

THE INVESTIGATION OF TRADE OPENNESS AND RESOURCES UTILIZATION ON ECONOMIC GROWTH: NIGERIA IN FOCUS

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ABSTRACT

The study centered on the examination of trade openness and resources use on economic growth of Nigeria from 1981 to 2014. Data for this study were sourced from Central Bank of Nigeria Statistical Bulletin (2009; 2012 & 2014); International Finance Statistics (IFS) various years, and Central Bank of Nigeria Annual Reports and Statement of Accounts various issues. The time series data was tested for stationarity using Augmented Dicky-Fuller (ADF) and confirmed with Phillip Peron (PP) test for stationarity. The method of ordinary least square was employed in data analysis. The findings revealed positive effects of trade openness and average manufacturing capacity utilization (proxy for resources use) on real gross domestic product (a proxy for economic growth), but only the former showed a significant impact. Exchange rate showed a negative relationship with real gross domestic product which was contrary to expectation but reflects the situation in Nigeria over the years. On the basis of the results among the recommendations made include: it is imperative to amicably settle and resolves the insurgency, militia operation and high level crime activity in Nigeria so as to effectively accommodate the trade partners, and equally encourage domestic investors; attention need be given to infrastructure and other capital overheads restructuring, specifically, the epileptic power and good water problem needs to be addressed urgently and there is the need to practically and unmyopically increase efficient resources distribution system and production diversification in Nigeria.

KEYWORDS: Economic, Growth, Openness, Resources, Trade

INTRODUCTION

There is a wide held view by some economists that openness of an economy performs better than close ones in this modern era. This is due the conception that trade openness significantly impact on economic development and also based on the traditional theory of trade which expects positive welfare effects from openness in view of the emergence of specialization, investment innovations, productivity improvement, resourcefulness and effective resources allocation. But there are fears expressed by some authors in the short-run with respect to initial effort towards openness or trade liberalization that adversely affects poorer economies, and besides, in the long-run openness may bring poverty than expected (Goff and Singh, 2013).

Greenaway et al (1997) points out that the inspiration behind some countries trade reform and adjustment programme has been to advance the working of markets so as to increase factor allocation, accumulation and eventually enhance economic operation. This implies the avoidance of factors inhibiting export which is the key factor in any openness or liberalization programme. So, the early 1980s and 1990s witnessed unilateral openness policies by many developing countries as a way of resolving some challenges debilitating economic growth and development.

Nigeria as a developing economy has always pursued different ways of restructuring and promoting aggregate economic activity with a view to break away from the vicious circle of poverty that has gripped the country since after independence. This intention led to the design and articulation of different plans, policies and programmes over the years. The first, second, third and fourth National Development Plan objectives which came in the various respective years of 1962-68, 1970-75, 1975-80 and 1981-85 have something in common, which were to increase the per capita income, even development and increase in employment of resources amongst others (Osuka, 2006). But the degree of such attainment has not been desirable. Undoubtedly, the country has not relented in its pursuit of positive reformation and transformation using policies and programmes to enhance economic development and growth. Besides, the two digit inflation rate over the years is worrisome. In 1981, inflation rate was 20.9, in 1992, it stood at 44.5, by 2001, it was 18.9 and came to 13.7 in 2010 in recent time, it is over 17%. But one prominent issue is the recurring poverty situation in spite of every effort due to insufficient availability of capital and resources that can play significant role to change the economic quagmire and unstable macroeconomic variables due to inconsistency in policy implementation, poor institutions, fiscal indiscipline and serious lags in fiscal policy.

Ozoh (2010) posits that the problem of 'growthlessness' in less developed economies such as Nigeria stemmed from defective economic and socio-political institutional set up, defective attitude towards work, technological backwardness, low entrepreneurial skill, indiscipline among others. Besides, the shortsightedness of the federal, state and local managers of resource, right from the military rule to the present democratic dispensation is highly worrisome. Aspiration for self- interest at the expense of societal welfare improvement has never helped matters. Notwithstanding the various actions put in place by the various leader in the country cum the poor living standard in the midst of abundant mineral and human resources calls for proper self- assessment. Economic stability has been a mirage in Nigeria in spite of various efforts, thereby worsening the economic milieu of the inhabitants.

Disgustingly, data from National Consumer Survey showed that in 1980, the number of Nigerians in poverty was 17.7 million, in 1985, it rose to 34.7 million, in 1992, it was 39.2 million, it came up to 67.1 million in 1996 and recently poverty level is estimated at 70 million (NBS, 2005). The rural and urban poverty is highly disheartening. Ogwumike (2002) points out that the rise in total poor both in the rural and urban areas have been on increase. This has brought about unnecessary exodus of the rural dwellers to urban areas, thereby raising the influx and pressure on the facilities in the area and also increased the level of unemployment in the area. Besides, is the skewness of development of the country where we now have very poor region (rural area) and relatively developed urban region. One would expect increased resources use in consideration of trade openness and other policy measures adopted by the government.

Succinctly, the poor state of infrastructure, instability, inflation and lack of required capital to lift the economy compel the country to imbibe the aspiration to open its borders more for foreigners to come in. This is a major proposition by many development economists on the basis that since the underdeveloped economies lack the requisite capital to revamp their nations for sustainable development; poverty annihilation difficulty, infrastructural restructuring constraints owing to insufficient income generation and capital, consequently, the major option left is to open up the economy for foreign investment and trade. This is plausible in consideration of Rodan (1947) who pointed out that a certain quantum of investment is a necessary condition for a country to be propelled to a certain level of growth.

However, some scholars have different perspectives and findings with respect to trade openness. For instance, Berg and Krueger (2003); Grossman and Help man (1991); Lucas (1988) have noted that poverty reduction depends

greatly on economic growth and as such asserted that trade liberalization has the power to raise productivity required in sustaining growth. This is because increased trade gives rise to more incentives for investment cum other positive effects that brings forth favorable situation such as increase in the use of available resources that is capable of revamping depressed economy. In a similar vein, studies by Lee et al (2004); Dollar and Kraay (2001); Frankel and Romer(1999), and Sach and Warner (1995) showed a positive effect of liberalization on growth. To them, trade liberalization is powerful economic tool aside other adopted policy reforms. On the contrary Irwin and Tervio (2002); Rodriguez and Rodrik (2001); Edward (1997) and Harrison (1996) opposed the view of rapid growth associated with trade policy measures and found significant adverse impact of trade on economic growth.

In spite of the opposing views and outcomes of some studies, Nigeria has not relented in her trade openness policy which is conceived to help increase resources use, economic activity, create job opportunities and income generation, other things being equal. In this respect, it is anticipated that foreign and domestic investment will increase in Nigeria from openness which is believed to raise employment, resources utilization and income generation that are essential factors for development and growth.

In view of the intensified efforts over the years to attract foreign investment and high hope of positive effects, it is our intention to empirically examine the effects of trade openness and resources utilization on economic development. On this note, the paper is streamlined thus: section one is theoretical issue; review of empirical literature is section two; method and procedure of data analysis is the section three; section four is result presentation and discussion while the last section is recommendations and conclusion.

THEORETICAL ISSUES

There have been various theories put in place as relevant for trade openness. Trade openness has to do with the extent to which a country and other countries engage in commercial or trade activities without any impediments. It has to do with country's decision to design programmes and policies to avoid the inhibition of inflow and outflow of goods and services across its boundary with other nations. It enhances international competitiveness. Ulasan (2012) sees trade openness as actions of a country focused on policy of reduction of impediments to trade rather than trade intensity. Pilinkiene (2016) sees trade openness as a unit of country's economic policy measurement shown as trade openness index (guide) that is estimated as summation of exports and imports of goods and services measured as a share of gross domestic product.

The Mercantilist opposed free trade by stressing on protection which was opposed by Smith and Ricardo in consideration of the need to achieve global production efficiency. The classical economists advocated specialization and non-restriction as the basis for trade. They demonstrated the gains associated with international trade when resources endowments are efficiently utilized in production of goods. Specifically, the absolute and comparative advantages trade theories of Adam Smith (1776) and David Ricardo (1951) support trade between countries without any barrier which increases world output and offer benefits to countries. The theory was opposed on various grounds, specifically, the assumption of the greater role of labor.

Heckscher-Ohlin articulated the basis of international trade in consideration of factor endowment. They pinpointed the outcome of international trade due to the differences in factor endowments in various countries. In their view, capital rich economies should export capital intensive goods and import labour intensive products while labour rich

countries have to export labour intensive goods and import capital intensive goods.

Sen (2010) points out that this neo-classical theory was quite appealing to economists and also played significant role in free trade on the premise of optimization at a global level with respect to productive efficiency, consumption and spontaneous use of inputs of production at full capacity. The limitation of Classical theory was exposed by the view of the Heckscher-Ohlin version of free trade because of the introduction of marginal rates in defense of free trade and employing Pareto-optimum instead of the basis of comparative supply cost alone which aimed at ensuring optimization of production, consumption, and trade for the two trading countries at equilibrium. In other words, it counteracted the Ricardian paradigm that used supply cost of labour as the determinant of trade advantages, and consumer preferences for goods as relevant as the supply of inputs in determining price competitiveness of commodities for countries in trade.

The modification of Heckscher-Ohlin theory led to issue of economies of scale, imperfect competition, and differences in technology among others. The effects of technological changes on pattern of international trade have equally been analyzed to demonstrate the relevance (Posner (1961); Vernon (1966).

Intra-industry trade theory which focused on economies of scale and imperfect competition came up in the late 1970s. For instance Krugman (1979), Brander and Krugman (1983) stressed that economies of scale and imperfect competition can give rise to trade without comparative advantage. Obviously, expansion gives rise to large scale of production and the need for wider market. Economies of scale are associated with both internal and external benefits which accrue to an industry

Other theorists advocated that trade openness encourages technological change in that it raises domestic rivalry and competition, thereby bringing forth innovation increase; and also permitting new products to freely move to other countries with associated increase in stock of knowledge for new production pattern which promotes growth. They articulated that trade is a major determinant of growth and development (Stoper and Samuelson, 1941).

In his perspective Agenor (2000) posits that openness generates economic benefits—under free trade, productive resources tend to be reallocated toward activities where they are used with comparatively greater efficiency and away from less efficiency activities. In addition, openness may lead to improved allocation of resources among sectors due to the elimination of distortions; facilitate the acquisition of new productive factors, intermediate goods, and improve technologies, which enhance overall productivity of the economy.

In related view, Meier (1986) notes that foreign private investment helps in the creation of infrastructure such as roads, harbors, water and hospitals. It supports the development of the internal market and plays great role in the distribution of imports from donor economies through the local economy into the advanced foreign markets. It allows the host countries to extract its treasured primary resources such as crude oil, copper, tin-ore, diamond and other mineral deposits needed as raw materials for industrial use.

In this study, it is the believe of the authors that in consideration of the efforts made by the federal government of Nigeria over the years to promote trade openness, it is not out of place to investigate the impact of trade openness on the development of Nigeria economy. This empirical study will assist us know the status quo and possibly come up with ways of improving the economy for more benefits.

REVIEW OF EMPIRICAL LITERATURE

Many scholars have engaged in the study of trade openness and economic development in both developed and developing countries and found both positive and negative effects. In various empirical studies such as Fetahi-Vehapi et al, 2015; Habibi, 2015; Tahir & Azid, 2015; Musila & Yiheyis, 2015; Dollar & Kraay, 2003; Gries & Redlin, 2012; Hassan and Kamrul, 2005; Dowrick and Galley, 2004) on openness and economic growth concluded that trade openness have greatly enhance the growth of advanced economies and developing economies. They found a positive and long-run relationship between openness and economic growth. In addition, good number of researchers such as Deme (2002) agreed that foreign trade is advantageous to economies on the basis of their empirical findings. On the other hand, studies by Gross and Helpman, 1991; Clemens & Williamson, 2001; Abbas, 2014 among others point out that trade openness impacts negatively on individual country.

In his study of trade liberalization and growth in Ghana, Asiedu (2013) employed the method of Autoregressive Distributed Lag approach. The dependent variable was real gross domestic product while the explanatory variables were trade openness, population, foreign direct investment and inflation rate. He found a positive and significant relationship between trade liberalization and real GDP growth in the long-run.

In another case, Nwaka, et al (2015) studied trade openness and unemployment: empirical evidence for Nigeria using vector error correction model to explore the relationship between trade openness (dependent variable) and the independent variables (public recurrent expenditure on education, foreign price shocks and real gross domestic product). The outcome revealed that in the long-run real output and income per capita give rise to fall in unemployment, whereas, trade openness policy is associated with increase in unemployment; openness and foreign price shocks represented by commodity prices in the short-run dynamics lessen unemployment among others.

In their study of trade liberalization and growth in developing countries, Greenaway et al (1997) focused on liberalized countries in the post 1985 period and some non-liberalized countries. Panel data estimation method was employed. The core estimation centered on growth rate of real gross domestic product (GDP) per capita, growth in real merchandise exports (X), growth of the capital stock(K) (measured by change in investment) and growth in labor (L). They found that liberalization has a negative impact on growth. In a similar study, Habibi (2015) examined if trade openness has any effect on economic growth for 120 countries using panel co-integration and panel error correction model. The study revealed among others the existence of long-run relationship of the gross domestic product and trade openness; and also bidirectional causalities between the two variables.

In his empirical study of trade openness and growth Manteli (2015) investigated 87 Countries consisting of both developed and developing in the period 1970-2013. He found a positive relationship between openness and growth for developed country and negative effect on income per capita for developing countries and positive effect on growth. Pilinkiene (2016) studied trade openness, economic growth and competitiveness in Central and Easter European countries and was able show that economic growth brings improvement of trade openness while regional competitiveness leads to economic growth advancement. In all, economic growth has a long-run impact on openness.

Other studies such as Sarka, 2008; Duczynski, 2000; Taylor et al, 1993 have shown that more openness economies have the potentialities to be able to catch up with modern technologies. While Ulasan, 2012; Chang et al, 2009 asserted that trade openness leads to rise in the distribution of available resources which helps a country to greatly use

endowed resources optimally. In a related view, Xu et al, 2008; Miller and Upadhyay, 2000 endorsed trade openness as it gives room for the spread of human skill from one region to the other. Other studies have shown a positive and negative relationship between trade openness and unemployment. This implies that trade openness adversely affect unemployment reduction. It has also been pointed that trade openness exposes consumers and households to a higher unprotected risk to external shocks, via factor market transmission machinery on wages and unemployment. A positive relationship is also established between trade liberalization and unemployment (Helpman et al, 2010); Davis, 1998) and Brecher, 1974). Felbermayr et al (2011) showed a negative relationship between openness and unemployment. Any activity that does not bring about a reduction in unemployment has adverse effect on economic growth.

In view of the various studies on trade openness almost all of them did not consider including resources utilization as a variable in economic growth. Our motive of including them is that when there is openness, it is expected that there will be more use of societal resources which should impact positively on the economy. This is the point of departure from various other studies.

METHOD AND PROCEDURE OF DATA ANALYSIS

Sources of Data: The study involves annual time series which was obtained from Central Bank of Nigeria Statistical Bulletin (2014); International Finance Statistics (IFS) various years, and Central Bank of Nigeria Annual Reports and Statement of Accounts various issues.

Model Specification: In this study it is our intention to examine how trade openness (TOP), exchange rate (EXR) and average manufacturing capacity utilization (ACU) (proxy for resources utilization) impact on real gross domestic product (proxy for economic development). Theoretically and empirically, it has been pointed that trade openness contributes positively and/or negatively to growth. In addition, it has also been asserted that increased societal use of resources brings forth increase in economic activity, thereby impacting desirably on economic development. Besides, stable exchange rate impacts positively to effective international transaction other things being equal. In view of this, we state thus: real gross domestic product (rgdp) depends on trade openness (top), exchange rate (exr) and average manufacturing capacity utilization (amcu). The functional form of this relationship is stated thus:

$$Rgdp = f(top, exr, amcu).$$

$$\text{Mathematically: } Rgdp = a_0 + b_1top + b_2exr + b_3amcu + Ut \quad (1)$$

Where: Rgdp is real gross domestic product

Top is trade openness which is the ratio of import and export to the RGDP

Exr is exchange rate

Amcu is the average manufacturing capacity utilization

Ut is error term satisfying the white noise error term

a_0 is the intercept which shows the influence on real gross domestic product when the explanatory variables are constant, while a_1 , a_2 and a_3 are the coefficients of the independent variables. The apriori expectation is that a_1 , a_2 and $a_3 > 0$ (that is positively signed). This is because if and only if trade openness and all the other variables have significant role in Nigeria; it should positively influence economic development proxied by real gross domestic product.

METHOD OF DATA ANALYSIS

In this study, considering the nature of the data which is annual time series, it is relevant to begin by testing for stationarity. In their conventional perspectives on macroeconomic time series variables, Nelson and Plosser (1982) pointed out on the fact that such data have basic unit root property (ie not stationary) and may not give sufficient information in proper decision making . So, it is essential a test on whether the mean and variance of the variables are constant or change overtime by using Augmented Dickey-Fuller (ADF) and Fuller tests (Dickey and Fuller, 1979; Fuller, 1976).

However, it is not abnormal to confirm ADF test by employing Phillips-Perron (PP) unit root test (introduced by Phillips 1987, Perron 1988 and Phillips and Perron (1988). Obviously, the Augmented Dickey- Fuller takes care of the autocorrelation of the first differences of a series in a parametric fashion by estimating additional nuisance parameters (Obioma and Ozughalu, 2010), whereas the Phillips-Perron (PP) unit root test applies non-parametric statistical methods that take care of the serial correlation in the error terms without adding lagged difference terms (Gujarati and Porter, 2009). Employing the ADF test, the null hypothesis is that the variables have unit root (that is not stationary) while the alternative hypothesis is that there is no unit root in the variable (that is, Stationary). So, the decision rule is to reject the null hypothesis if the absolute value of the ADF statistic value exceeds the critical value at a chosen level of significance or the probability is less than 0.05 significant levels.

The result of this unit test will be the foundation for test for co-integration—that is the examination of the long-run relationship of the dependent variable and the explanatory variables. If all variables show the same order of integration, we employ Johansen co-integration test which is a popular test to examine the long run relationship otherwise we run the regression using ordinary least square method.

Table 1: Augmented Dickey-Fuller and Phillips-Perron Unit Root Test Results

Variable	ADF Statistic Level form	PP Statistic Level form	ADF Statistic 1 st difference	PP Statistic 1 st difference	ADF Statistic 2 nd difference	PP Statistic 2 nd difference	Order of Integration
RGDP					- 3.661661* - 2.960411* * - 2.619160* ** (- 6.581166)	-3.661661* -2.960411** -2.619160*** (-7.096113)	I(2)
TOP	-3.646342* -2.954021** -2.615817*** (-4.846873)	-3.646342* -2.954021** -2.615817*** (-4.854904)					I(0)
EXR			- 3.653730* - 2.957110* * - 2.617434*	- 3.653730* - 2.957110* * - 2.617434*			I(1)

			** (-5.304878)	** (-5.303480)			
AMCU					- 3.752946* - 2.998064* * - 2.638752* ** (3.474710)	-3.661661* -2.960411** -2.619160*** (-7.501648)	I(2)
Probability	0.0004	0.0004	0.0002	0.0001	0.0002	0.0001	

Source: Authors' E-view estimated results.

*(**) *** denote Augmented Dickey-Fuller (ADF) and Phillips-Perron (PP) statistic at 1% 5% and 10% level of significant. Figures in parentheses are the critical values of ADF and PP respectively.

From the table I, it is obvious that all the variables were integrated of different order. The Augmented Dickey-Fuller (ADF) and Phillips-Perrons (PP) tests denote that the real gross domestic product (RGDP), and Average manufacturing capacity utilization (AMCU) are integrated of order two I(2). The critical values are greater than ADF and PP statistic at 1%, 5% and 10% level of significant. On the contrary, trade openness (TOP) is stationary at level form that is integrated of order zero, I (0) given the critical and probability values. However, the probability values for both ADF and PP tests which is less than 0.05 confirm the stationarity of the variables. Consequently, we assert that Rgdp and Amcu are stationary at the second difference that is I(2) which means that their stationarity were rejected at level forms and first differences, while Exchange rate is stationary at first difference that is integrated of order one but not stationary at level form.

In view of these results, we do not suspect long-run relationship since the dependent variable has no common order of integration with majority of the independent variable. Hence, we proceed to examine the influence of the explanatory variables on the dependent variables using ordinary least square.

Table 2: RGDP (-1) as the Dependent Variable

Variable	Co-Efficient	Std Error	t-Statistic	Probability
RGDP(-2)	1.312744	0.187720	6.993109	0.0000
RGDP(-3)	-0.229875	0.186297	-1.233921	0.2315
TOP(-1)	0.000239	0.000430	0.556249	0.5842
Log(Top(-2))	1276.542	2553.794	0.481025	0.6357
Top(-3)	0.001548	0.000490	3.162536	0.0049
EXR(-1)	-91.80322	145.3899	-0.631428	0.5349
Log(EXR)	-2241.145	4181.540	-0.535962	0.5979
Log(AMCU)	43066.97	27837.15	1.547104	0.1375
AMCU(-1)	-52.61384	1239.311	0.042454	0.9566
AMCU(-2)	-572.6358	709.5823	-0.807004	0.4292
C	-159060.6	88597.62	-1.795314	0.0877
R-squared 0.99 Adjusted R-squared 0.99	F-statistic 2137.185 Prob F-stat 0.000000)	Durbin-Watson Stat 2.136210		

Summary of E-view result

From the result of table 2, it is clear that trade openness (top) and average manufacturing capacity utilization (amcu) at initial period impact positively on economic developed of Nigeria but at insignificant level. The positive sign satisfy our apriori expectation. Trade openness has statistical significant effect on real gross domestic product at three years after policy action. Exchange rate at all time has not impacted positively to the Nigerian economy due to high volatility and excessive demand of imported goods. The negative sign is contrary to expectation. The result conforms to the classical and neoclassical proposition that trade openness supports economic development. The f-statistic and its probability confirms significant statistical impact of trade openness on economic growth. The empirical result conform to the studies by Fetahi-Vehapi et al, 2015; Habibi, 2015; Tahir &Azid, 2015; Musila&Yiheyis, 2015; Asiedu, 2013; Dollar &Kraay, 2003; Gries&Redlin, 2012.

Worthy to note is that increased economic activity or per capita income at a period contributes meaningfully and significantly to growth in the subsequent periods as shown by the probability of the real gross domestic product. However, the expected increase in resources utilization is still not attainable due to the increased crises of insurgence and other crimes in the country. Besides, there have been political activities and reactions that gave a bad signal to foreign investors who responded by reducing their economic activities and operations in Nigeria, thereby lowering investment, raising unemployment and reducing consumption of goods and services. The fitness of regression line is a very strong one based on the co-efficient of correlation and adjusted r^2 values. The overall effect of the independent variables on the dependent variable is significant in view of the probability of the F-statistic which is less than 0.05 significant level. The Durbin Watson statistic is 2.1 which shows absence of serial autocorrelation in the variables.

DISCUSSIONS OF RESULTS

The results actually show the peculiarity of Nigerian economy. Trade openness is really contributing to the development of Nigeria economy at a level that is significant which can be said to emanate from the adoption of policy that enabled more investment in Nigeria at the period of study. Intuitively, it can be pointed that the increased openness over the years gave rise to more investment which has led to increased use of the resources in Nigeria mainly crude oil and agricultural products among others. Although, resources use is at an insignificant level, hence large unused resources abound in Nigeria, especially human capital and land. On the other hand, openness has brought a greater tendency for Nigerians to cart away huge capital outside the country, thereby creating cumulative causation and backwash effect in the region. Unfortunately, from the result, it can be inferred that the unconducive environment such as poor infrastructure, the attitude of political power holders and instability has been a stumbling block to regular domestic and foreign investors' activities. Any domestic or foreign business withdrawal as witnessed in recent time is a disaster to Nigerian economy. This is because unemployment rate goes up and resources utilization declines with associated negative chain effects, which reduces various sectors productivity. Suffice it to mention that the attitude of Nigerians with respect to exploitation and corruption retards positive intention of investors. Nigeria with its large market desirable by prospective investors but lacks enough environment which is a serious constraint to growth.

RECOMMENDATIONS

Actually, for every problem, there is a solution available which is in line with the law of polarity governing the world of duality. It is a matter of making a good choice of remedial steps from existing options to tackle the problem. In view of the findings of this study, we put forward the following points as essential in promoting economic development in

Nigeria so as to benefit more from trade openness:

- It is imperative to amicably settle and resolve the insurgency, militia operation and high level crime activity in Nigeria so as to effectively accommodate the foreign investors and equally encourage domestic investors.
- Efficient economic activity depends so much on infrastructure and other capital overheads. The urban and rural areas should be given balanced attention. The epileptic power and good water problem needs to be addressed urgently. Besides, there is the need to practically and unmyopically increase efficient resources distribution system in Nigeria. This calls for revamping the various transportation systems such as road, railway, water and air transport. Over reliance on road as a means of transport in Nigeria is archaic in this modern period.
- Fiscal and monetary incentives should be made practically available to domestic and foreign investors. Besides, official charges should be made open. Double charges at the port and within town ought to be eschewed.
- It is also necessary to improve human capital development strategy with a view to have more quality labour. This equally presupposes deemphasize on certificate acquisition rather on skills, ability and capability to function effectively and efficiently. It equally requires more attention on creation of awareness on learning that will lead to self employment.
- There is the basic need to diversify the economy by emphasizing the active roles of the three tiers of government. Agriculture and manufacturing industries must be made to function actively. Besides, the work force should be made to be more productive by borrowing the pattern of labour utilization (rewarding labour according to input) obtainable in United States of America.

CONCLUSIONS

In this study, we have examined the effects of trade openness and resource utilization on economic development of Nigeria from 1981 to 2014 employing the method of ordinary least square. The finding of this study revealed that trade openness has contributed to economic development in Nigeria at significant level. Nevertheless, the study does not contradict theoretical issues and empirical findings which asserted the benefits derivable from trade openness, as it showed significant impact. However, resources utilization is still very low due to over dependence on one sector. Nigeria is mainly a consumption economy since we do not engage significantly in secondary production but always willing and ready to consume sophisticated products from foreign country which put pressure on foreign exchange. The ever level of fluctuation in exchange rate has adversely affected the economy. In addition, all expected to be achieved through openness is yet to due to the peculiarity of Nigerian economy coupled with the attitude of people which contravene transparency, accountability and probity. Capital in Nigeria has directly and indirectly flown away so much due to openness. A change is still possible if there is a change in attitude and ways of life.

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