**EXPORT EARNINGS AND ITS EFFECT ON THE GROSS DOMESTIC PRODUCT OF NIGERIA IN A RECESSIONARY PERIOD**

**IORLAMEN TOR’UJA EMMANUEL**

**UJ/2013/SS/0206**

**BEING A RESEARCH PROJECT SUBMITTED TO DEPARTMENT OF ECONOMICS, FACULTY OF SOCIAL SCIENCES, UNIVERSITY OF JOS, PLATEAU STATE, NIGERIA IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF BACHELOR OF SCIENCE (B.Sc) DEGREE IN ECONOMICS.**

**APRIL 2018**

**DECLARATION**

I, Iorlamen Tor’uja Emmanuel do hereby declare that this work is a product of my own research efforts, undertaken under the supervision of Dr. Solomon T. Gushibet and has not been presented elsewhere for the award of any degree or certificate. All references have been duly distinguished and appropriately acknowledged.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**IORLAMEN TOR’UJA EMMANUEL Date**

**UJ/2013/SS/0206**

**APPROVAL**

This Project has been Approved as Meeting the Partial Fulfillment of the Requirements for the Award of Bachelor of Science (B.Sc) Degree in Economics, in the Department of Economics, University of Jos, Plateau State, Nigeria.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**DR. SOLOMON T. GUSHIBET DATE**

**PROJECT SUPERVISOR**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**DR. GIDEON G. GOSHIT DATE**

**HEAD OF DEPARTMENT**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**EXTERNAL EXAMINER DATE**

**DEDICATION**

I dedicate this research work to Mrs. Mbape Torkwembe, Late Mrs. Tabitha Hon and the Federal Republic of Nigeria.

**ACKNOWLEDGEMENTS**

Four years gone, and this was made possible through direct and indirect contributions of various persons too numerous to mention for whom, I wish to express my gratitude. First and foremost my most important gratitude goes to Almighty God for life, knowledge, strength, favour, guidance and protection throughout my study at the University.

I am very grateful to my supervisor, Dr. Solomon T. Gushibet, for his concern, sacrifice and patience in reading every word in this work and providing prompt corrections and suggestions where necessary, my Level Coordinator, Dr. Mathias A. Eneji, for his kindness and encouragement, my lecturers and researchers who had contributed to the field of Economics and whose works I quoted and used in the research work.

I am also grateful to my parents Engr. Joseph, I. Torkwembe, Mrs. Catherine Torkwembe and Mrs. Tina Torkwembe, my siblings Ronald, A.K, Kenneth, Dem, Avave, Sophia, Fakwagh and Ayinaga, my relations, Mr. Terkimbi, Doofan Pine, Mr. Solomon, Uncle John, Uncle Luther, Aunty Sarah, Aunty Florence, Mrs. Feese, Uncle Philip, Uncle Moses, Pastor Francis, Oghene Tega, Ogaga and Gullit, my Guardians and Mentors, Prof. Adeiyongo, Prof. Tor, Prof. Ujah, Prof. Ojerinde, Sen. Adeleke, Sen. Bruce,Sen. Akpabio, Mr. Tony Elumelu, Prof. Utomi, Mr. Banjo, Mr. Marshall , Mr. Christiano Ronaldo and Mrs.Collins for being there for me through thick and thin through this phase of my academic pursuit via your prayers, encouragement, material and financial support.

My appreciation also goes to my senior colleagues, Sam Ben George, Providence Maduka, Jerry Manomi, Ted Promise, Chief Geoffrey Obi, Francis Gyang, Gabriel Bodam, Equilo, Eddie Aseigba, Kyesla, Tong-D, Weng Jeremy, Esther Fanzing, Agatha Yanat, Anas Saleh, Arita, Agnes, Steven Ihi, Jennifer Nwachukwu, Blessing Nkiru, Wengyen Tunis,Dennis,Winner,Ifaenyi, and Evelyn; my Friends Frank Osas, Peace Ekwesi, Saeed,Yolanda, Tofumi, Yakong Thaba, Banon Yaji, Emmanuella Iji, Immaculate, Ashwei, Ogomo, Silas Aji, Benjamin, Abednego, Zubby, Mannex, Faith Chigbu, Lovelyn, Amarachi, Clement, Lisa, Enobong, Hans, Othniel, Edward, Chisom, Nathan Kuyoung, Zita, Idoko, Idoga, Cleff, Lois, Stephnie, Sechivir, Nwanevu Daniel, Panwok, Zara, Wakky, Obiagheli, Precious, Idowu, Gerald, Christopher Fally, Segun Osaze, Olu, Lapam, Badung Weng, Dung Sunday Dung, Lawal, Small Doctor, Farida, Ella, Koker, Cynthia, John Bosco, Chijioke, Rithgan, Jessica, Mercy, Fedora, Mr. Emmy, Nanpan Abdul,Aminu,Melody,Mantim, Moses Okpanachi, Anne, Jemimah, Terso, Mr. Bobai, Mr. Kassy, Mr. Walshak, Mr. Zingven,Jossy Uche,Mr.Oneh, Mr. Silas, Mr. Agbo , Maluda, Alkali, Mrs. Chinonye, Mrs. Betty, Anuoluwa Bunmi, Wuritka, Verashe, Dave, Raphael, Alhaji Red Bricks, Jojo, Grace, Dinchi, Amal, Chika, Garba, Ahmed, Lady Ezeime, Kelechi, Oscar, Tobi, Juliet Umunakwe, Daniel Aje, Isio, Byenmah, Olamide, Sonya, Ukamaka, Amos, Mansok, Ambode, Sophie, Femi, Skales, Sophie Gamde, Ebube, Abigail, Mohammed Sallah and you, may God Almighty reward you guys for the various roles you played towards ensuring the success of this research work. Finally, to all Great Josites and the entire staff of University of Jos, it has been a pleasure learning and interacting with you. I hope to meet you at higher grounds. Long Live University of Jos, Long Live Plateau State and Long Live Nigeria.

**TABLE OF CONTENTS**

**CONTENT PAGE**

TITLE - - - - - - - - - - - i

DECLARATION - - - - - - - - - ii

APPROVAL - - - - - - - - - - iii

DEDICATION- - - - - - - - - - iv

ACKNOWLEDGEMENTS- - - - - - - - - v

TABLE OF CONTENTS- - - - - - - - - vii

LIST OF TABLES- - - - - - - - - - x

LIST OF FIGURES- - - - - - - - - - xi

ABSTRACT- - - - - - - - - - - xii

**CHAPTER ONE**

**INTRODUCTION**

1.1 BACKGROUND TO THE STUDY- - - - - - - 1

1.2 STATEMENT OF THE PROBLEM- - - - - - - 3

1.3 RESEARCH QUESTIONS- - - - - - - - 5

1.4 OBJECTIVES OF THE STUDY- - - - - - - 5

1.5 HYPOTHESES OF THE STUDY- - - - - - - 5

1.6 SIGNIFICANCE OF STUDY- - - - - - - 6

1.7 SCOPE OF THE STUDY- - - - - - - - 6

1.8 OUTLINE OF THE STUDY- - - - - - - - 6

**CHAPTER TWO**

**LITERATURE REVIEW**

2.1 CONCEPTUAL ISSUES- - - - - - - - 8

2.1.1 Concept of Export Earnings - - - - - - - - 8

2.1.2 Concept of Gross Domestic Product (GDP)- - - - - - 9

2.1.3 Concept of Economic Recession- - - - - - - 10

2.2 THEORETICAL FRAMEWORK- - - - - - - 14

2.2.1 Heckscher-Ohlin Theory of International Trade- - - - - 14

2.2.2 Keynesian Macroeconomic Theory- - - - - - - 17

2.3 EMPERICAL LITERATURE- - - - - - - 19

**CHAPTER THREE**

**EXPORT EARNINGS, GROSS DOMESTIC PRODUCT AND RECESSION IN NIGERIA**

3.1 OVERVIEW OF EXPORTS EARNINGS’ CONTRIBUTION TO

THE GROSS DOMESTIC PRODUCT OF NIGERIA- - - - 30

3.1.1 Structure of Foreign Trade in Nigeria- - - - - - 31

3.1.2 Involvement of the Federal Government of Nigeria in Foreign

Trade (Post SAP)- - - - - - - - - 32

3.1.3 The Role of Federal Ministry of Finance and the Ministry of

Industry, Trade and Investment- - - - - - - 33

3.1.4 The Role of the Central Bank of Nigeria- - - - - - 34

3.1.5 The Role of the Nigerian Export-Import Bank (NEXIM)- - - - 35

3.1.6 Challenges of Export Earnings in Nigeria- - - - - - 36

3.2 AN OVERVIEW OF ECONOMIC RECESSION IN NIGERIA- - - 38

3.2.1 Causes of Economic Recession in Nigeria- - - - - - 39

3.2.2 Impact of Economic Recession on the Nigerian Economy- - - - 42

**CHAPTER FOUR**

**METHODOLOGY**

4.1 RESEARCH DESIGN- - - - - - - - 45

4.2 TYPES AND SOURCES OF DATA- - - - - - 45

4.3 MODEL SPECIFICATION- - - - - - - - 45

4.4 TECHNIQUE OF ANALYSIS- - - - - - - 46

4.4.1 Ordinary Least Squares Procedure of Analysis- - - - - 47

4.4.2 Standard Error Test- - - - - - - - - 47

4.4.3 Co-efficient of Multiple Determinant (R2)- - - - - - 48

4.4.4 t-test- - - - - - - - - - - 48

4.4.5 f-test- - - - - - - - - - - 49

4.4.6 Durbin-Watson Test for Autocorrelation (d\*)- - - - - 49

4.4.7 Descriptive Statistics - - - - - - - - 50

**CHAPTER FIVE**

**DATA PRESENTATION AND ANALYSIS**

5.1. DATA PRESENTATION- - - - - - - - 51

5.2 DATA ANALYSIS AND INTERPRETATION OF RESULTS- - - 54

5.2.1 Ordinary Least Squares Result and Model Estimation- - - - 54

* + 1. Standard Error Test Result and Interpretation- - - - - 55
    2. Student t-Test Result and Interpretation- - - - - - 55
    3. F-Distribution Test Result and Interpretation- - - - - 56
    4. Durbin-Watson Test Result and Interpretation- - - - - 57

5.2.6 Co-efficient of Multiple Determination (R2) Result and Interpretation- - 57

5.2.7 Descriptive Statistical Analysis- - - - - - - 57

* 1. DISCUSSION OF FINDINGS- - - - - - - 58

**CHAPTER SIX**

**SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

6.1 SUMMARY OF FINDINGS- - - - - - - - 61

6.2 CONCLUSION- - - - - - - - - 61

6.3 RECOMMENDATIONS- - - - - - - - 62

6.4 LIMITATIONS OF THE STUDY- - - - - - - 64

6.5 SUGGESTIONS FOR FURTHER STUDY- - - - - - 64

6.6 CONTRIBUTIONS TO KNOWLEDGE- - - - - - 65

REFERENCES- - - - - - - - - 66

APPENDIX I - - - - - - - - - 72

APPENDIX II - - - - - - - - - 73

APPENDIX III - - - - - - - - 74

**LIST OF TABLES**

Table 1:Showing Real Gross Domestic Product and Value of Total Export Earnings of Nigeria “1987-2016” - - - - - - 51

Table 2: Showing Real Gross Domestic Product and Total Export Earnings of Nigeria

in a Recessionary Period “2015Q4-2017Q2”- - - - - 52

**LIST OF FIGURES**

Figure 1: Showing Business Cycle Fluctuations - - - - - 12

Figure 2: Bar-graph showing Total Export Earnings Rate of Nigeria in a Recessionary Period. - - - - - - - - - - 53

Figure 3: Bar-graph Showing Real Gross Domestic Product Rate of Nigeria in a Recessionary Period. - - - - - - - - 54

**ABSTRACT**

*This research work examined the effect of Export Earnings on the Gross Domestic Product of Nigeria in a Recessionary Period. The research made use of annual and quarterly time series data for the period 1987-2017 sourced from Central Bank of Nigeria and the National Bureau of Statistics Bulletin. Quantitative and Descriptive Statistical Techniques respectively were employed via the use of Ordinary Least Squares (OLS) procedure and bar-graphs respectively as well. The OLS result using Simple Regression Method showed that the Independent Variable, Total Export Earning had a direct, positive and non-proportional relationship with the Dependent Variable, Real Gross Domestic Product in a recessionary period. The t-test at 5% level of significance revealed that the Autonomous Component and Total Export Earnings were significant and suitable variables for the model. The f-test at 5% level of significance showed that the entire model was correctly specified. The co-efficient of Multiple Determination revealed that regression line of the model had a good fit. The Durbin-Waston result indicated the existence of autocorrelation and the HAC Standard errors & covariance (Bartlett, Kernel, Newey-West Fixed bandwidth = 4.000) was used to correct it. Descriptive Statistical Analysis also revealed that Total Export Earnings and Real Gross Domestic Product of Nigeria had direct, positive and non-proportional relationship. In conclusion, the research revealed that Export Earnings had a significant effect on the Gross Domestic Product of Nigeria in a recessionary period and recommended among others, Stabilization of power supply in Nigeria, Enhancing the Manufacturing Sector, Enhancing the Security network in the country, Formulating and implementation of a “ONE NIGERIA” policy, Review of the Budgetary allocation to Education and Health, Subsidy on Health and Education services and Increase investment in Science and Technology.*