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Economic Growth through the Lens of Non-Oil Export in Nigeria, 1970 – 2010

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Abstract
This study examined economic growth through the lens of non-oil export in Nigeria from 1970 to 2008. It was prompted by incessant insignificant contribution of non-oil export to economic growth of Nigeria from 1970 to 2008. The overall objective of the study is to ascertain the impact or influence of non-oil export on Gross Domestic Product by way of finding, if any, the relationship between economic growth and non-oil export through an economic lens. In order to achieve these objectives, research questions were raised and hypotheses were formulated. For these raised issues to be addressed, econometric analysis of Ordinary Least Squares regression method (multiple regression analysis) and the co-integration/error correction technique. The findings of the study include money supply is positively related to economic growth. This implies that an increase in money supply stimulates growth. This is in agreement with our expectation and economic theory. An increase in money supply spurs growth by making investment funds available at a reduced rate to investors. At a lower interest rate people borrow more that is as investment increases, production and output also raises leading to a rise in economic growth. Also, the result of our analysis indicates that non-oil export and money supply are positively related to economic growth. On the other hand credit to the private sector was found to be negatively related to economic growth. Based on the findings, it is therefore recommended that Government should increase investment in non-oil sector; because our result shows that non-oil export is positively related to economic growth but insignificant at 5 percent level. An increase in investment by both private and the government in real sector like agriculture, industry and manufacturing will help boost economic growth through employment creation, output stimulation and improvement in income level. The real sector remains the key avenue for rapid and sustained growth in an economy be it developed or developing countries. The monetary authorities should reduce lending rate to single digit may help stimulate investment and economic growth in the country. We therefore conclude that rise in these variables can stimulate growth while a fall, reduces economic growth. On the other hand credit to the private sector was found to be negatively related to economic growth.
Keywords: Economic Growth, Non-oil Export Agriculture, Employment Creation, Stimulation Income Level.

Introduction

Nigeria as an open economy is involved largely in non-oil export. Non-oil export constitutes a significant proportion of her aggregate economic activity. Being a developing nation, Nigeria needs to pay more attention to her economic growth and development, since a developed economy will among other things create employment opportunities for the growing population and improve the general standard of living of its populace. The importance of the contribution of the external sector to the Nigerian economy cannot be overemphasized. Not only has the sector been a major driving force of the economy, its contribution has been a sine qua non to the growth of the economy. In order to make a proper assessment of external trade and economic growth, we must realize that in looking at the global perspective, the world is a huge market for goods, services and investments. Thus, the international nature of economics has emerged to become a dominating factor in national economic policies, rather than being a monopolistic entity (Onyekachukwu, 2008).

Prior to emergence of the oil sector, agriculture was and still remains one of the oldest occupations in Nigeria and had been the mainstay of the Nigeria economy; contributing 80% of the export earnings and 75% of the Gross Domestic Product (CBN, 2009). Thus, agricultural products dominated the export sector of the Nigeria economy. Consequently this position has fallen consistently to date. The attendant fluctuation in the non-oil export promotion, the world prices of agriculture, the manufacturing products and the emergence of oil have helped in no small measure in dwarfing and negating the role of agriculture in the nation's development. This situation is worsened by the almost total neglect of the agricultural sector in favour of Oil as a source of export trade. The Nigerian economy has not recovered from the resultant disequilibria in both domestic and external sectors; this has therefore brought about the need for adjustment in Nigeria. It is against this background therefore, this study examines the non-oil export in order to properly determine its overall impact on the economic growth of Nigeria.

The Nigeria economy, having been overly dependent on one single commodity namely petroleum; is subjected to instability due to the policies in the international market for Petroleum. Consequently, this has posed serious socio-economic problems on the developmental aspirations of the national economy due to the unfavourable balance of payment necessitated by huge expenditure on imported inputs. Overtime, economic policy in the past two decades had one dominating theme - Liberalization, but the extent of the realization of the decades of painful reforms has been the theme of heated debates in the recent empirical literature. This debate

has also informed divergent views. The concentration of Nigeria economic base on petroleum products has actually informed the neglect of other viable sectors in the economy. It is assumed in Nigeria that over concentration of the economy in oil exports is accounting for economic growth and development in Nigeria, thereby making other sectors insignificant.

Meanwhile, empirical literature has strongly revealed that before the discovery of oil in 1956 and its subsequent export in 1958, Nigeria was holistically relying on non-oil exports and this actually accounted for Nigeria economic base. Further, non-oil exports kept contributing to economic growth and development on Nigeria up to early 1970s the period of oil boom – 1973 to 1974 when petroleum product gradually took over the international market. Even in the face of oil exports, activities in the non-oil exports still take place but the big concern is that, it appears to be insignificant in the generation of government revenue. The reasons for its observed poor contributions to economic growth, remains the thrust of this study; hence prompted the investigation into non-oil export and economic growth in Nigeria between 1970 and 2010; hence this forms the problem to be investigated. Meanwhile, there exists a gap in the literature, which is seen in other works as it has been empirically revealed that no work has been found to discuss the non oil export and economic growth in Nigeria within thirty-eight years, 1970 to 2010.

The broad objective of this study is to examine the impact of Non-Oil export on the economic growth in Nigeria between 1970 - 2010 for better policy formulation and implementation. Specifically, the study will focus on the following objectives: to examine the contributions of non-oil export to the economic growth in Nigeria within the period under review; to examine the influence of non-oil export on gross domestic product in Nigeria; to establish the kind of relationship between non-oil export and economic growth in Nigeria; and to examine the relationship between some other explanatory variables (such as money supply and credit to private sector) and economic growth in Nigeria. Consequently, the objectives necessitated these study questions: what really have been the contributions of Non -oil export to Nigeria's Economic growth within the period under review? What is the level of influence of Non-oil export on gross domestic product in Nigeria? What is the kind of relationship that exists between non-oil export and economic growth in Nigeria? What is the kind of relationship between other explanatory variables (such as money supply and credit to private sector) and economic growth in Nigeria? Further, the study will be guided by the following hypotheses: there is no significant relationship between non - oil export and economic growth in Nigeria; and there is no significant relationship between money supply, credit to the private sector and economic growth in Nigeria.

This study was structured in five sections because of the nature of method of analysis, section one begins with introduction related to the general study, which comprises of Background of the Study, Statement of the Problem, Objectives which seeks to achieve some research questions, Hypothesis, and its organizations. Section two deals with the review of related literature to the study while section three discusses the method of study which is structured in form of its research design, data required, method of data collection and analysis, model specification, variables in the model (also stating the theoretical relationship between regress and regressors), mathematical form of the model (also stating the expected sign of the regression coefficients). The rest of the paper focused on presentation and discussion of results, summary of findings and concluding remarks which covered recommendation and conclusion.

REVIEW OF RELATED LITERATURE

In this section, effort was made to highlight related issues on the topic with a view at keeping us abreast with what other scholars have said about Non-oil export and economic growth. We shall organize this section by identifying topical issues that border on the subject matter.

The Concept of Economic Growth

Ohale (2004) argued that economic growth refers to a steady process of increasing productive capacity of the economy and hence of increasing national income. It is characterized by high rates of growth of per capital output, population and high rates of increase in total factor productivity, especially labour productivity. It is the process of augmenting the productive forces or expanding productive capacity which is accomplished through effective mobilization, assemblage and management of human, material and financial resources. It is the process of sustained rise in material output, so that the physiological or material needs of man can be continually met as these needs (His demands, taste and expectations) rise. It is a process in which investment which improves the quality of existing physical and human resources, or of specific resources through invention, innovation, technological progress and managerial capacity have been and continue to be primary factors. (Todaro and Smith, 2003) in (Nwosu E. J. 2003) as reported by Wilson (2008).

Okowa (1999) opined that economic growth is only a part or sub-set of economic developm.ent since economic development means economic growth plus change. It is worthy of mention here that Economic growth can occur without economic development or progress. Economic growth implies increase in income overtime. Kalu (2001) noted that economic development is a broader concept. It embodies those characteristics which make possible sustained and cumulative growth in income and per capital income. Such characteristics includes qualitative improvement in labour, a rational system of resource allocation in the interest of efficiency, the

development of administrative, physical and political infrastructure as well as a distribution of income conductive to rational integration and equity.

It therefore follows thus that a country may be ranked very high in the scale of economic growth but in terms of economic development it is placed at the bottom of the scale. In addition, economic development places emphasis on the sources of growth in real per capital income as against economic growth which is not interested in how growth occurs.

Wilson (2008) argued that a country which is interested in economic development worries about whether growth rests on exploitation of a single resource or whether growth comes from large-scale mechanized undertakings which employ only a few people or whether it comes from a large number of medium and small scale enterprises employing most of the population. It is also worried about whether growth rests on the skill and entrepreneurship of foreigners or whether it is based on indigenous efforts. In other words, while economic growth or progress is an essential and indeed an indispensable component of development, it is by no means the only standard for measuring and determining it. Hence, in the words of Michael Todaro "Development must be conceived of as a multi - dimensional process involving (positive and progressive) change in structures, attitude, values and institutions, as well as the reduction of inequality and eradication of absolute poverty. Along the same line, as observed by Michael (2002) in his illuminating book: Dependence and underdevelopment, define real development as follows: "Real development involves a structural transformation of the economy, society and polity that permits the self generating and self perpetrating use and development of the people's potentials"' We therefore maintain, Todaro and Smith (2003), that embedded in the concept of economic growth with development are the following characteristics. High rates of per capital output and reasonable commensurate, or moderate rate of population growth; High rates of productivity increase, notably labour productivity, involving sustained educational, scientific and technological progress, including the upgrading of existing physical and human resources; and High rates of economic (structural) transformation, such as a shift away from the predominance of agricultural production to that of industrial activities, including commerce agricultural production to that of industrial activities, including, commercial agricultural production, a significant change in the scale of average size of a substantial number of production units away from small family and personal enterprises to the impersonal organization of large production units, and a corresponding positive change in the quality of the labour force, and high rates of, among other things, spiritual, social, educational, political institutional and ideological transformations (Nwosu, 2003).

Non- Oil Export Marketing and Economic Growth

Export marketing is an important economic development tool, because marketing activities are usually identified with economics of abundance which is also associated with the function of guiding production purposefully toward maximum consumer satisfaction and value for money. When a nation produces far beyond the subsistence needs, it has the task of encouraging the consumption of the output of goods and service from its economy across its national frontier.

The vital role of optimizing economic growth process can therefore, be credited to export marketing and or marketing. This is because marketing was instrumental in laying the groundwork necessary for rapid development of most developed nations. Drucker (2007) asserted that marketing is the process through which the economy is integrated into society to serve human needs. In the same manner, "effective marketing" was described as not only improving the life-style and well being of a people in a specific economy, but also upgrades world markets.

In other words, marketing raises the living standard of not only of its domestic economy, but also that of others through export marketing. Walter (2008) quoting Myint (1971), observed that export expansion of peasant products, particularly in South East Asia, Uganda and West Africa, placed not so much emphases on the reallocation of given and fully employed resources from domestic to the export sector, by bringing hitherto underutilized surplus of land and labour in the subsistence economy into export production. The significance of export to a nation's economic development was further highlighted by Haberker (2001), as he observed that exports (import substitution), now constitute important national goals. It has been argued that the economic development of any nation has some strong relationship with the export performance of the country. Ayal (2002) similarly noted that the economic problems faced by most countries, at a given period, were associated with export marketing of the nations. Kilpatrick and Miller (2008), remarked that determinants of export success from Israel, had to do with wages per employee which are strongly associated (positively) with capital per employee, and the study concluded that higher wages per employee, higher value added per production workers, and higher economies of scale, are the main characteristics discriminating between net exporting and net importing industries in the United States.

Export marketing can be described as a nation's economic facilitator, as it facilitates transactions between a country's productive sector and its international consumer need/demand. It is the critical link in effectively utilizing the production resources of one country to the economic wellbeing and growth of both the importing and exporting countries. It has also been argued that export marketing and by extension marketing, might by itself go far toward changing the entire economic tone of the existing system, without any change in

methods of production, distribution of population, or of income. What is needed in most developing countries' (like Nigeria) growth to make economic development realistic and meaningful is to engage in effective marketing and export marketing. It is the belief of most people that man can improve his economic lot through systematic, purposeful, and directed marketing effort, individual as well as for the entire society. This is because man has been equipped or blessed with necessary tools of divine aptitude, learning, developed technology, among others.

An Overview of the Structure of the Nigerian Economy

The Nigerian economy shares most of the characteristics associated with a developing economy, with the primary sector dominating both production and exports. Agriculture dominates the production and employment structure, accounting for about 41 percent of GDP and nearly 70 percent of total employment in 2001, while comparative figures for the industrial and services sectors as a percentage of GDP over the same period are 20 percent and 39 percent respectively. The manufacturing sector contributed only 6 percent of GDP in 2001. Table 1.1 shows that agriculture and public administration are the major driving forces for the economy. Both grew at 4.6 and 4.5 percent respectively between 1982 and 2001, while the two industrial sub-sectors of manufacturing and construction grew at less than 1 percent, thereby constituting a drag on overall GDP growth.

Table 1: The Changing Structure of GDP in Nigeria 1960 – 2002 (Percent)

GDP by Industry of Origin	1960	1970	1980	1985	1990	1998	2001	% Growth 1982-01
Agriculture	62.9	48.8	22.2	35.1	39.0	36.6	41.1	4.6
Oil and Mining	1.2	10.1	26.8	16.5	13.2	15.6	11.0	1.7
Manufacturing	4.8	7.2	5.4	10.7	8.1	7.5	6.0	0.9
Construction	4.8	5.1	8.5	1.8	1.9	2.2	2.3	0.1
Electricity, Gas and Water	0.4	0.7	0.5	0.7	0.6	0.7	0.6	2.8
Transport and Communication	4.9	2.8	4.1	4.8	3.4	4.0	3.1	1.2
Trade and Finance	12.4	12.8	25.0	19.8	21.4	25.2	21.5	2.3
Public Admin and Defence	3.3	6.5	4.5	6.1	8.4	11.4	10.9	4.5
Others	5.3	6.0	3.0	4.5	4.0	1.6	2.9	3.2
GDP at Factor Cost	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**3.0**

***Sources*: (1) Federal Office of Statistics. Annual Abstract of Statistics, various Years, Lagos.**
(2) CBN Annual Reports and Statement of Accounts, Various Issues.

In terms of fiscal structure, oil dominates the economy. In fact, in the last three decades, the contours of Nigerian economic growth have totally depended on developments in the oil sector. The reason for this is very clear. Oil accounted for 81.6 percent of total federally collected revenue in 1980. This rose to 83.9 percent in 1990 before declining to 76.5 percent in 2001. The declining share of oil in government revenue is due mainly to the growing importance of value added tax. In addition, oil serves as the main source of foreign exchange for the Nigerian economy. Its share of foreign earnings rose by 8 percentage points from 90.9 percent in 1980 to 98.7 percent in 2001. The high degree of openness of the economy implies that impulses in the global oil market are easily transmitted into the domestic economy.

Like most African countries, Nigeria depends on primary exports, and the small share of manufactured goods in total exports limits the capacity to import. Oil earnings provide the foreign exchange needed to finance the huge appetite of the economy, especially the manufacturing sector, for the import of capital and intermediate goods. Thus, developments in the global oil market have a direct impact on domestic industrial performance and the conduct of domestic economic activities. Moreover, since the Nigerian government is the repository of oil revenue, fluctuations in oil revenue often result in major contractions in public investments and, by extension, aggregate domestic investment (Olofin, at al, 2002). Nigeria’s economic growth trend has fluctuated very significantly. On the basis of official national income statistics published by the Federal Office of Statistics (FOS), the estimated rate of economic growth during the 70s was an average of 5.6 percent. However, this declined sharply to -0.008 percent in the 80s. Between 1981 and 1990, output recorded negative growth rates in five years. There has been some growth recovery in the 1990s. The average growth rate of output between 1990 and 2002 stood at 3.0 percent per annum. One of the causes of the declining trend in per capita income in Nigeria in the past two decades can be traced to declining productivity growth.

The Performance of Nigerian Non-Oil Export

The non-oil sector of the Nigerian economy, no doubt, occupies a prime place in the country’s quest for a paradigm shift from a mono-cultural economy, largely driven by revenue from crude oil, to a robust, diversified and non-oil dependent economy. Emeka (2010) in his piece of work writes on the declining profile of Nigerian exports in this sector in recent time, it was in recognition of the abundant but untapped potential of the non oil sector that the Federal Government, through the Nigeria Export Promotion Act No. 26 of 1976, established the

Nigeria Export Promotion Council in order to promote the development and diversification of Nigeria's export trade. The NEPC Act, which was subsequently amended by Decree 72 of 1979, 41 of 1988, also vested in the Council the responsibility of implementing export policies, among other things.

Also, in furtherance of its efforts towards diversifying the country's revenue base through non-oil exports, the Federal Government, through Act No. 63 of 1992 established the Nigeria Export Processing Zones Authority to license, monitor and regulate the activities of Free Zones and enforce compliance to rules and regulations on their operations. So far, the NEPZA has licensed 26 Export Free Zones across the country with 40 companies operating in them. According to the latest report on the contribution of the non-oil sector to the Nigerian economy, which was released by the Ministry of Commerce and Industry, the total income generated from non-oil exports from January to September 2009 stood at $900m, while total amount that accrued to the country from the sector in 2008 was $1.9bn. This amount represents a decline of about 138 per cent when compared with revenue generated within the period under review.

Udenwa (2008), blamed the decline on lack of standardization of the country's export products and paucity funds to enable exporters engage in meaningful export related projects. He noted that the Nigeria Export Promotion Council 'was working in partnership with the Standards Organization of Nigeria and the National Agency for Food, Drugs Administration and Control to address the problem of poor standards which had become the bane of the country's export commodities. He added that in addressing the prevailing problem of non-access to funds by exporters, the NEPC would partner the Nigerian-Export Import Bank to provide relief by connecting them to cheap sources of finance (African Growth Opportunity Act, 2010). Adulugba (2006) said over the years, Nigeria has relied heavily on export of traditional goods. Services export, which is currently believed to account for about $2.5tn or 20 percent of world exports, have not been exploited. Services export appears to be invisible to our policy makers. Its huge potential in increasing export turn-over from Nigeria and ushering a favourable regime of foreign exchange earnings cannot be over-emphasized. In other countries, this sector plays a vital role in facilitating all aspects of economic activities in a country .A vibrant services sector remains the resultant effect of a rich human capital.

According to Emeka (2010) the poor response of Nigeria's entrepreneurs to AGOA is attributed to the non-competitive business environment they operate in. These include lack of functional infrastructure, high cost of funds and a myriad of taxes which have resulted in increasing cost of production. Another major challenge confronting non-oil export trade in Nigeria today is the difficulty in accessing funds by exporters for their international transactions. Even so, the current crises in the banking industry have compounded the woes and expectations of exporters as most of the banks prefer to finance imports rather than support export initiatives.

The poor response of Nigeria's entrepreneurs to AGOA is attributed to the non-competitive business environment they operate in these include lack of functional infrastructure, high cost of funds and a myriad of taxes which have resulted in increasing cost of production. Another major challenge confronting non-oil export trade in Nigeria today is the difficulty in accessing funds by exporters for their international transactions. Non-oil export has been conceptualized either in terms of its objective or importance in the economic growth and development. It is frequently clamored that Nigeria" like other economies, requires a well diversified economic base in order to reduce her vulnerability to external shocks.

Dahil (2006) asserts that the point is non-controversial, since having all of one's eggs in a basket can indeed be very risky, leaving very little room to manoeuvre. Nigeria was for several years an agricultural based economy until the advent of the oil in the seventies which brought the nation a lot of boom. The boom brought the nation a lot of wind-fall gains. But the lack of preparedness for this boom and the lack of capacity to manage these wind-fall gains practically sniffed life out of the agricultural sector. Gbosi (2008) Agriculture was been carried out mostly in the rural areas, but this sector suffered with the oil boom as there was dearth in the farm land caused by youth migration to he urban areas in pursuit of wage employment in the non-agricultural sector brought about by the oil boom. Since that time, there has been calls to increase the non-oil proportion of Nigeria's total foreign exchange receipts" but there have been no clear export promotion measures - at least not until the introduction of the Structural Adjustment Programme (SAP) in 1986, by President~ General Ibrahim Babangida (Rtd), Nigeria should record an increase in the non-oil proportion of the total external receipts if the oil market collapses (Emeka, 2001).

However, according to Dahil (2006), the oil market need not get worse before Nigeria can, and in fact should, revamp the non-oil sector to achieve prominence. To draw an analogy, Indonesia was once a country like Nigeria endowed with oil and agriculture but oil initially playing a prominent role. But today, that country Indonesia has a widely diversified economic base, representing one of the fastest growing economies of the world.

Strategic Importance of Non-Oil Export to Nigeria Economy

The significance of non -oil export to Nigerian economy can be appreciated from the perspective of export and economic development, as discussed above. Export has also been described as the bedrock of any economic development which is meaningfully centred on non-oil export in most countries of the world. Therefore, the current efforts to enhance Nigeria's non-oil export is derived from the failure of oil export (oil boom), which has

not been meaningfully managed to positively reflect on the socio-economic well being of the people. Historically, Nigeria's export involvement before the discovery of crude petroleum (oil) in the early 1950s was centred on the country's traditional agriculture, mining and other related products. The products constituted Nigerian main export products then, and provided about 85% of total export earnings and accounted for not less than 63 percent of the country's Gross Domestic Products as at 1960.

From the Nigeria economic perspective, promoting non-oil export products will bring about reduction on the nation's level of dependence on the dominance of crude oil or what can be describe as, "mono-cultural foreign trade product'.' that averagely racked in over 80% foreign earnings since Nigerian Firms' Non Oil Export Involvement. This can be a thing of the past if the export economic potentials of Nigeria are sincerely and usefully harnessed. It is in the recognition of the significance of non-oil export to a nation that Nigeria government made exporting of the country's non-oil products, a major key element of its structural adjustment program (SAP) in 1986.

The Nigeria export promotion council (NEPC), surveys on the various export potentials, and the foreign market opportunities of the country for industrial goods, according to Ogunnusi (2006), revealed products such as Aluminum, household utensils, paper products, biscuits, confectionery carpets, wire-nails, nuts and bolts, mango-juice, coca-based beverage, instant yam-flour, beer, African phonographic records, wood products, African prints and handicrafts. The study also confirmed that Nigerian firms can export agricultural and livestock products like cashew-nuts, chillies, Arabic-gum, tropical fruits, vegetables" hoof and horn bones. The NEPC survey further informed that Nigeria has a comparative advantage to produce and supply the above products not only to other African countries, but also to other countries of the world.

The Nigeria non -oil export statistics proceeds for 1986/87, according to NEPC report, showed that Nigeria's non -oil export shipments amounted to 483.6 million U.S. Dollars, while that of 1988 was 483.7 million U.S. Dollars, 1990 had a decline of 289.9 million dollars, and 1991 had an increase of 338.7 million dollars. These are some of the earnings realized by Nigeria from exporting non-oil products from 1986 to 1991. Other strategic importance of non-oil export to the Nigerian economy is also revealed from what NEPC called benefits of exporting non-oil products. The benefits include: The export of non-oil products increase the foreign exchange earning of the country, through the export of Nigerian products to other countries, Nigeria earns foreign exchange which assist in the financing of other economic sector of the nation, the earned foreign exchange enables the country to fulfill its international financial obligations. Export of non-oil products create employment and reduce un-employment problem in the country. The exporting company can at least keep the present employees, without the fear of creating further unemployment pressure in the country. The living standard of the people in the exporting country will improve, or be better when compared to countries that do not sales and profits to firms that export market their products export (all things being equal). The export of non-oil products brings about increase in it. However, it does not always follow that export marketing bring about increase in profit, because increase in sale is relative to selling price, cost of production and other costs. Foreign trade may also improved product quality, and reduction in production cost, which may be brought about by mass production for export. Business expansion is another benefit that results from export marketing. Firms may consider the expansion of its production line, and other business activities as a result of the company's involvement in foreign trade. Recognition and Reputation of firms may also be enhanced when quality, quantity, and reliability of the firm are considerably improved as the firm successfully engages in export marketing. It is important to state that all the above discussed benefits that may accrue to Nigerian firms that engage in non-oil export (although not exhaustive), are by extension beneficial to the country where the exporting products are destined/consumed, and will have positive "spread effect" on both countries' economies and the well-being of the citizens.

Structure of Nigeria's External Trade

Dollar (2006) opined that over the years, the Nigeria's foreign sector has been growing. The dominant feature of its export trade and one that is common to most developing countries is the predominance of primary products and the relative insignificance of manufactures. In 1972 for example, chemicals, manufactures, machinery and transport equipment constituted less than 3% of total exports whereas crude materials, mineral fuels and related materials, live animals, animal and vegetable oils and facts together accounted for over 97%. CBN (2008) reported that Nigeria's most important single export commodity is crude petroleum which contributed over 90% of total export earnings in 1974 and has continued to contribute the highest earnings till date.

Other major export products are cocoa, palm kernels, rubber (natural) and tin metal whose shares of total exports amounted to 2.7, 0.8, 0.6 and 0.4 percent respectively in 1974. Although the country, because of her richness in natural resources and extension over many vegetation regions, produces a vast number of primary products for export, two commodities crude petroleum and cocoa account for over 95% of total export earnings. The reliance on oil for export is now so great that Nigeria's economy can be described as an oil one.

Statistics from NBS (2006) revealed that the rise of petroleum to the number one position of Nigeria's export list constitutes the most fundamental change in the structure of her exports during the post war period. Although the exploration for oil began as far as 1938, it was not until 1958 (20 years after), that the product

appeared on the export list; and has continued on the list as the highest contributor till date. A concomitance of the increase in importance of petroleum among Nigerian exports is the fall in the dependence of the country on agricultural products. In 1946, ten major agricultural products accounted for 78.50/0 of the total value of exports. A decade and half later, in 1960, at 82%, the proportion of export earnings derived from these products was even higher than in 1946. From about 1965, when crude petroleum emerged as the most important single export commodity, the dominance of agricultural products in the Nigerian export trade began to dwindle. By 1974, the ten major agricultural products, which gave Nigeria 78.5°,10 of her export earnings in 1946 contributed no more than 4.8% of such earnings. For each of the agricultural products, the percentage of export earnings accounted for in 1974 was substantially lower than that of 1946 or 1950. Lewis (2002) argued that while the fall in importance of agricultural products and the ascendancy of petroleum to a dominant position are the most important changes in the structure of exports during the said period, there are other changes worth mentioning. One such change is the disappearance of Bananas farm the Nigerian export lost after 1960.

Prior to this year, the' major Banana producing area in the country had been the Southern Cameroon. That territory had opted out of Nigeria In 1960, hence, the virtual disappearance of the commodity from Nigeria's export lists after that year. Kendrick (2003) in the light of above maintained that another change of some significance in the structure of exports is the appearance of tin metal as an important export commodity after 1960; it is worth noting that this change was accompanied by the elimination of tin ore as an export commodity. Both changes are thus due to the fact that from 1962, tin ore, instead of being exported, has been smelted locally and exported in tin metal ingots. The exportation of tin in the form of metal rather than ore is an aspect of Nigerian export policy which aims at processing an increasing proportion of Nigeria's raw materials before exporting them. By processing the raw materials, it is hoped that their exchange earnings" employment and income generating effects will be considerably increased.

Afolabi (2004) in his argument in Importance of Policy maintained that the above mentioned policy has found expressed not only in the trade in tin but also in that of many agricultural products. Thus, Nigeria now exports not only cocoa beans and groundnuts but also products such as groundnut cake and meal, cocoa cake, powder and meal. In 1974, for example, the export earnings from processed cocoa amounted to ₦26.9 million. One by-product of the policy has been that exchange earnings from unprocessed agricultural products have tended to be reduced. Another development tending to have the same effect is that over the years, an increasing proportion of some raw materials e.g. cotton, is being consumed domestically to meet the needs of import substitution industries.

It is pertinent to stress that those developments have not reached the stage where the dramatic decline in the importance of raw agricultural products in the export trade f Nigeria can be attributed to them. And important casual factor has been the secular deterioration in terms; of trade for most of the products. The basic cause of the decline, however, is the phenomenal rise in the volume and venue of petroleum exports. Olaloku (1979) Onuchukwu (2000) opined that most recently, the Structure of Nigeria's Foreign Trade has remained unchanged with crude oil export constituting over 95%of total exports while imports concentrate more on Machinery & Equipment and intermediate goods rather than consumer goods.

Since 2003, import of Machinery & Equipment has contributed more than Consumer goods but by 2004, intermediate goods surpassed Consumer goods imports. By 2005, Machinery & Equipments imports constituted 43% intermediate goods (30%) and Consumer goods (27%). Overall Trade balance remains favourable for the period under review and valued at N4.4 7 Trillion in 2005 from N1.12 Trillion in 2001.

Review of Empirical Studies

In what concerns empirii.cal applications, let's consider the structuralist inclination present in Hagen and Hawrylyshyn (1969), Chenery et a1 (1970), Chenery et al (1986) and Chenery and Syrquin (1989) as reported by Osakwe (2001). These authors tested the significance of 'structuralist variables, and decided on its relevance in explaining Economic Growth (EG), particularly in samples of Less Developed Countries (LDCs) and in the years that followed the 60's.

They demonstrate with empirical studies, the evidence that the exports promote EG. Moreover, they claim that the existence of imports limits may reduce EG. Feder (1982) as reported by Anyanwu (2003) proceeded with the empirical application of the developed framework. In semi-industrialized and marginally semi industrialized countries between 1964 and 1973. He concludes that, statistically, its formation was superior for the traditional neoclassical formation. He also decided on the superiority of the marginal production of the factors in the exporter sector and on the externality of this sector *over* the other. Finally, he concluded that the allocation of one unit of capital to the exporter sector would create one marginal value for the economy superior to what would be obtained if it were affected by a non exporter sector. Ram (1987) in Osakwe (2001) extended the analysis of Feder to the estimation of time-series for each country from a sample of 88 LDCs, in the years 1960 - 1985.

The obtained regression (being globally statistically significant) confirms the positive effect of the exporter sector, in about 70% of the countries. In conclusion of the above therefore we realize that even more skeptic empirical applications like those of Michaely (1977), Tyler (1981) and Dodaro (1991) do not challenge

the positive effect of IT on EG, provided the countries have reached a certain minimum threshold of development.
A more survey by Rodrignes and Rodrick (1999) finds considerable weaknesses in the econometric literature and argue that the empirical evidence to date does not provide convincing evidence. They conclude that they find little evidence that openness to trade in the sense of lower tariff and removal of non-tariff barriers to trade are significantly associated with economic growth.

Method of Study
Method of data analysis adopted in this study is econometric analysis of Ordinary Least Squares regression method (multiple regression analysis) and the co-integration/error correction technique.
Model Specification
In this study, the models specified as: GDP = f(NOE, MS, CPS)
Variables in the Model Specified
GDP = f (NOE, MS, CPS)
Where: GDP = Gross Domestic Product, NOE = Non Oil Exports, MS = Money Supply, CPS = Credit to Private Sectors
Mathematical Form of the Model
GDP = f (NOE, MS, CPS)
Mathematically we have:
$Y = ao + a_l X_l + a_2 X_2 + a_3 X_3 + U_t$
Y = Gross Domestic Product
ao = Constant Intercepts, al = Coefficient of X_l, X_l = Non Oil Export
a_2 = Coefficient of X_2, X_2 = Money Supply, a_3= Coefficient of X_3
X_3 = Credit to Private Sectors
U_t = Unexplained or stochastic then simply explains other variables or factors that were not captured in the model specified above, but also influential.
Apriori Expectation Behaviour of the Variables in the Model
Economic postulations suggest that increase in Non Oil Exports will determine or bring about increase in Gross Domestic Product. Also, a positive relationship exists between the regress and (GDP) and regressor (MS and CPS). This is based on the economic postulation that an increase in Money Supply and Credit to Private Sector in Nigerian Economy will be directly transmitted into the Economy or will bring about an increase in the volume of Economic Growth. Further, increase in CPS will bring about an increase in output, if adequately put into production. The equation signs below indicate that an increase in CPS will definitely bring about a corresponding increase in output if adequately put into production.
Based on the foregoing, the expected signs of regression coefficients are;
GDP = f(NOE, MS, CPS) (l)
$y = ao + a_lX_l + a_2 X_2 + a_3 X_3 + U_t$ (2)
a_l>O; a_2 >0; and a_3>0.

Data Analysis
In order to correct pitfalls that may occur in an econometric analysis, both stationarity and co-integration tests were conducted to avoid spurious regression results. Basically, testing for unit roots in data always precedes co-integration analysis. In testing for the stationarity of the variables, Augmented Dickey-Fuller (ADF) test was employed to determine the degree of integration of the variables (Dickey and Fuller 1981).

Table 2: Short-Run Result of GDP, and, Money Supply, Credit to Private Sector as well as Non-Oil Export

Short Run Regression Result.
Dependent Variable: GDP
Method: Least Squares
Date: 02/04/11 Time: 14:35
Sample: 1970 2008
Included observations: 39

Variable	Coefficient	Std Error	t-Statistic	Prob.
C	135240.0	18520.76		0.0000
MSS	0.502498	0.102250		0.0000
CPS	-0.530773	0.110526		0.0000
NOE	-0.032878	0.087275		0.7087

R-squared	0.778468	Mean dependent var	243648.6
Adjusted R-squared	0.759480	S.D. dependent var	188203.3
S.E. of regression	92300.26	Akaike info criterion	25.80040
Sum squared resid	2.98E+11	Schwarz criterion	25.97102
Log likelihood	-499.1077	F-Statistic	40.99696
Durbin-Watson stat	0.445246	Prob (F-statistic)	0.000000

Source: Computed Result (E-view).

The short run regression result as reported above shows that all the variables under consideration were significant at 5% level except non-oil export the key variable. The R2 value and other statistic were also reasonable. However, the Durhin Watson statistic is very low. Indicating the presence of auto-collinearity hence accepting this result may be misleading given that tune series data are prone to error due to fluctuation in economic/business activities, hence the need for a co-integration analysis. To achieve a long run Foreign Direct Investment inflow model, we begin by conducting a stability or unit root test. This test shows the number of times required for a variable to be stabilized.

Table 3: Unit Root Test Result using ADF Procedure

Variables	Ordinary level	1st Difference	Order of Integration
Gdp		-3.92826	1 (1)
Mss		9.617645	1 (1)
Cps		4.990647	1 (1)
Noe	5.418368		1 (0)
1 %.= -3.6228; 5% = -2.9446; 10% = -2.6105			

Source: Computed Result (E-view).

The unit root test reported above shows that only non-oil export is stationary at ordinary level. This implies that non-oil revenue attained stationarity by differencing it once. Gross Domestic product, money supply and credit to the private sector were stationary at first difference. This is because they were differenced twice to attain stationarity. The long-run relationships among the variables were examined using Johansen (1997) co-integration framework. The results of the co-integration test are reported below:

Table 4:Johansen Co-Integration Tests Results

Eigen Value	Likelihood Ratio	5% Critical Level	1% Critical Value	Hypothesis No. of CE(s)
0.983097	273.6042	47.21	54.46	None **
0.866128	134.8752	29.68	35.65	At most 1 **
0.773626	66.50569	15.41	20.04	At most 3 **
0.375299	15.99638	3.76	6.65	At most 3 **

Source: Computed Result (E-view).

Note: Series, GDP, Mss, Cps and NOE L.R test indicates 4(four) co-integration equation(s) at 5% significance level. This shows that a long run relationship existing among the variables is feasible.

Table 5: Parsimonous Results of Determinants

Variable	Coefficient	T-statistic	Probability
C	10457.49	1.653735	0.1090
D (MSS)	0.02.1611	0.443429	O.6607
D (MSS (-2))	0.151965	1.365991	0.1824
D (CPS)	-0.091442	-1.400054	0.1721
D (NEO)	0.008443	0.247140	0.8065
D (NEO (-1)	0.023814	0.610449	0.5463
ECM (-1)	-0.090005	-1.287784	0.2080

Source: Computed result (E-view).

R^2 = 0.24; R1-adjusted = 0.09; F-statistic = 1.6; DW = 2.1; F-table 2.53; T-table = 2.04. T-table and F-table values are determined thus.
N = Sample size. K = Variable size. For t-table, n-k = 38-4 = 34
For f-table k-l= 4-1 = 3, VI, F-table n-l = 38-4 = 34 = V2
Test of parameter estimates are carried out at 5% level of significance.

Result Interpretation and Findings

Money supply is positively related to economic growth. This implies that an increase in money supply stimulates growth. This is in agreement with our expectation and economic theory. An increase in money supply spurs growth by making investment funds available at a reduced rate to investors. At a lower interest rate people borrow more that is as investment increases, production and output also raises leading to a rise in economic growth. However, the insignificance of money supply in this model indicates that money supply is inadequate to reduce interest rate and spur investment level required for expected growth and development ill Nigeria during the period of this study.

Non-oil export is positively linked to economic growth (GDP). This is in consonance with our expectation. It also implies that increases in non-oil revenue stimulating growth while a fall in it retards economic growth non-oil export comprises of export of agriculture, manufacturing etc. unless sectors are the real sectors of the economy and contributes immensely to economic growth of an economy ill terms of employment generation, improvement in level and enhancing price stability. The insignificance of non-oil export in this study shows that non-oil revenue is inadequate to stimulate growth in Nigeria during the period of this study. The neglect of agriculture since the discovery of oil and the poor state of basic infrastructure and raw material development which have affected the performance of the agriculture and industrial sectors may have accounted for this result.

Credit to the private sector is negatively related to economic growth. This deviated from our expectation. It is also insignificant at 5% level. This result indicates that rise in credit to the private sector retards economic growth.

Usually, an increase in lending to the private sector stimulates investment, output and economic growth. The deviation of this variable from our expectation may be likening to some unnecessary bottleneck filleted out to private borrowers or investors by most financial institutions. Also the increase in public sector bait owing over the years in Nigeria fully have crowd-out private investment and retard economic growth during the period of this study in Nigeria.

The coefficient of determination indicates that only 24 percent of the total variation in economic growth is explained by non-oil export, money supply and credit to the private sector during the period of this study.

Durbin Watson statistic of 2.1 indicates that serial correlation is minimal. While the negative sign of the error connection mode (ECM) shows that long run relationships exist among the variables. Based on the above results we accept our null hypothesis that there is no significant relationship between non-oil revenue, money supply, credit to the private sector and economic growth in Nigeria.

CONCLUDING REMARKS

This study investigates the contribution of non-oil revenue to economic growth in Nigeria from 1970-2008. Given the other variables influences economic growth, we incorporated money supply and credit to the private sector in our model. Hence GDP is our dependent variable while money supply, non-oil export and credit to the private sector are our independent variables. The study is organized into five chapters. In carrying out the study, we employ the ordinary least squares (OIS) and cointegration test analysis based on the Engle Granger (1987) cointegration analysis.

The result of our analysis indicates that non-oil export and money supply are positively related to economic growth. This implies that rise in these variables stimulate growth while a fall reduces economic growth. On the other hand credit to the private sector was found to be negatively related to economic growth. This shows that a rise in credit to private sector retards growth while falls spur growth. This result deviated sharply from our expectation. It is also important to note that all the variables under consideration are insignificant at 5 percent level of significant. This indicates that the contribution of non-oil export to economic growth is weak during the period of this study.

Policy Recommendations

Based on the above results and findings, we therefore make the following recommendations;

- Increase investment in non-oil sector; our result shows that non-oil export is positively related to economic growth but insignificant at 5 percent level. An increase in investment by both private and the government in real sector like agriculture, industry and manufacturing will help boost economic growth through employment creation, output stimulation and improvement in income level. The real sector remains the key avenue for rapid and sustained growth in an economy be it developed or developing.
- Increase lending to private sector. The negative relationship of this variable to GDP in our study may be traced to crowding out of private investment due to increase in public sector borrowing. An increase in private sector borrowing will help stimulate growth since private investors have been found to be more

frugal and prudent in resources management than the public sector especially in most LDCs.

- Reduced interest rate. Lending rate in Nigeria currently stands at between 21-25% (CBN, 2010). This rate is unhealthy for rapid economic prosperity.
- The reduction of lending rate to single digit may help stimulate investment and economic growth in the country.

Conclusion

This study investigates the impact of non-oil revenue on economic growth in Nigeria between 1970 and 2008. The result of investigation indicates that non-oil export and money supply are positively related to economic growth. This implies that rise in these variables stimulate growth while a fall reduces economic growth. On the other hand credit to the private sector was found to be negatively related to economic growth. This shows that a rise in credit to private sector retards growth while falls spur growth. This result deviated sharply from our expectation. It is also important to note that all the variables under consideration are insignificant at 5 percent level. This indicates that the contribution of non-oil export to economic growth is weak during the period of this study.

Based on the above result and findings, we suggest, an increase in real sector investment, reduction in lending rate, increase lending to the private sector as some of the ways of improving the performance of the Nigerian economy.

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