run.

KEYWORDS
natural resources, economic growth, oil exporting countries.

1. OVERVIEW

The question of whether natural resource endowment in a country is necessary or sufficient for economic growth has been an issue of debate for a long time. Writers such as (Lederman & Maloney, 2007) posit that natural resource in a country can be combined with capital and labour to achieve higher economic growth (resource blessing). Thus, it is expected that countries with natural resource endowment should experience higher economic growth than countries with less resource endowment. But, Jean (1876; 1962), and Sachs and Warner (1995; 1997) assert that while access to natural resource through foreign trade is important for a country to achieve higher level of economic growth, possession and production of natural resource is not crucial.

Accordingly, other authors, such as De Long and Williamson (1994); Collier and Hoeffler (2005); Moene and Torvik (2006); and Ross (2012) establish that natural resource endowment can create distortion in the economy. This distortions serve as a channel through which natural resource affect an economy negatively and it is usually manifested through the stimulation of extensive rent seeking behavior among oil producing firms which would lead to corruption and make government undertake worse economic policies; raise the stake in the struggle for control of government; and encourage politicians to put more effort into maintaining political power. It may also lead to over expansion of the size of government arising from revenue generated from export (Willebald, 2010; Alonso & Garcimartin, 2004).

Further, natural resource endowment can stimulate conflict within society as different groups and political parties fight for their share of either the resource or resource "money". It can also destroy a nation's tax system as government's revenue generating interest will be diverted more to income from resource export proceeds. It can as well lead to Dutch Disease Syndrome – a situation in which revenue from natural resource export leads to appreciation of the exchange rate thereby making output of the manufacturing sector less competitive in international markets. These negative effects have been described in the literature as "resource curse" (Sachs & Warner 1995; 1997 & 2001, Gylfason et al. 1999).

Nigeria is richly endowed with huge natural resources (natural gas, tin, ore, coal, oil, limestone niobium, lead, zinc, arable land and water), but depends largely on the oil resource. This is because of the lucrative nature of crude oil coupled with the fact that the country is bless with huge oil reserve, and also a major producer of oil. Despite this, the country has been experiencing sluggish economic growth and rising unemployment rate as compared to some countries that have less oil reserves.

Available data indicate that the current rates of unemployment of about 21 percent is far higher now than in the period before the oil boom in the early 1970s (WDI, 2011). Several studies have examined the impact of resource endowment on economic growth in Nigeria. However, most of the studies in this area have been theoretical (Mähler, 2010) (Onigbinde 2008). It is against this backdrop that this study empirically examines the impact of resource endowment on economic growth in Nigeria. Specifically, the study examines: (1) if there exists a long-run relationship between oil resource endowment and economic growth in Nigeria (2) if the resource curse exist in Nigeria in the long-run.

Following this introduction, section two treats the empirical literature review, some stylized facts on oil resource is analyzed in section three. Section four treats the theoretical framework and methodology, the empirical result and discussion is treated in section five while section six treats the policy recommendations and conclusion.

2. EMPIRICAL LITERATURE REVIEW

The earlier study by Sachs and Warner (1997) establishes that countries with natural resource endowment achieve slower growth than countries that are less endowed during 1970 to 1990 periods. They attributed the reason for this to the Dutch Disease Syndrome, which occurs mostly through exchange rate appreciation and the de-industrialization that follow discoveries and booms in natural resources. According to this view, labour from manufacturing sectors is move towards natural resource and service sectors, this movement will cause the country's manufacturing sector to contract as it diminish long run labor productivity and industrial growth (Sachs & Warner, 1997). Collier and Goderis (2007) explore six different channels by which the resource curse can manifest namely; (a) Dutch Disease effects, (b) institutions´ conformation, (c) conflict of interests and political economy, (d) excessive public debt, (e) income inequality and (f) commodity price volatility. Regarding institutional channels, conflict of interests and political economy, author like Van der Ploeg (2007) state that institutions generated by natural resource-abundance come from previous institutional weaknesses, that is when weak institutions exist before the boom of natural resources affects the economy, the effect is negative and vice versa.

On the contrary, Lederman and Maloney (2007) found that economic growth is positively related to natural resource-abundance when they control by export concentration. Thus, the question becomes if natural resource abundance necessarily leads to higher export concentration and what institutions and policies can avoid such an effect. In a more recent paper, Lederman and Xu (2009) explored the relationship between natural resource abundance and export concentration. Goderis (2007) find that the relationship between natural resources and economic growth is positive in the short run but negative in the long run. However, the resource curse can be turned into a possible ´blessing´ in the long run if the countries´ institutions are sound enough to produce good governance. To measure good governance, the authors use the International Country Risk Guide (ICRG) indexes of quality of institutions. Mehlun, Moene and Torvik (2005) also showed that the natural resource-curse can be avoided if the countries have a good rule of law.

In a different vein, Tornell and Lane (1999) argue that a natural resource-boom in a fragmented society would create a perverse effect through capture of rents: the most powerful interest groups will benefit more from the boom and income distribution would be negatively affected. Van der Ploeg (2007b) shows that natural resource-abundant countries tend to spend their income more rapidly when their societies are more fragmented and their rule of law is weaker. He also suggests that the empirical evidence reflects that countries that enjoy natural resource-abundance have a lower growth rate and a higher inequality. When it comes to Latin America, in particular, Leamer (1999) shows that the abundance of mining resources affects distribution, since the mining sector would demand skilled workers, leaving the unskilled workers (i.e. poor population) out of the benefits of such abundance.

Turning to sub-national evidence, Desai et. al. (2003) find that the voracity effect takes place in regions in Russia that receive *unearned income*, such as transfers from central government or royalties from the exploitation of natural resources. The higher the unearned income streams, the more likely it is that politicians and interest groups adopt rent-seeking behaviors. Such phenomenon creates fiscal and economic dependence on exogenous resources and reduces efforts of collection of regional and local taxes. The author finds that these effects occur more intensively in resource-abundant regions, in comparison to regions that receive other kind of transfers from central government.

The literature presents two different types of unearned income received by regions (Sanguinetti, 2009). First, there exist central government transfers that normally focus in the regions with greater poverty levels. Second, there exist royalties coming from the extraction of natural resources that depend on the location of such resources. Empirical estimates show that income received from natural resources has a direct positive effect on regional growth in Russia, while transfers effects are negative (Desai et. al., 2003). They find that the greater the income from these unearned revenues, the greater the dependence on them; an effect known as “fiscal laziness”.

3. SOME STYLIZED FACTS ON OIL RESOURCES ENDOWMENT AND RESOURCE CURSE IN NIGERIA

Currently, Nigeria is among the rich oil resource countries with reserve base of over 35 billion barrels. This statistic put Nigeria as the 12th oil producer in the world, 8th producer among OPEC countries and 1st in Africa. Since the discovery of oil in commercial quantity in 1958, Nigeria economy has depended largely on oil owing to its lucrative nature. It has been argued that the over reliance on oil has affected the Nigerian economy in diverse ways. Firstly, owing to the upward trend in the oil production and export, the share of oil in gross domestic product, government revenue, total export and foreign reserve have increased drastically (see table 1).

TABLE 1

Year	*Share of oil earnings in GDP*	*Share of oil earnings in government revenue*	*Oil earnings in to total export earnings*	*Foreign reserve in million $*	*Oil production in ‘000 barrels*	*Oil export in ‘000 barrels*
1970	9.23	26.28	33.39	104.6	395,689.0	383,455.0
1980	28.83	81.09	59.53	5,445.6	760,117.0	656,260.0
1990	37.46	73.28	72.43	34,953.1	660,559.0	548,249.0
2000	47.72	83.50	73.08	1,129,894.4	797,880.0	688,080.0
2005	38.87	85.85	79.00	5,456,456.2	919,285.6	846,179.7
2006	37.61	88.64	75.50	5,425,578.6	813,950.0	656,090.0
2007	36.46	78.08	72.29	6,055,669.0	N/A	N/A
2008	37.44	83.02	72.44	7,025,860.2	N/A	N/A
2009	48.24	78.67	69.34	6,339,615.2	N/A	N/A
2010	40.61	78.92	70.31	N/A	N/A	N/A

Source: Computed from CBN Statistical Bulletin (2011). N/A = Not Available

Available data indicate that the share of oil in Gross Domestic Product (GDP) which stood at 9.23% in 1970 rose drastically to 38.87 in 2005 by 2010 the share of oil in gross domestic product 40.61%. In the same vein, the share of oil revenue in total government revenue rose from 26.28 % in 1970 to 85.85% in 2005 and 78.92% in 2010. The share of oil in total export earnings rose from 33.39 % in 1970 to 70.31% in 2010, also foreign reserve rose very significantly; it rose 104.6 million in 1970 to 6,339,615.2 Million in 2009. Thus the expansion in oil output and export broadens the resource base of the government and if this has been properly managed enormous benefit would have accrued to the Nation.

TABLE 2

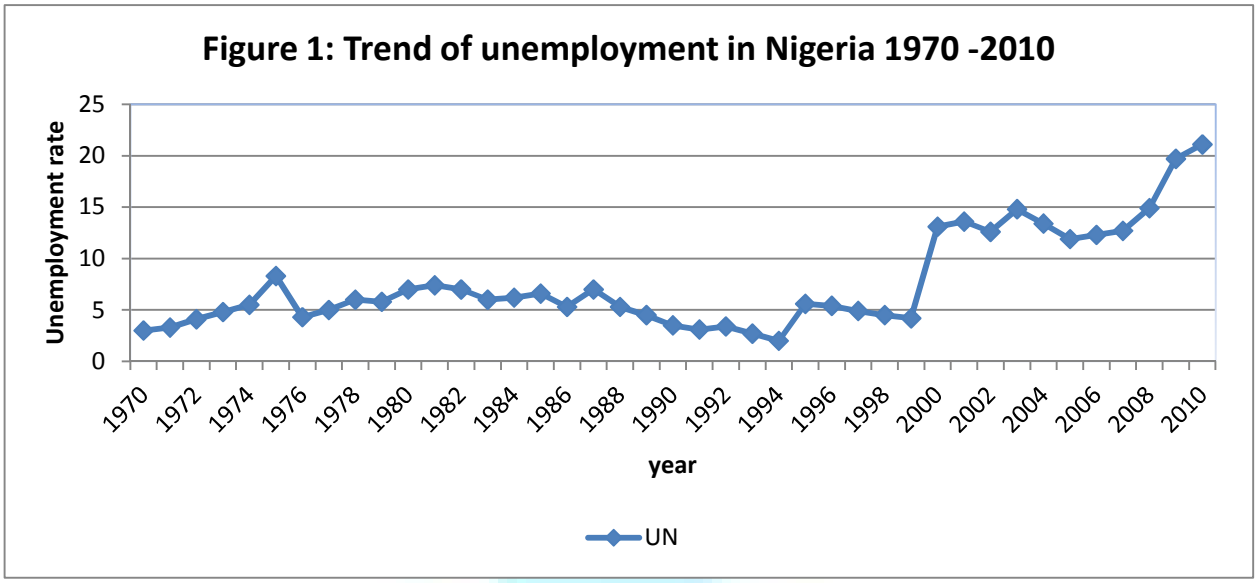
Year	*Government Expenditure*	*Share of manufacturing output in GDP*	*Share of agricultural output in GDP*	*GDP growth*
1970	903.90	7.17	48.78	25.0
1980	14.968.5	10.40	20.17	4.2
1990	60.268.2	5.50	31.52	8.2
2000	701.059.4	3.67	26.03	3.8
2005	1,822,100	2.83	32.75	6.5
2006	1,938,002.5	2.58	31.99	6.0
2007	2,450,896.70	2.52	32.71	6.4
2008	3,240,818.5	2.41	32.85	5.9
2009	3,456,925.4	2.48	37.20	6.6
2010	N/A	N/A	N/A	N/A

Source: Compiled from CBN Statistical Bulletin (2010 & 2011). N/A = Not Available

Secondly, in spite of the above benefits, oil production and export have had some negative effects on the economy. For instance, after decades of considerable oil production, statistics shows that oil has contributed immensely to the growth of the size of government and governance with a lot of attendant negative characteristics. In Table 2, government expenditure has risen significantly over the years. It grew in nominal term from 903.90 million in 1970 to 3,456,925.4 in 2009 (CBN, 2011). This situation has led to serious misallocation of resources, political instability and corruption in the country, which has manifested itself greatly in areas such as inadequate provision and maintenance of social infrastructure, poor educational funding, and so on.

The oil boom in the 1970s led to the neglect of the non-oil tradable sector (manufacturing and agriculture) i.e. the movement of laborer’s from these sector and the appreciated exchange rate during the same period further affected the sector culminating into the Dutch-disease syndrome (see table 2 above). Consequently, unemployment rates in the country have been on the increase because the manufacturing sector, which is the large engine of modern economic growth (because of its ability to create massive employment, create backward and forward linkage and learning by doing), has been made moribund by the neglect of the sector for oil. This situation is also responsible for the ineffective implementation of government policies over the years to resuscitate the non-oil tradable sector because of the overriding emphasis that is laid on the oil sector. Besides, even though the country have been experiencing economic growth of

about 6 percent as shown in table 2 above, (CBN, 2010), available data show that unemployment rates in Nigeria have been increasing over the years. In fact, the current unemployment rate exceeds that of the oil boom in the early 70s (see figure 1 below). This is because of the capital intensive nature of the oil sector.



Source: World Development Indicator (2011).

Furthermore, instead of serving as input such as capital and labour, oil endowment has served as a stimulant for internal conflict in Nigeria (Mähler, 2010). No wonder that the civil and legal (Movement for the Actualization of the Sovereign State of Biafra (MASSOB), Movement of the Survival of the Ogoni People (MOSSOP), Ijaw National Congress (INC), the Militant in Niger Delta and the Armed Boko-Haram in the North) agitations in all parts of the country is evidence to back up this argument as each group fight for either the resource or share of the "oil money".

4. THEORETICAL FRAMEWORK AND METHODOLOGY

This study is anchored on the augmented Solow growth accounting model by Jorgenson (1966 & 2000). According to the theory, economic growth is determined by three factors; physical, human capital and technological progress. The model tries attempts to reduce empirically the proportion of growth attributed to the unexplained residual named technological progress. In developing the model for this study, we augment the model to include oil resource endowment. Thus, using the Cobb-Douglas Production Function, the relationship is specify as follows:

$$Y = AK^{\alpha}L^{\beta}N^{\theta} \quad \text{..... (1)}$$

From equation 1 above, A = technological progress, Y = output, K = capital, L = number of workers, N = oil resource endowment. B = is a parameter that lies between zero and one. Transforming equation 1 above in linear form yields equation 2

$$LnY = \ln A + \alpha \ln K + \beta \ln L + \theta \ln N \quad \text{..... (2)}$$

Taking the log of difference of each variable in equation 2 produces the growth rate of the variable. Thus equation 3 becomes;

$$\frac{\dot{y}}{y} = \frac{\dot{A}}{A} + \frac{\alpha \dot{K}}{K} + \frac{\beta \dot{L}}{L} + \frac{\theta \dot{N}}{N} \quad \text{..... (3)}$$

Equation 3 above implies that the growth rate of output equals the rate of technical change plus α times growth rate of per capital, plus β times the growth rate of labour input per worker and plus θ times the per capital oil resource growth rate. From equation 3 above, $\frac{\dot{A}}{A}$ = Technological change in the economy. It captures other factors such as improvement in management methods and ways of organizing production that raises the productivity capacity of factories that leads to increase output other than capital, labour and oil resource endowment.

4.1 MODEL SPECIFICATION

Following the theoretical above, we specify a regression model that expresses growth of output per worker as a function of technological progress, growth of per capita, per capita oil resource growth and growth rate of labour input per worker. Thus the model for the study is written as follows;

$$Gy = F(Gk, Gh, Gnr, A) \quad \text{..... (4)}$$

Where;

Gy = Growth of per capita income
Gk = Growth of Physical capita
Gl = Growth of human capita measured with numbers of workers within the working age
Gnr = Growth rate of per capita Natural resource
A = technological change

From the discussion in the theoretical framework above, we Follow the endogenous growth model and assume A (Technological change) is determined within the country by economic factors as follows

A=F (INF, FSD, SGEGDP COR)..... (5)

Where; FSD = Financial sector development measured as broad Money supply divided by gross domestic product, INF = inflation rate, COR = Corruption a proxy for governance, SGEGDP = Share of government expenditure in gross domestic product. Incorporating equation 5 into 4 and expressing in empirical form yields equation 6;

$$Gy = \alpha + \beta_1 Gk + \beta_2 Gh + \beta_3 Gnr + \beta_4 COR + \beta_5 INF + \beta_6 FSD + \beta_7 SGEGDP + e_t \quad \text{..... (6)}$$

Since there are no universal measures of oil resource endowment, we utilized two indicators of oil resource endowment commonly used in the literature namely; oil export and net oil export. Thus equation 7 becomes:

$$Gy = \alpha + \beta_1 Gk + \beta_2 GL + \beta_3 GOILP + \beta_4 COR + \beta_5 INF + \beta_6 FSD + \beta_7 SGEGDP + U_1$$

$$Gy = \alpha + \beta_1 Gk + \beta_2 GL + \beta_3 GNOILP + \beta_4 COR + \beta_5 INF + \beta_6 FSD + \beta_7 SGEGDP + U_2 \quad \text{..... (7)}$$

Where; OILP = Oil Production, GNOILE = Net Oil Export. All other variables remain as defined above. U_1 & U_2 = stochastic disturbance term. On Apriori, we expect the coefficient of oil resource endowment to be positive and statistically significant in explaining economic growth (resource blessing), if otherwise, we conclude that there exist "resource curse" however, if the coefficient is either positive or negative but not statistically significant, then there is neither a curse nor a blessing. The coefficient of corruption and inflation is expected to be inversely related to GDP, while the coefficient of financial sector development, physical capital, labour force and government expenditure is expected to be positively related to GDP.

4.2 TIME SERIES PROPERTIES OF THE VARIABLES

Inference from economic variables are based on the assumptions that the variables are stationary (i.e mean reverting), this assumption is often violated in most time series variables. Thus the use of ordinary least square (OLS) can lead to "erroneous" conclusion (Granger & Newbold, 1974). Therefore, there is need to examine whether the variables in our model are stationary. If the variable(s) is/are not stationary, then the variables contain unit root (mean and variance vary over time). In order to examine whether the variables are stationary we employ the Augmented Dickey Fuller (ADF) test by Dickey and Fuller (1979). The test involves the estimation of the following forms of regression equations with intercept and trend (t) in the series.

$$\Delta Y_t = \alpha + \beta\tau + \delta Y_{t-1} + \sum_{t=1}^{m} \Delta Y_{t-1} + \varepsilon_t \quad \text{..... (8)}$$

Where **Δ = difference operator,** α represent the drift, t represent deterministic trend and m is a lag length large enough to ensure that ε is a white noise Process. The lag length is based on Schwarz Bayesian Information Criteria (SBIC). In the equation above, the co-efficient of interest is δ. If δ is equal one (1) i.e. δ = 1, the series have unit root, if δ < 1, the series does not possess unit root, the possibility of δ > 1 is ruled out. The estimated ADF-statistic of the variable of interest is compared with the Dickey and Fuller critical values. If the ADF-statistic is significantly more negative than the ADF-critical value then the hypothesis that the variable of interest have unit root is rejected.

If the variables are stationary after taking the first difference, i.e. integrated of order one I(1), there is need to examine if co-integration exist among the variables since differencing of the variables takes the variables from long run to short run relationship. The variables are said to be co-integrated if a linear combination of these variables are stationary. If the variables are co-integrated we can say that there exists a long run stable relationship between the variables in the model. That is, any deviation from the equilibrium will get automatically corrected and the variable will revert back to its long run equilibrium level. To test for the possibility of a co-integrating relationship we employed the Johansen multivariate co-integration technique by Johansen 1988; Johansen and Julius (1990). This is because of its superiority over the Engle-Granger (1987) two stage techniques. Once presence of co-integration is established, we estimate the long-run coefficient of the variable. To do this, we employed the fully modified ordinary least square (FM-OLS) technique as propounded by Phillips and Hansen (1990) this technique is superior than the conventional OLS because of its ability to resolve the possible problem of endogeneity in the model as the estimates obtained using the conventional OLS is likely to be dependent on the stochastic disturbance term due to dynamism in the model as a result estimates will be biased and inconsistent. Thus the result obtained from the FM-OLS is more robust and reliable.

4.3 DATA USED AND SOURCE

Data used for this study spans from 1970 to 2010 and they include; economic growth proxy with gross domestic product a rise in GDP represent growth and vice-versa, physical capital is measured with gross fixed capital formation, labour force is measured with labour force participation rate, corruption, financial sector development is measured with broad money supply (M2) divided by gross domestic product, and government expenditure as ratio of government to gross domestic product. Specifically the data on corruption is extracted from the International Financial Statistics and the World Bank data files, data on the indicators of natural resource endowment (oil export and net oil export), gross fixed capital formation are obtained from the Central Bank Nigeria (CBN) statistical bulletin, financial sector development and ratio of government expenditure to GDP are computed from CBN Statistical bulletin and the National Bureau of Statistics respectively.

5. EMPIRICAL RESULTS AND INTERPRETATION

As earlier discussed, in order to avoid result that will give erroneous conclusion, we begin our analysis by first examining the time series properties of the variables in the model. This is done using the standard Augmented Dickey Fuller (ADF) test. We include intercept and trend term in carrying out the test. The result is summarized in table 1 below;

TABLE 1: RESULT OF UNIT ROOT TEST (ADF)

Variables	*Level*	*First difference*	*Order of integration*
	Critical Value	*Critical Value*	
LOGGDP	*-1.8322*	*-5.0049***	*I(1)*
LOGOILEXP	*-1.5430*	*-5.2651***	*I(1)*
LOGM2GDP	*-2.8022*	*-4.2923***	*I(1)*
LOGNETOILEXP	*-2.5426*	*-6.7512***	*I(1)*
LOGLF	*-0.5966*	*-4.4849***	*I(1)*
LOGGFCF	*-2.5932*	*-4.3479***	*I(1)*
LOGCPI	*-1.4531*	*-4.2699***	*I(1)*
COR	*-3.1742*	*-8.3441***	*I(1)*
LOGSEGDP	*-3.4676*	*-7.0609***	*I(1)*
Critical values at 5%	*-3.5298*		

Note: ** denote significant at 5%

The unit root result displayed in table 1 above show that all the variables possess unit root (that is, not stationary) at level. However, after taking their first difference, they all became stationary. This is because the ADF calculated statistics for all the variables is more negative than the ADF-critical value at 5% Thus it can be concluded that the variables are integrated of order 1, that is I(1). Thus, we proceed to carrying out co-integration test.

TABLE 2: JOHANSEN CO-INTEGRATION TEST

H0	H1	Trace Statistics	5% critical value	H0	H1	Max Statistics	5% critical value
n ≤ 0	n > 0	309.09**	197.37	n ≤ 0	n > 0	79.92**	58.43
n ≤ 1	n > 1	229.17**	159.52	n ≤ 1	n > 1	66.84**	52.36
n ≤ 2	n > 2	162.33**	125.62	n ≤ 2	n > 2	55.42**	46.23
n ≤ 3	n > 3	106.90**	95.75	n ≤ 3	n > 3	34.61	40.08
n ≤ 4	n > 4	72.29**	69.81	n ≤ 4	n > 4	28.11	33.88
n ≤ 5	n > 5	44.18	47.85	n ≤ 5	n > 5	20.59	27.58
n ≤ 6	n > 6	23.59	29.79	n ≤ 6	n > 6	11.61	21.13
n ≤ 7	n > 7	11.97	15.49	n ≤ 7	n > 7	10.31	14.26
n ≤ 8	n > 8	1.68	3.84	n ≤ 8	n > 8	1.66	3.84

Note: n represents number of co-integrating vectors. And ** denotes rejection of the null hypothesis at the 5% level.

The Johansen multivariate co-integration test by Johansen (1988) and Johansen and Julius (1990) is employed to carry out the co-integration test. We allow for intercept (no trend) in the co-integration equation. The co-integration result shown in table 2 above reveals that the hypothesis of no co-integration, H_0, among the variables can be rejected. The implication of this is that there exists a long-run relationship between the variables used in the model. It also implies that an Error Correction Model can be estimated using the model. However, since our interest is to examine the long-run relationship among the variables, we did not consider estimating the error correction model.

LONG-RUN ESTIMATES

Having shown that a long-run relationship exists between the variables in the model, we proceed to estimate the long-run impact of the regressors on the regressand using FM-OLS. This technique is employed because the conventional OLS result can give result that is not reliable in the long-run (i.e. inconsistent and biased). The result is displayed in table 3 below;

TABLE 3: LONG-RUN RESULT

Variable	*Model 1*	*Model 2*
LOGLF	*3.7285 (0.0001)**	*4.3116 (0.0001)**
LOGGFCF	*0.2506 (0.0001)**	*0.3527 (0.0000)**
LOGCPI	*0.2021 (0.0215)***	*0.2139 (0.0214)***
COR	*-0.0035 (0.9455)*	*0.0101 (0.8510)*
LOGM2GDP	*-0.1622 (0.1005)*	*-0.2367 (0.0466)**
LOGNETOILEXP	*0.1806 (0.0037)**	
SGEGDP	*0.0164 (0.0027)**	*0.0202 (0.0007)**
LOGOILEXP		*0.0331 (0.5380)*
C	*-5.1053 (0.0261)**	*-6.4206 (0.0148)*
R-squared	***0.99***	***0.99***
S.E of Regression	***0.1195***	***0.1353***
Long-run Variance	***0.0082***	***0.0088***
Durbin-Watson Stat	***1.73***	***1.659***

Note: value in parenthesis represent prob. Value; * and ** represent 5 and 10 percent significant level respectively.

The result in model 1 shows that five of the variables (LF, GFCF, COR, NETOILEXP, SGEXP) conform to our apriori expectation. But only four of these variables are statistically significant in explaining the regressor. Specifically, a 1% increase in labour force participation, gross fixed capital formation, net oil export and government expenditure is expected to increase the growth of the economy by 3.72, .25, .18 and .0.02% respectively in the long-run, while an increase in corruption is expected to decrease economic growth by 0.35% in the long-run. While two of the variables CPI and financial sector development do not behave well in the long-run, however, only the coefficient of CPI is statistically significant at 5%.

In model two, labour force participation, gross fixed capital formation, government expenditure and oil export have the expected relationship with the regressor in the long-run, however, except for oil export the other three variables are statistically significant in explaining the regressor in the long-run. Specifically 1% increase labour force participation rate is expected to increase economic growth by 4.31%. In the same vein 1% increase in gross fixed capital formation, government expenditure and oil export bring about increase in economic growth by 0.35, 0.02 and 0.03% respectively in the long-run. But the coefficient of natural resource measured with oil export although had it expected sign is not statistical significant in the long-run. The coefficient of the other three (CPI, COR, M2GDP) did not conform to the apriori expectation. However, consumer price index and financial sector development measured with the ratio of broad money supply to gross domestic product are statistically significant at 5% while corruption is not significant.

6. POLICY IMPLICATION AND CONCLUSION

The empirical result displayed above indicates that in the long-run the coefficient of oil resource endowment proxy with net oil export is positive and statistically significant implying that oil resource can be combine with capital and labour to achieve economic growth in Nigeria in the long-run "resource blessing". The implication of this is that even though it seems that a resource curse exist in Nigeria now, in the long-run, oil resource curse can be converted into resource blessings. The possible explanation for this is that in the long-run, owing to increase level of education and exposure of the Nigerian citizens, there will be high demand by the citizens for good governance. The implication of good governance is that effort will be made to ensure that oil proceed is effectively and efficiently utilize and the manufacturing sector will be able to play its role of massive employment, forward and backward linkage and learning by doing. However, when oil resource endowment is measured with oil export, it was observed that although the coefficient had positive relationship with economic growth it was not statistically significant implying that there is neither a resource "curse" or "blessing" in Nigeria in the long-run. The study investigates the long-run impact of oil resource on economic growth in Nigeria. Using co-integration and fully modified Ordinary Least square Techniques, the study reveals that a long run relationship exists between the variables in the model. The result show that the measurement of oil resource matters. Specifically, the result show that of the seven variables in model 1, five conform to our apriori expectation in model 1, while the other two variables did not behave well. In model 2, four of the variables behave well while the other three did not.

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