International Journal of Innovation and Research in Educational Sciences
Volume 2, Issue 3, ISSN (Online): 2349–5219

Commercial Bank Loans, Inflation, Exchange Rate and Political Instability as Key Determinants of Economic Growth: Empirical Evidence from Nigeria (1970-2013)

AJIBOLA, Joseph Olusegun
(Ph.D., FCIB, FICA, ACTI, LLB, BL)
Associate Professor of Economics and Head, Department of Economics, Banking and Finance
Babcock Business School, Babcock University, Ilishan-Remo, Ogun State, Nigeria
Email: joeoluajibola@yahoo.co.uk; Phone: +2348034409494

***Abstract* – This paper considers the impact of commercial bank loans, inflation, exchange rate and political instability on Nigeria's economic growth for the period 1970 – 2013. It delves into the contemporary theories and literature on the relationship between bank loansand economic growth in Nigeria, using the rise in non-oil GDP as a measure of growth. However, given that economic growth is influenced by a multitude of factors apart from credit, the study introduces few other key variables of inflation, foreign exchange rate and political instability/trade dispute (measured by overthrow of governments through coups and number of disputes declared by labour unions) to measure jointly and severally the impact of the variables on aggregate growth in Nigeria.**

The paper examines the theoretical underpinning of the role of commercial bank lending on economic growth based on the combination of the quantity theory of money, recent growth theoriesand aggregate production function. The basic regression model adapted from the Cobb Douglas production function is defined as:

$Yr = a_1 + a2Lr + a3Br + a4Br\text{-}_1 + e_1$

Results of the linear regression show that the previous and current year's loans and advances have positive impact on economic growth in Nigeria. Likewise, the equation shows that both foreign exchange rate and inflation rate had positive effects on Nigeria's output growth whereas political instability had negative effect during the period of study.

Generally, the findings confirm our a priori expectation of a positive correlation between commercial bank credit, inflation rate, foreign exchange rate and economic growth and an inverse relationship between political instability/trade dispute and growth of the economy.

***Keywords* – Commercial Bank Loans, Economic Growth, Foreign Exchange, Inflation, Non-oil GDP, Political Instability, Trade Dispute.**

I. INTRODUCTION

Banks and bankcredit constitute important and active stimuli to economic growth and development of a country. If the banking system of a country is effective, efficient and disciplined, it brings about rapid growth in the various sectors of the economy, [1].

A major controversial issue in economic literature, however is the link between the real and financial sectors of the economy. Following from this is the debate over the relationship between the financial system and economic growth in general and between commercial bank lending and economic growth in particular.

Equally, the impact of such key macro-economic variables of inflation and foreign exchange rate on economic growth remain controversial especially in developing economies usually plagued by the "twin evils" of inflation and unemployment (stagflation).

This paper contributes to the limited empirical studies in this area by ascertaining the causal relationship between commercial bank lending and economic growth in Nigeria and the effect of such variables as inflation, exchange rate and political instability/trade disputes.In specific terms, the paper provides answers to the following questions:

(1) What is the impact of commercial banks' credit on economic growth in Nigeria?

(2) What is the effect of inflation, exchange rate, political instability on economic growth in Nigeria?

This study differs from the previous ones in many respects. Available empirical works on this subject matter in Nigeria lay much emphasis on the nexus between aggregate credit and real GDP. This study deviates from this pattern in three ways.

- Emphasis is on non-oil GDP; hence the focus is on the impact of credit on the growth of the non-oil/real sectors of the Nigerian economy.
- Commercial bank credit is used as opposed to aggregate bank credit.
- A multiple model of commercial bank credit, inflation, exchange rate and political instability is introduced to determine their combined effects on economic growth in Nigeria.

II. LITERATURE REVIEW

In performing the important role of financial intermediation by moving loanable funds from surplus units to deficit units, banks, particularly commercial banks support the economy by serving the credit needs of their customers and providing a safe place for the cash balances of individuals, [2]. This is also attested to by the United Nations Report on the role of Financial Institutions in national economic development, [3].

In the Keynesian determination of equilibrium level of output, it is shown that an increase (decrease) in investment or expenditure (private or government) give rise to multiple increase (decrease) in output. The increase in output is a measure of economic growth. Thus, Keynes multiplier effect in terms of increases in investment or expenditure may bring about economic growth. Viewing

this same issue, Reference [4] defined economic growth of a nation as:

A long-term rise in capacity to supply increasingly diverse economic goods to its population, this growing capacity based on advancing technology and the institutional and ideological adjustments that it demands.

He talked about structural shifts in the economy especially from agricultural to non-agricultural activities, industry to services; a shift away from small family and personal enterprises to the impersonal organisation of large-scale national and transnational productive units. All these shifts, he maintained, are associated with high and sustained rates of growth of per capita product and of productivity per worker. This indicated that the productive efforts in the various sectors were meant to bring about economic growth. These productive efforts have to be financed. References [5], [6],[7],[8] all agreed with this view.

There is a growing support for the propositions that financial institutions in general and commercial banks in particular, contribute significantly to economic growth and development. In the words of Porter [9]:

The visible correlations in the world (between financial and real development) are indeed commanding – whether one relates the development of the nation's financial system (however measured) to its per capita income across countries at a moment of time or across time for a particular country, the relationship between real and monetary variables are undeniable.

This opinion enjoyed wide support from the works and writings of Levine [10], Schumpeter [11]), and Goldsmith [12].

Furthermore, majority of empirical studies support a positive contribution of financial sector development to economic growth. These include studies carried out by Goldsmith [12]. Ariff andKhalid [13] have indicated that the financial reforms in Malaysia have been relatively successful and have resulted in economic growth. The positive effect of financial sector in deepening economic growth appears to be greater for developing countries than for developed ones [14],[15].

Reference [16] measured lending behaviour as the growth rate of loans by banks in some selected countries. They found that loan growth is indeed correlated with macroeconomic shocks as measured by GDP growth. Specifically, a 1-percent increase (drop) in GDP is associated with a 1.46 per cent increase (drop) in lending by private domestic banks with a similar pattern exhibited by public banks

Reference [17] had argued in his 'demand-following' and 'supply leading' approaches whether financial intermediation was really a consequence of a developing economy or vice-versa. Reference [18] also raises the question "Is finance a leading sector in economic development or does it simply follow growth in the real sector which is generated somewhere else?" In resolving the above puzzle, [19] conducted a study of Bank Lending and Economic Growth in Malaysia. The findings indicate direct causality running from bank lending to economic growth and an indirect impact from economic growth to bank lending in the country.

The roles of inflation in economic growth have been variously considered. Reference [20] opines that if inflation rate increases, growth declines marginally. This view is supported in the findings from the study conducted by [21] which suggested a negative, non-linear relationship between inflation and economic growth through the new growth theory mechanism. In like manner, Risso and Carrera [22] talked about the damaging impact of inflation on economic growth through reduction in domestic and foreign supplies, reduction in efficiency of resource allocation and deterioration in balance of payments. However, the Structuralisms[23] differ in their opinion stating that inflation is necessary for economic growth, contrary to the monetarists view that price stability promotes economic growth and protects balance of payments. Reference [24] had opined that there is no relationship between inflation and economic growth supporting the hypothesis of super neutrality of money. Reference [25] view is that inflation does not affect real output in the long run but that has a negative effect in the short run while studies of Mexico economy reported that inflation had no effect on the long run economic growth of that country.

Regarding foreign exchange rate, there is common belief in the literature that strong exchange rate is an indicator of economic viability and a symbol of national pride. Reference [26] in their empirical analysis revealed that exchange rate fluctuation is responsible for changes in macro-economic aggregates for the developing economies. Reference [27] pointed to the series of exchange rate arrangements as one of the root causes of unstable growth patterns in Nigeria. This position finds support in Adelowokan [28] who pointed to the series of sharp practices in the Nigeria's foreign exchange market as one of the country's hydra-headed problems. Reference [29] is also of the view that government expenditure in the country is patterned along inflow of petrodollars, as dwindling oil revenue usually leads to deficit financing.

Political instability works against the economic interest of any sovereign nation. Indeed a country characterized by turmoil, group violence, conspiracy internal war, etc. can never make economic progress. This view finds support in Ayittey [30] that an environment that engenders instability in the political system has adverse effect on economic growth and development. Also frequent incursion of military into power has prevented Nigeria from realizing its potentials as an African power despite huge natural resources, human capital and large domestic market. Reference [31] argues that the negative correlation between political instability and growth is explained through impaired production factors, accessibility and efficiency which ultimately encourage brain drain.

III. THEORETICAL FRAMEWORK

The theoretical development in the study of economic growth has moved with the times, moving from the physiocrats analysis of growth by natural law to the

classicalists' value-theory and then to the neo-classical marginal analysis. Today, economic growth theories are caught within the unnatural web of the seventeenth and nineteenth-century liberal philosophy and the twentieth-century mathematical techniques. Within this web are two basic modern approaches to the study of growth.

The first approach is that theory which follows the neo-classical line of argument. These are referred to as the neo-classical growth theories. These are exemplified in general equilibrium theory of Walras [32], Solow [33], and others. In recent times, this approach has also borrowed from the works of Harrod [34] and Domar [35].

The second basic approach to the study of economic growth is the post-keynesian approach. This derives primarily from the works of Keynes [36]. The works of Harrod [34], which provide the initial stimulus for the rebirth of interest in growth theory and those of Robinson [38], Kahn [39] represents Post-Keynesian theories. The remarkable characteristics of the neo-classical growth analysis are the dynamic and the long-run nature of study tools whereas the Post-Keynesian analysis is devoted to the short-run tools, stationary states and fixed coefficients.

Neo-Classical Growth Model: The Simple Malleable Capital Model:

The malleable capital model of the neo-classical as seen in the works of Solow [33], and others, assume factor substitution along a production function in reworking Harrod's fundamental relation for growth. Solow's model is briefly presented below:

The technological possibilities can be represented by a standard production function:

$$Y = f(K,L) \quad \ldots\ldots\ldots\ldots\ldots\ldots (3.1)$$

Equation (3.1) is twice differentiable, homogeneous of the first degree with constant returns to scale, such that:

$f^1_k, f^1_L > 0$

$f^{11}_k, f^{11}_L < 0$

Which implies that maximum values of the expression are attainable at the critical points.

where

Y = Output: the only one commodity of the system

K = Capital

L = Labour

The Case of Cobb-Douglas Function:

The Cobb-Douglas function can be represented as:

$$Y = K^a L^{1-a} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (3.2)$$

Or

$$Y = K^a L^b$$

Where Y = Output

K = Capita

b= (1-a)

a and (1-a) are elasticities

Recent Development in Growth Analysis

Recent researches and empirical works in the last two decades have given rise to some growth analysis, which is referred to as endogenous growth models. This new growth theory was developed in the 1980's as a response to criticism of the neo-classical growth model. The endogenous growth theory holds that policy measures can have an impact on the long run growth rate of an economy. The models show that growth is better generated endogenously as against the neo-classical's exposition of exogenously generated growth. The Theory also tries to overcome the shortcomings of the neo-classical model by building macro-economic models out of microeconomic foundations. Of significance are production of new technologies and human capital. Growth can be explained through constant return to scale production function (the AK Model) or some more complicated set ups with spillover effects, increasing number of goods, etc.

IV. METHODOLOGY

The Model Specification

The production function of the Cobb - Douglas form is adopted with some modification based on recent empirical studies.

The adopted Cobb- Douglas function is:

$$Y_{(t)} = A_{(t)} L^{\alpha}_{(t)} K^{\beta}_{(t)} \quad (4.1)$$

Where

Y = output

$A_{(t)}$ = rate of technical progress.

L = Labour

K = The capital

t = time and

α and β are elasticities of output with respect to factors.

To put equation (3.1) in an estimate form the natural log form is taken:

$$L_{(n)}\, Y_{(t)} = L_n A_{(t)} + \alpha L_n L_{(t)} + \beta L_n K_{(t)} \quad (4.2)$$

Then the relative growth of output becomes:

$$*Y_{(t)} = A_{(t)} + \alpha L_{(t)} + \beta K_{(t)}$$

Where,

$$\frac{dL_n Y_{(t)}}{dt} = \frac{Y^1_{(t)}}{Y_{(t)}} = *Y_{(t)} \quad (4.3)$$

$$\frac{A^1_{(t)}}{A_{(t)}} = A_{(t)} \quad (4.4)$$

$$\frac{L^1_{(t)}}{L_{(t)}} = A_{(t)} \quad (4.5)$$

$$\frac{K^1_{(t)}}{L_{(t)}} = L_{(t)} \quad (4.6)$$

$$\frac{K^1_{(t)}}{K_{(t)}} = K_{(t)} \quad (4.7)$$

Let the relative rates of change of the variables obtained in equation (4.4 – 4.7) be represented as Y_r, A_r, L_r, and K_r and then substituted into equation (4.2) to obtain:

$$Y_r = A_r + \alpha L_r + \beta K_r \quad (4.8)$$

Equation (3.8) can be written as:

$$Y_r = A_r + \alpha L_r + \beta K_r + e \quad (4.9)$$

$A_r, \alpha, \beta, > 0$

Where

Y_r = relative rate of growth of output

A_r = rate of technical progress

α = elasticity of output with respect to labour

β = elasticity of output with respect to capital

L_r = relative growth rate of labour

K_r = relative growth rate of capital

e = error term

Although the conditions of constant returns to scale (if $\alpha + \beta = 1$) was assumed in equation (4.1) and hence holds for equation (4.8), we further assume that increasing returns to scale (if $\alpha + \beta > 1$) and decreasing returns to scale (if $\alpha + \beta < 1$) could also hold for the model represented by the equation (4.8). This is to enable equation (4.8) accommodate the real life situation in most economies where $(\alpha + \beta)$ may not necessarily be equal to one. There is a very high tendency for the sum of the output elasticities $(\alpha + \beta)$ in Nigeria to be less than 1.

MODEL I

Economy Model:

With slight modification of equation (3.9), the model for this study is stated as follows:

$$Y_r = \alpha_1 + \alpha_2 L_r + \alpha_3 B_r + \alpha_4 B_{r-1} + e_1 \quad (4.10)$$

Where ;

Yr = relative growth rate of output

$\alpha_1 = A_r$ = rate of technical progress

α_2 = elasticity of output with respect to labour

α_3 = elasticity of output with respect to capital (represented by commercial banks' credit)

L_r = relative growth rate of labour

B_r = the relative growth rate of commercial banks' credit which is taken as a proxy for capital.

$$\frac{B^1_{(t)}}{B_{(t)}} = Br$$

B_{r-1} = one lag of the growth rate of Commercial banks' credit

α_4 = elasticity of output with respect to one lag of the growth in Commercial banks' credit.

e_1 = error term

In equation (4.10), bank credit (implying commercial bank loans and advances) is used as a proxy for capital. The equation suggests that the growth in output is a function of growth in labour, current bank credit and previous bank credit of one lagged period.

It is to be noted that the model as specified in equation (4.10) is exclusive of many other variables, which may affect economic growth, as earlier indicated. Some of the excluded variables are natural resources (R) components such as climatic conditions i.e. drought, the rate of Entrepreneurial Development (E) and Social capability (S), which will include availability of foreign reserve, credit from other sources or political instability of the nation concerned. It is not always possible to include all influential explanatory variables in a given model due to innumerable circumstances. Be this as it may, more variables have been included in the model, for better accountability of output growth. These additional variables are: Foreign exchange rate (E_r), Inflation rate (I_r) and Political/industrial indicator (P_r).

Two indicators of political/industrial instability are used as explanatory variables namely: trade dispute (P_r) and coups (coups). It is believed that political/industrial instability, foreign exchange rate and inflation rate have a lot of influence on the economic growth of a country[40].

Thus, equation (3.10a) can be re-expressed as:

$$Y_r = \alpha_1 + \alpha_2 L_r + \alpha_3 B_r + \alpha_4 B_{r-1} + \alpha_5 E_r + \alpha_6 I_r + \alpha_7 P_r + e_1 \quad (4.11)$$

Where;

L_r, B_r, B_{r-1} and e_1 are as defined above,

E_r = Foreign exchange rate,

I_r = Inflation rate,

P_r = The rate of political instability which is measured using the number of

declared trade disputes and the number of coups within this study period.

V. Data Analysis, Regression Results and Interpretation

Data for this research were obtained from the publications of the Central Bank of Nigeria and the National Bureau of Statistics[42] – [53], the two highest authorities in the provision of data in the country

The Regression Results are shown in models 1 and II below. The values in parenthesis are t-values. Also here, we employed the use of Cochraneorcutt AR (1) method to correct high serial correlation whenever Durbin –Watson statistics is far less than 2 (especially where it is less than 1.5).

Model I

$$Yt = 1.7244 + 0.1007Lr - 0.0011Br + 0.0021Br\text{-}I \quad (5.1)$$
$$(1.7475) \quad (0.3541) \quad (-0.1099) \quad (0.2244)$$

$R^2 = 0.0104$; $F(3,21) = 0.7335$;

The results for the Economy Model reveal that the one year lagged bank credit had some positive impact on growth of the economy for the period under study. This is not suprising as the transmission mechanism between the financial and the various sectors of the economy operates in fairly sluggish manner. Some sectors such as agriculture require gestation period for the impact of bank borrowings to reflect on the output. The value of the R^2 is understandably low because of the omission of other critical factors influencing output growth in the economy.

Model II

The empirical results of equation 5.2 below show that the current and the previous year's commercial banks' credit have positive effects on output growth of Nigeria.

$$Y_r = 0.3478 - 0.0085Lr + 0.0333B_r + 0.0331B_{r-1} + 0.2082E_r + 0.4025l_r - 0.0125P_r$$
$$(0.2697) \quad (-0.0553) \quad (0.4799) \quad (0.4749) \quad (0.5582) \quad (1.1048) \quad (-0.8463) \quad (5.2)$$

$R^2 = 0.5\overline{179}$; $F(7,17) = 2.4551$

The equation shows that both foreign exchange rate and inflation rate had positive effects on Nigeria's output growth. This posits that the Nigeria's situation finds explanation in those who hold the view that moderate inflation is required to drive an economy towards the path of growth. Likewise, exchange rate management is seen as a key positive determinant of the direction of an economy. Expectedly, political/industrial instability (trade dispute) had negative effects within the period of study. About 51 percent of the variation in output growth is explained in the model as attested to by the value of adjusted R^2. The commercial banks' credit variables are equally statistically significant. These are good improvement over those of equation 5.1.

VI. Summary of Major Findings, Implications, Conclusion and Recommendations

6.1 Findings

The following constitute the major findings

(a) Between 1970 and 2013 commercial banks were a major pillar of financial support to the Nigerian economy.

(b) more than 60 percent of commercial banks' available deposits are set aside as loanable funds from 1970 to 2013.

(c) Trade dispute (Political/industrial instability) and economic growth in Nigeria are inversely related. This is evident by the value of elasticities of trade dispute which is negative throughout.

d) Both the current and previous year's commercial banks' credit have positiveimpacts on economic growth jointly or severally in one sector of the Nigerian economyor the other. Commercial banks' credit to the economy contributes to the economic growth of Nigeria.

6.2 Implication of major findings

1. By implication of our research findings, commercial banks' loans and advances are still the major financial backbone to the Nigerian economy at least for the period covered by this study.
2. The noticeable continuous deterioration of the health parameters of licensed commercial banks could be as a result of poor credit/risk management, poor loan recovery, frauds and forgeries, persistent bank robbery, insider dealings/abuse, the shareholders interference in credit policy and of course lack of political will to deal with numerous credit abuses.
3. To achieve meaningful economic growth, credit should be made available to the economy early enough. According to our findings, between 1970 and 2013, over 60 percent of available deposits in commercial banks were made available as loanable funds. This is avoidable risk as it created liquidity problems, bank distress or bank failures. Rather than identifying the optimum level of loan-to-deposit ratio that is suitable for their operations and existence, commercial banks within this period, went on loan jamboree.
4. The findings show that the impact of commercial banks' credit on economic growth was dependent on the sector and also on whether it is current year's credit or previous year's credit. The implication of this result is that the credit made to manufacturing sub-sector may be recovered that same period while that of agriculture may be for a lagged period, ceteris paribus.

6.3 Conclusion

The interrelationships between economic growth and other variables remain contentious in the literature. As the global economic landscape continues to witness changes, so are the complexity of the variables and the influence they exert on economic growth and development. It is in this wise that further studies into the relationship and interaction among the indices will continue to discover new findings and make meaningful contributions to the body of knowledge.

6.4 Recommendations

Based on the above findings, the following recommendations are made.

1. Commercial banks should continue to provide credit facilities to the Nigerian economy.
2. To avoid liquidity problems, distress and sometimes bank failure, commercial banks should from time to time institute researches into their operations as a way of identifying the optimal loan-to-deposit ratio.
3. Individual commercial bank should put in place additional stringent punitive measures to deal with all parties to credit abuse (customers, officials, directors and even shareholders).
4. Commercial banks should be assisted by monetary authorities to checkmate bank credit abuse, bank robbery and all other social vices that plague the banks.
5. Inflation is a cankerworm, but it is often argued that moderate inflation may be required to rejuvenate a sluggish economy. This perhaps explains the positive impact of inflation on economic growth herein. The challenge for policy makers is in defining and deciding what is and when to allow the moderate inflation.
6. Likewise relevant authorities should continue to evolve appropriate policies to guide foreign exchange management in the country because of its influence on attainment of key economic policy goals.
7. Since trade dispute (a variable of political/industrial instability) is inimical to economic growth of Nigeria, as shown by this study, government should always try to avert trade disputes both in the public and private sectors of the Nigerian economy.
8. Banks should strengthen their credit appraisal procedures to detect likely leakages that may arise from lending to different sectors of the economy. Appropriate regulatory authorities and bodies such as CBN, Customs and Excise should be made to intensify their oversight functions in order to stem the tide of over-invoicing, importation and smuggling of substandard products into the country.

References

[1] F. Melanie (2004). Commercial Bank Lending to SMEs in Poland. Small BusinessEconomics; Springer Netherlands;Volume 23, Number 1 / August,pp. 51-70

[2] J. U. Ebodaghe,, (1990). "The Nigeria Banks and Nigerian Deposit Insurance Corporation" Bullion Vol. 14, No. 3, 35-41.

[3] United Nations,(1977). Report of the Expert Group Meeting on the Role of Development Finance Institution in National Economic Development, New York: UNIDO

[4] S. Kuznets, (1974). "Modern Economic Growth: Findings and Reflections", in Kuznets, S. Population, Capital and Growth: Selected Essays, London: Heinemann Educational Books. P. 165.

[5] T. Schultz, (1960). "Capital Formation by Education", Journal of Political Economy, December.

[6] W. A. Lewis, (1954).Economic Development with Unlimited Supplies of Labour, The Manchester School of Economics and Social Sciences, p. 155

[7] K. Ohkawa, (1993). Growth Mechanism of Developing Economies, Japan: International Centre for Economic Growth and International Development Centre of Japan.

[8] A. Soyibo, and F. Adekanye (1992). "The Nigerian Banking System in the Context of Policies of Financial Regulation and Deregulation" AERC Research Paper, Final Report.

[9] R. Porter, (1966). "The Promotion of the Banking Habit and Economic Development", Journal of Development Studies, 2nd August pp. 246-263.
[10] E. Levine, (2009), "Lin Roundtable: Function, Not For Free Exchange," Economist.comblogs.
[11] J. A. Schumpeter, (1989). The Theory of Economic Development, Harvard: Harvard University Press.
[12] R. Goldsmith, (1988). The Determinants of Financial Structure, OCED, Paris: Development Centre, p. 40.
[13] M. Ariff, and M. A. Khalid (2000). Liberalisation, Growth and the Asian Financial Crisis: Lessons for Developing and Transitional Economies in Asia. Edward Edgar.
[14] H. Jalilian, and C. Kirkpatric (2005), "Does Financial Development Contribute to Poverty Reduction?" Journal of Development Studies 41(4); 636-56.
[15] S. Kumbhakar, and G. Mavrotas, (2008), "Financial Sector Development and Productivity Growth." in B. Guha-Khasnobis and G. Mavrotas eds; Financial Development Economics and Policy, Oxford: Oxford University Press.
[16] R. O. C. Somoye, and B. M. Ilo, (2009), "The Impact of Macroeconomic Instability on the Banking Sector Lending Behaviour in Nigeria, Journal of Money, Investment and Banking @EuroJournals Publishing, Issue 7.
[17] H. T. Patrick, (1966). Financial Development and Economic Growth in Underdeveloped Countries, Economic Development and Cultural Change, 14, pp 174-189
[18] R. I. McKinnon, (1973). Money and Capital in Economic Development, Washington D.C.: The Brookings Institute.
[19] G. Vaithinlingam and B. Shanmugam (2003). Bank Lending and Economic Growth in Malaysia, Journal of Asia-Pacific Business 11/2003, 5(1), pp. 51-69.
[20] R. Barror, (1995). "Inflation and Economic Growth" National Bureau of Economic Research Working Paper No. 5326,
[21] S. Fischer and F. Modigliani (1978). "Towards an Understanding of the Real Effects and Costs of Inflation", NBER Working Papers, No 0303.
[22] W. A. Risso, and E. J. S. Carrera (2009). "Inflation and Mexican Economic Growth, Long-run relation and threshold effects", Journal of Financial and Economic Policy, Vol. 1, Issue 3, pp. 246-263
[23] G. Mallik, and A. Chowdhury (2001). Inflation and Economic Growth: Evidence from Four South Asian Countries, Asia-Pacific Development Journal, Vol. 8, No.June.
[24] M. Sidrauski, (1967). Rational Choice and Patterns of Growth in a Monetary Economy, American Economic Review, 57.
[25] J. Faria, and F. Carneiro, (2001). Does High Inflation affect Growth in the Long and Short Run?, Journal of Applied Economics, 4(1); pp. 89-105.
[26] L. L. Chong,and H. B. Tan, (2008). Exchange Rate Risk and Macro-economic Fundamental: Evidence from four neighbouring South East Asian Economies: International Research Journal of Finance and Economic, Issue 16, pp. 88-95.
[27] E. A. Dada and O. A. Oyeranti(2012). Exchange Rate and Macro-economic aggregates in Nigeria: Journal of Economic and Sustainable Development, Vol. 3, No. 2, pp. 98-101.
[28] A. Adelowokan (2012). "Exchange Rate Pass-through in Nigeria: A dynamic Evidence in European Journal of Humanities and Social Sciences, Vol. 16, No. 1, pp. 785-801.
[29] R. A. Usman(2009). Impact of Oil Price Shock and Exchange Rate Volatility on Economic Growth in Nigeria: An Empirical Investigation in Re-Journal of International Studies Issue 11, pp. 4-15.
[30] G. Ayittey (2006). 'Nigeria's Struggle with Corruption: A Testimony before the Committee on International Relations Sub-Committee on Africa, Global HR, House of Representatives, Washington B. C.
[31] A. K. Fosu (1992). Political Instability and Economic Growth: Evidence from Sub-Sahara Africa in Journal of Economic Development and Culture, Vol. 40, No. 4, pp. 829-841.
[32] L. Walras (1954). Elements of Pure Economics, Trans. And Ed., W. Jaffe, London: Allen and Unwin.
[33] R. M. Solow (1956). "A Contribution to the Theory of Economic Growth" Quarterly Journal of Economics, LXX, Feb., Reprinted in A.K. Sen, Penguin Modern Readings: Growth Economics, Harmondsworth: Penguin Books, 1970.
[34] R, F, Harrod, (1934b) "The Expansion of Credit in an Advancing Economy", Economica n.s., I, Nov.
[35] E. Domar (1947). "Expansion and Employment" American Economic Review, 37, March, pp. 34-35.
[36] J. M. Keynes (1936). The General Theory of Employment, Interest and Money, London: Macmillan.
[37] R. F. Harrod (1939). An Essay on Dynamic Theory, Economic Journal XLIX, March. Reprinted in A. K. Sen, Penguin Modern Readings: Growth Economics, Harmondsworth: Penguin Books, 1970 and in J. A. Kregel, The Theory of Economic Growth, London: Macmillan, 1972, pp. 37-40.
[38] J. Robinson (1962). Essays in the Theory of Theory of Economic Growth,London: Macmillan.
[39] R. F. Kaln (1959). Exercises in the Analysis of Growth,Oxford Economic Papers, XI, June.
[40] I. Adelman and G. Morris (1993). Society, Politics and Economic Development: A Quantitative Approach, Baltimore: John Hopkin.
[41] Central Bank of Nigeria, (1958). Central Bank of Nigeria Acts, Lagos: CBN.
[42] Central Bank of Nigeria, (2003). The Bullion, Vol. 27 No. 3; July/September.
[43] Central Bank of Nigeria, (1985). Monetary Policy Circular for the 1985 Fiscal Year, Lagos: Central Bank of Nigeria.
[44] Central Bank of Nigeria, (1987). Monetary Policy Circular for the 1987 Fiscal Year, Lagos: Central Bank of Nigeria.
[45] Central Bank of Nigeria, (1988). Monetary Policy Circular for the 1988 Fiscal Year, Lagos: Central Bank of Nigeria.
[46] Central Bank of Nigeria, (1990). Prudential Guidelines for Licensed Banks,Lagos: CBN.
[47] Central Bank of Nigeria, (1989, 1993). Monetary and Credit Policy Guidelines for 1993 Fiscal Years, Lagos: Central Bank of Nigeria.
[48] Central Bank of Nigeria, (1993). Monetary and Credit Policy Guidelines for 1993 Fiscal Years, Lagos: Central Bank of Nigeria.
[49] Central Bank of Nigeria, (1996). Statistical Bulletin, Dec. Issues, Lagos: CBN.
[50] Central Bank of Nigeria, (1996). Monetary Policy Circular for the 1994, 1995 and 1996 Fiscal Years, Lagos: Central Bank of Nigeria.
[51] Central Bank of Nigeria, (2006). Monetary Policy Circular for the 2004, 2005 and 2006 Fiscal Years, Abuja: Central Bank of Nigeria.
[52] Central Bank of Nigeria, Statistical Bulletin, Volume 22, Dec. Issues, Abuja: CBN
[53] Federal Government of Nigeria, (1991), "The Banking Decree" The Laws of the Federal Republic of Nigeria, Decree No. 24, Central Bank of Nigeria Decree and Decree No. 25, Banks and other Financial Institutions Decree, Lagos: Government Press.