opción

Revista de Antropología, Ciencias de la Comunicación y de la Información, Filosofía, Lingüística y Semiótica, Problemas del Desarrollo, la Ciencia y la Tecnología

Año 34, 2018, Especial N° 14

Revista de Ciencias Humanas y Sociales
ISSN 1012-1587/ ISSNe: 2477-9385
Depósito Legal pp 198402ZU45

Universidad del Zulia
Facultad Experimental de Ciencias
Departamento de Ciencias Humanas
Maracaibo - Venezuela

Opción, Año 34, Especial No.14 (2018): X-
ISSN 1012-1587/ISSNe: 2477-9385

Foreign resources and economic growth in English speaking ECOWAS countries

Ugochukwu Henry Agbarakwe[1]
[1]Department of Economics, University of Port Harcourt, Nigeria
info@ores.su

Oluchukwu F. Anowor [2]
[2]Department of Economics, Godfrey Okoye University, Enugu, Nigeria
russia@prescopus.com

John Ikue [3]
[3]Department of Economics, University of Port Harcourt, Nigeria
editor@ores.su

Abstract

This paper sets to determine the causality between foreign resource inflows and economic growth within the English Speaking ECOWAS using data between 1970 and 2014. The individual country unit root and panel unit root tests were carried out to test for the stationarity of the variables used as a method. The result shows that human capital development can stimulate the inflows of foreign resource in ESECOC countries and thereby accelerate economic growth.We, therefore, conclude that a foreign resources-led growth assumption holds for ESECOC countries, irrespective of the time frame of the causality.

Keywords: resources, causality, economic, growth, flow.

Recibido: 10-11-2017 •Aceptado: 13-02-2018

Recursos extranjeros y crecimiento económico en países de ECOWAS de habla inglesa

Resumen

El artículo establece la causalidad entre las entradas de recursos extranjeros y el crecimiento económico en la CEDEAO de habla inglesa, utilizando datos entre 1970 y 2014. Se llevaron a cabo pruebas de raíz de unidad por país individual y de raíz de unidad por panel para probar la estacionariedad de las variables utilizadas como método. El resultado muestra que el desarrollo del capital humano puede estimular la afluencia de recursos extranjeros en los países ESECOC y, por lo tanto, acelerar el crecimiento económico. Por lo tanto, concluimos que un supuesto de crecimiento dirigido por recursos externos se aplica a los países de ESECOC, independientemente del período de tiempo de la causalidad.

Palabras clave: recursos, causalidad, económico, crecimiento, flujo.

1. INTRODUCTION

Since the beginning of the twenty-first century, studies on the flows of foreign resource in the form of foreign direct investment (FDI), portfolio investment, and foreign assistance and aid, especially from developed to less developed nations and regions have given some attention in the literature. Due largely to suppose benefits (within the gospel of globalization) of cross-border investments, the desirability of foreign capital inflows has been accepted as an alternative antidote in achieving sustainable growth/development. Mainstream economists supported the view that inflow of capital into economies would benefit

developing countries by increasing the availability of capital, which will positively impact on the production processes and the general economic well-being of the host countries. The flow of foreign resources, as stressed by IMF (2010) cited in Siddiqui (2014), allow countries with limited savings to attract finance for productive investment projects, foster the diversification of investment risk, promote inter-temporal trade, and contribute to the development of financial markets.

Foreign resources are sets of resources in the form of managerial skills, capital, machines, portfolio investment, aid, grant, and technological resources that come along with foreign interventions, investors and Multi-Nationals Corporations (MNCs) which aid their productivity in the host countries (Becker, 1962).The proponents of globalization adduced that foreign resource inflows have the potential of transferring technology, managerial skills, capital and knowledge to the host countries through technological and organizational spillovers andconsequently could raise the productivity and competitiveness of the host economy through the aforementioned channels (Dunning and Hamdani, 1997; Todd, 2004; Siddiqui, 2014;Eric & Kien, 2016).Within the view of the protagonists, investment funds should move unimpeded from industrialized countries to developing countries where they are most needed (Anowor*et al.,* 2013b). After all, if investment in physical capital in developing countries is constrained by the low level of domestic savings, then any addition to domestic resources should help growth (Prasad *et al.,* 2006). More so, it is perceived, as noted in Anowor *et al.*

(2013a), that inflow of foreign resources has the ability to deal with major obstacles such as shortages of financial resources, capital, technology, marketing, skills, know-how and fostering linkages needed to help jumpstart an economy.

On the contrary, the critics argued that foreign firms can introduce inappropriate technology and products, and aggravate balance of payments problems due to high remittances and capital flows (Siddiqui, 2014).It seems a conscious effort by the developed economies to deliberately force some of their economic policies that may not be favorable to the receiving economy with the aim of perpetually contributing to the under-development of the less developed countries; hence, as Ojoh(2005) puts it, another form of post-colonialism strategy which does not promote self-reliance, self-determination and indigenization.

A look at the records shows that the global capital inflows increased by 16 % in 2010 to $1524 billion up from $1309 billion in 1991; meanwhile emerging economies continued to attract nearly half of global inflows of capital (UNCTAD, 2012).The reason for this, as opined by Siddiqui (2014), is that foreign investors who experienced easy monetary conditions because of expansion policies found the developing countries to be more profitable and less risky than their ownmarkets in developed countries.

Some scholars like Eregha (2011),Abdullateef&Waheed (2012),Alege&Ogundipe (2013) have estimated the impact of some of

these variables on economic growth and concluded that foreign resources influence economic growth negatively. While others like Borensztein *et al.*(1998), Todd (2004), Njoku*et al.*(2011)showed a positive relationship between foreign resources and economic growth in developing nations. Cáceres (1995)presents an analysis of the impact of external resources on the growth off our Central American countries: Guatemala, El Salvador, Honduras and Costa Rica use a trans-log production model which expresses the gross domestic product as a function of domestic and external savings and of a time trend; the results indicated that technical change(represented by the time trend) is the main source of economic growth in these countries, that domestic savings have a perceptible impact on growth while external resources' impact is negative. In spite of such findings, policy makers in the Economic Community of West African States (ECOWAS) countries seem to be keeping the faith that economic growth in their economies is totally dependent on the inflow of foreign resources. But the question still remains: "why is the West African Sub-region still among the less developed regions of the world"? It is against this backdrop that the study aimed at to investigate the causal relationship between foreign resource sand economic growth in the English Speaking ECOWAS Countries (ESECOC).The ESECOC include: The Gambia, Ghana, Liberia, Nigeria and Sierra Leone. The ESECOC share same official language (English), political history (Britain as former colonial master), and membership of socio-economic-political organizations like ECOWAS, African Union (AU), Commonwealth, United Nations, and some others.

Though there are several types of foreign investment available to recipient's countries as stated in the literature, this study considerably concentrated on the contribution of FDI and foreign aid/grants to the economic growth of ESECOC. Our study contributes to the existing literature by focusing on selected English speaking ECOWAS countries of Ghana and Nigeria, which other studies did not. Our choice of the two countries (Ghana and Nigeria) among others is justified by several reasons. Firstly, the two countries as at 2016have been considered as the leading economies contributing a combined nominal GDP of$519 billion (98.67%) of $526 billion of ESECOC; a combined $1,209 billion purchasing power parity (98.6%) of$1,226 billion of ESECOC; a combined population of 209.6 million (94.18%) of 222.6 million of ESECOC. Secondly, the commercial policy measures undertaken by both countries show similarity at different levels. Thirdly, both countries have ratified most important trade agreements between themselves within the same period. Fourthly, both countries share common characteristics geographically and are jointly occupying 1,162,301kilometers square (85.64%) of ESECOC sum total area of 1,357,265 kilometers square (see Appendix).

However, they also have some degrees of differences between them, for instance, Nigeria has a much higher population (182 million) than Ghana (27 million) making Nigeria to have a larger market size and purchasing power advantage. Also in terms of availability of natural resources, Nigeria has more of natural resources than Ghana.

1.1 Data Description

We used five different variables in this study. Economic growth (EGR), Foreign Resources (FRS), degree of openness (OPN), and domestic capital stock (DCAP), beside the above listed variable we considered other variables such as human capital development (HCD) in the model. The choice of the series followed the assumption made by Ayanwale (2007) and Alege&Ogundipe (2013) that the stimulating effect of foreign direct investment on economic growth is not automatic; as several countries specific effects such as the absorptive capability of human capital, domestic capital formation, trade liberalization, among others enhances the stimulation of foreign resources in economic growth.

Table 1. Data Sources and Measurement

Variables	Description	Measurement	Source
EGR	Economic growth	US Dollars at current prices and current exchange rates in millions	WDI
FRS	Foreign Resources proxied by sum of Foreign Direct Investment And Net Official Development Assistance divided by GDP	At Current US Dollars	WDI
OPN	Degree of openness proxied by Sum of total export and import divide by GDP	US Dollars at current prices and current exchange rates in millions	WDI
HCD	Human Capital Development proxied by Education index and Health index	We apply the traditional measurement of human capital development index (Todaro& Smith, 2011,PP: 47 - 49)	WDI
DCAP	Gross Fixed Capital Formation as proxy for domestic capital.	US Dollars at current prices and current exchange rates in millions	UNCTAD

Source: Research Computation

2. METHOD OF THE STUDY

2.1 Unit Root Test

The individual country unit root and panel unit root tests were carried out to test for the stationarity of the variables used in the model specification. The tests are necessary in order to avoid spurious regression and guide to adopt appropriate estimation techniques.

This paper focuses on two types of unit root test in the case of individual country and panel data such as Augmented Dickey-Fuller (ADF),validated by the method developed by Phillips-Perron (PP) and Levin, Lin & Chu (LLC), (2002) validated by the method developed by Fisher-Type test using Augmented Dickey Fuller ADF (F.ADF) (Maddala&Klu, 1999) respectively.

In the case of panel unit root we chose Levin, Lin and Chu (2002) and Augmented Dickey Fuller over Im et al. (2003),because, Levin, Lin & Chu (2002) generalize the Quah's model which allows for heterogeneity of individual deterministic effects (constant or linear time trend) and heterogeneous serial correlation structure of the error terms assuming the presence of homogeneous first order autoregressive parameters. The test assumes that both *T*and *N*tend to infinity but *T*increase at a faster rate, such that *N/T* tends to zero (Levin*et al*, 2002).

Table 2: Unit Root and Stationarity Tests

Variables	Ghana		Nigeria		Panel	
	ADF	**PP**	**ADF**	**PP**	**LLC**	**F.ADF**
EGR	I(0)	I(0)	I(0)	I(0)	I(0)	I(0)
FRS	I(1)	I(1)	I(0)	I(0)	I(1)	I(0)
OPN	I(0)	I(0)	I(1)	I(1)	I(1)	I(0)
lnDCAP	I(1)	I(1)	I(0)	I(0)	I(1)	I(1)
lnHCD	I(1)	I(1)	I(0)	I(0)	I(1)	I(1)

Notes: Significant level is based at 0.1 levels or 10%.

The optimal lag used for conducting the ADF test statistic was selected based on Schwarz information criterion. To conduct the causal relationship between economic growth and foreign resources in both countries, long-run causality test developed by Toda & Yamamoto (1995) was applied. Their approach avoids the problems of the order of integration of unit root and co-integration tests associated with Granger causality. Table2 shows that the series employed in the model by both countries are associated with the different order of integration and as such in consonance with Zapata &Rambaldi (1997)Granger causality test will produce an inappropriate estimate.

2.2 Toda & Yamamoto (1995)Model

The long-run causality test developed by Toda & Yamamoto (1995) follows the estimation of a vector autoregressive (VAR) model in level. Toda & Yamamoto (1995)model ignores any possible non-

stationarity or cointegration between series by this avoiding the problems associated with Granger causality test, this they do by minimizing the risks associated with incorrect identification of the order of integration of the individual time series and co-integration among the variables and falsely augments the proper order of the VAR and ensures that the usual test statistics for Granger causality have the standard asymptotic distribution (Wolde-Rufael, 2005).In simple words, Toda-Yamamoto is considered if the series to be estimated are of different orders of integration (say I(0) and I(1) or I(2) series).

To develop Toda-Yamamoto (1995) version of the Granger non-causality test, we sum up the egr-frs-lndcap-opn-lnhcd (where, egr = EGR; frs = FRS; lncap = lnDCAP; opn = OPN and lnhcd = lnHCD) models in the following system of VAR:

2.3 Model for Toda-Yamamoto Causality Test

$$egr_t = \alpha_0 + \sum_{i=1}^{k} \alpha_{1i} egr_{t-i} + \sum_{i=k+1}^{k+dmax} \Phi_{1j}\, egr_{t-j} + \sum_{j=1}^{k} \alpha_{2i} frs_{t-i} + \sum_{r=k+1}^{k+dmax} \Phi_{2j} frs_{t-j} + \sum_{i=1}^{k} \alpha_{3i} opn_{t-i} + \sum_{r=k+1}^{k+dmax} \Phi_{3j} opn_{t-j} + \sum_{j=1}^{k} \alpha_{4i} lndcap_{t-i} + \sum_{r=k+1}^{k+dmax} \Phi_{4j} lndcap_{t-j} + \sum_{j=i}^{k} \alpha_{5i} lnhcd_{t-i} + \sum_{r=k+1}^{k+dmax} \Phi_{5j} lnhcd_{t-j} + \varepsilon_{1t} \quad \text{(1)}$$

Eq. (1), Granger causality from egr_t to $frs_t, opn_t, indcap_t$ and $lnhcd_t$ implies causality from economic growth to the rest of the variables in the model

dmax = the highest order of integration in the model; K = the optimal Lag length; i and j starts from 1 and end at k; and r = k+1. K+1 is the additional order of integration properties in the system.

$$frs_t = \alpha_1 + \sum_{i=1}^{k} \alpha_{12i} egr_{t-i} + \sum_{r=k+1}^{k+dmax} \Phi_{12j} egr_{t-j} + \sum_{j=1}^{k} \alpha_{22i} frs_{t-i} + \sum_{r=k+1}^{k+dmax} \Phi_{22j} frs_{t-j} + \sum_{i=1}^{k} \alpha_{32i} opn_{t-i} + \sum_{r=k+1}^{k+dmax} \Phi_{32j} opn_{t-j} + \sum_{j=1}^{k} \alpha_{42i} lndcap_{t-i} + \sum_{r=k+1}^{k+dmax} \Phi_{42j} lndcap_{t-j} + \sum_{j=1}^{k} \alpha_{52i} lnhcd_{t-i} + \sum_{r=k+1}^{k+dmax} \Phi_{52j} lnhcd_{t-j} + \varepsilon_{2t} \quad \ldots (2)$$

Eq. (2), Granger causality from frs_t to egr_t, opn_t, $indcap_t$ and $lnhcd_t$ implies causality from foreign resources to the rest of the variables in the model

dmax = the highest order of integration in the model; K = the optimal Lag length; i and j starts from 1 and end at k; and r = k+1. K+1 is the additional order of integration properties in the system.

$$opn_t = \alpha_2 + \sum_{i=1}^{k} \alpha_{13i} egr_{t-i} + \sum_{i=k+1}^{k+dmax} \Phi_{13j} egr_{t-j} + \sum_{j=1}^{k} \alpha_{23i} frs_{t-i} + \sum_{j=k+1}^{k+dmax} \Phi_{23j} frs_{t-j} + \sum_{i=1}^{k} \alpha_{33i} opn_{t-i} + \sum_{r=k+1}^{k+dmax} \Phi_{33j} opn_{t-j} + \sum_{j=1}^{k} \alpha_{43i} lndcap_{t-i} + \sum_{r=k+1}^{k+dmax} \Phi_{43j} lndcap_{t-j} + \sum_{j=1}^{k} \alpha_{53i} lnhcd_{t-i} + \sum_{r=k+1}^{k+dmax} \Phi_{53j} lnhcd_{t-j} + \varepsilon_{3t} \quad \ldots (3)$$

Eq. (3), Granger causality from opn_t to egr_t, frs_t, $indcap_t$ and $lnhcd_t$ implies causality from trade liberalization to the rest of the variables in the model

dmax = the highest order of integration in the model; K = the optimal Lag length; i and j starts from 1 and end at k; and r = k+1. K+1 is the additional order of integration properties in the system.

$$indcap_t = \alpha_3 + \sum_{i=1}^{k} \alpha_{14i} egr_{t-i} + \sum_{i=k+1}^{k+dmax} \Phi_{14j} egr_{t-j} + \sum_{j=1}^{k} \alpha_{24i} frs_{t-i} + \sum_{r=k+1}^{k+dmax} \Phi_{24j} frs_{t-j} + \sum_{i=1}^{k} \alpha_{34i} opn_{t-i} + \sum_{r=k+1}^{k+dmax} \Phi_{34j} opn_{t-j} + \sum_{j=1}^{k} \alpha_{44i} lndcap_{t-i} + \sum_{r=k+1}^{k+dmax} \Phi_{44j} lndcap_{t-j} + \sum_{j=1}^{k} \alpha_{54i} lnhcd_{t-i} + \sum_{r=k+1}^{k+dmax} \Phi_{54j} lnhcd_{t-j} + \varepsilon_{4t} \dots \dots (4)$$

Eq. (4), Granger causality from lndcap_t to egr_t, frs_t, opn_t and lnhcd_t implies causality from domestic capital formation to the rest of the variables in the model.

dmax = the highest order of integration in the model; K = the optimal Lag length; i and j starts from 1 and end at k; and r = k+1. K+1 is the additional order of integration properties in the system.

$$lnhcd_t = \alpha_4 + \sum_{i=1}^{k} \alpha_{15i} egr_{t-i} + \sum_{i=k+1}^{k+dmax} \Phi_{15j} egr_{t-j} + \sum_{j=1}^{k} \alpha_{25i} frs_{t-i} + \sum_{r=k+1}^{k+dmax} \Phi_{25j} frs_{t-j} + \sum_{i=1}^{k} \alpha_{35i} opn_{t-i} + \sum_{r=k+1}^{k+dmax} \Phi_{35j} opn_{t-j} + \sum_{j=1}^{k} \alpha_{45i} lndcap_{t-i} + \sum_{r=k+1}^{k+dmax} \Phi_{45j} lndcap_{t-j} + \sum_{j=1}^{k} \alpha_{55i} lnhcd_{t-i} + \sum_{r=k+1}^{k+dmax} \Phi_{55j} lnhcd_{t-j} + \varepsilon_{5t} \dots \dots (5)$$

Eq. (5), Granger causality from lnhcd_t to egr_t, frs_t, indcap_t and opn_t implies causality from human capital development to the rest of the variables in the model

dmax = the highest order of integration in the model; K = the optimal Lag length; i and j starts from 1 and end at k; and r = k+1. K+1 is the additional order of integration properties in the system.

The most important models in this paper are those presented as equation 1 and 2. That is the causality of economic growth to foreign resources and foreign resources to economic growth.

3. EMPIRICAL RESULTS AND DISCUSSION

Table 3: Granger non-causality testegr-frs-lndcap-opn-lnhcd

Variables	Nigeria			Ghana			Panel		
	Df	Chi-Sq	Direction of causality	Df	Chi-Sq	Direction of causality	Df	Chi-Sq	Direction of causality
Hypothses:a									
Egr	1	(4.116)**	**Frs → Egr**	2	(2.5363)	No	1	(5.8305)**	**Frs → Egr**
Frs	1	(1.2071)	No	2	(4.7254)*	Fse → Egr	1	(0.4404)	No
Opn	1	(4.3146)**	opn→ Egr	2	(5.9084)**	opn→ Egr	1	(3.7376)*	opn→ Egr
lnDCAP	1	(0.8009)	No	2	(2.1050)	No	1	(3.7363)*	lndcap→ Egr
hcd	1	(0.9564)	No	2	(0.1642)	No	1	(0.0281)	No
All	4	(11.0025)*	All→Egr	10	(22.31)**	All→Egr	5	(13.486)**	All → Egr
Egr	1	(4.1595)**	**Egr → Frs**	2	(0.3623)	No	1	(5.7662)**	**Egr → Frs**
Frs	1	(0.6873)	No	2	(0.0481)	No	1	(0.0025)	No
Opn	1	(2.8258)*	opn→ Frs	2	(1.7927)	No	1	(0.1474)	No
lnDCAP	1	(5.628)***	**lndcap → Frs**	2	(3.8178)	No	1	(0.6912)	No
hcd	1	(3.1421)**	hcd→ Frs	2	(1.4649)	No	1	(7.856)***	hcd→ Frs
All	5	(14.850)***	All→ Frs	10	(10.2450)	No	5	(16.592)***	All → Frs
Hypothses:c									
Egr	1	(0.0076)	No	2	(0.5054)	No	1	(0.0522)	No
Frs	1	(0.2350)	No	2	(0.7160)	No	1	(0.0978)	No
Opn	1	(0.8265)	No	2	(2.9411)	No	1	(0.0532)	No
lnDCAP	1	(0.0011)	No	2	(1.1067)	No	1	(0.3442)	No
hcd	1	(0.5429)	No	2	(0.7097)	No	1	(0.0004)	No

All	5	(3.1375)	No	10	(9.833)	No	5	(0.6278)	No
Hypothses:d									
Egr	1	(1.129)	No	2	(4.2709)	No	1	(0.2608)	No
Frs	1	(2.9832)*	**Frs→lndcap**	2	(1.6211)	No	1	(1.3241)	No
Opn	1	(27.33)***	**Fse → lndcap**	2	(3.5371)	No	1	(26.09)***	Fse→ lndcap
lnDCAP	1	(1.5136)	No	2	(0.4362)	No	1	(0.0621)	No
hcd	1	(2.1383)	No	2	(0.0393)	No	1	(0.2279)	No
All	5	(42.99)***	Lngcf→ All	10	(12.6960)	No	5	(41.67)***	All→ lndcap
Hypothses:e									
Egr	1	(0.2973)	No	2	(1.1025)	No	1	(0.0087)	No
Frs	1	(2.6168)	No	2	(0.9088)	No	1	(0.3245)	No
Opn	1	(0.1237)	No	2	(6.945)**	Fse→hcd	1	(0.6210)	No
lnDCAP	1	(3.5030)	No	2	(5.837)**	Opn→hcd	1	(1.2517)	No
hcd	1	(14.21)***	lndcap→ hcd	2	(0.7950)	No	1	(7.1094)***	lndcap→ hcd
All	5	(23.24)***	All→ hcd	10	(10.5900)	No	5	(10.3777)*	All→ hcd

The VAR order (*k*) was selected using the Schwarz Bayesian information criterion. Chi-Sq. Statistics are in bracket. The board cases indicate bidirectional causality.

* Significant at the 10% level.

** Significant at the 5% level.

*** Significant at the 1% level.

Chi-Square Statistics are in parenthesis

[a]*Ho*: egr does not Granger-causefrs, opn, lndacp and lnhcd

[b]*Ho*: frs does not Granger-causeegr, opn, lndcap and lnhcd

[c]*Ho*: opn does not Granger-causeegr, frs, lndcap and lnhcd

[d]*Ho*: lndcapdoes not Granger-cause egr, frs, opn and lnhcd

[e]*Ho*: lnhcd does not Granger-causeegr, frs, onp and lndcap

Before conducting Toda-Yamamoto causality test we test for stationarity of each series. Toda-Yamamoto causality test approach necessitates the series to be integrated of I(0), I(1) or I(2). The result in Table2 indicates that the series are of different order of integration, which binds the researcher by applying Toda-Yamamoto causality test approach on the series for the two countries. Also, the models presented are robust after carrying diagnostic test for the presence of

possible serial correlation. We reject the null hypothesis for the presence of autocorrelation in all the models.

The findings indicate that no Granger causality is predominant in the case of Ghana even in the presence of country stimulating specific effects. While in the case of Nigeria our findings indicate the dominance of causality, our findings show that country stimulating specific effects (economic size, domestic capital, trade liberalization and human capital development) are the causes of foreign resources attraction in Nigeria. While the panel model shows that economic growth are stimulated by foreign resources, trade liberalization and domestic capital in ESECOC, foreign resources are attracted based on economic size and human capital development in ESECOC.

Few cases of unidirectional causality were noticing in foreign resource and domestic capital (gross capital formations). Also, we observed that human capital causes the inflow of foreign resource in the two countries, while domestic capital formation Granger causes economic growth in the two countries. From the results, we can deduce that human capital development can stimulate the inflows of foreign resource in ESECOC and thereby accelerate economic growth. The result is in line with the work of Borensztein *et al.*(1998), Ayanwale (2007), Alege&Ogundipe, (2013) and Edmore (2016).

4. CONCLUSION

We applied a modified version of Granger (1969) causality test developed by Toda-Yamamoto (1995) to test causality between

economic growth and foreign resources in two dominant ESECOC states over the period 1970–2014. The findings indicate that no Granger causality is predominant even in the presence of country stimulating specific effects, in the case of Ghana. These findings have deep policy implications for individual countries and for the ESECOC region at large. Specifically, the results show that it is countries specific effect that drives foreign resource inflows into the ECOWAS region of Africa, and not vice versa.

The study, therefore, recommends that ECOWAS countries' policymakers should focus on policies and strategies that encourage country specific effects such as increased investment in the area of human capital development, especially education and other generic human capital like health, and encourage domestic saving to increase the level of domestic investment and boost economic growth in order to effectively attract foreign resource inflows into the region. Essentially, achieving a confident minimum level of educational attainment is principal to a country's ability both to attract foreign resources and in maximizing the spill overs from the human capital enterprise.

REFERENCES

ABDULLATEEF, U., & WAHEED, I. 2012. **Foreign Direct Investment and Monetary Union in ECOWAS Sub-Region: Lessons from Abroad.** Journal of Applied Finance & Banking. ISSN: 1792-6580 (print version), 1792-6599 (online), Vol. 2 N^{o} 4: 185-192. UK.

ALEGE, O., & OGUNDIPE, A. 2013. **Foreign direct investment and economic growth in ECOWAS: A System-GMM Approach.** Covenant Journal of Business and Social Sciences (CJBSS). Vol. 5 N^{o} 1: 1-22.Nigeria.

ANOWOR, O., UKWUENI, N., EZEKWEM, O.,& IBIAM, F.2013a. **Foreign Direct Investment and Manufacturing Sector Growth in Nigeria.** International Journal of Advanced Scientific and Technical Research. Vol. 3 N^{o} 5: 231–254. India.

ANOWOR, O., UKWUENI, N.& IKEME, M. 2013b. **The Impact of Trade Liberalization on Nigeria Agricultural Sector.**Journal of Economics and Sustainable Development.Vol. 4 N^{o}8: 14-24.Ethiopia.

AYANWALE, A.2007. **FDI and economic growth: Evidence from Nigeria.** African Economic Research Consortium. AERC Research Paper 165. Nairobi.Kenya.

BECKER, G. 1962. **Investment in Human Capital: A Theoretical Analysis.** Journal of Political Economy.Vol. 70 N^{o} 5: 9-49. USA.

BORENSZTEIN, E., DEGREGORIO, J., & J-W, L. 1998. **How Does Foreign Direct Investment Affect Economic Growth?** Journal of International Economics. Vol. 45: 115-135. Netherlands.

CACERES, L.1995. **Panama y la Integracion Centro Americana.** Revista de la Cepal. N^{o} 57. Santiago. Chile.

DUNNING, J. & HAMDANI, K. 1997. **The New Globalism and the Developing Countries.** United Nations University Press. New York. USA.

EDMORE, M.2016. **Does foreign direct investment cause economic growth? A dynamic panel data analysis for SADC countries.** International Journal of Emerging Markets. Vol. 11: 1-24. UK.

EREGHA, P. 2011. **The Dynamic Linkages between Foreign Direct Investment and Domestic Investment in ECOWAS Countries: A Panel Cointegration Analysis.** Conference of the Centre for the Study of African Economies. 20th-22nd March. Oxford University, UK.

ERIC, R.,&KIEN, N. 2016. **Multinational Enterprise Growth and Vietnam's Employment and Wages in Manufacturing and Trade Industries: Did Takeovers Play a Role?** Vietnam Working Paper Series. The University of Danang, School of Economics. Vol. 2016 N° 5.Vietnam.

GRANGER, C. 1969. **Investigating causal relations by econometric models and cross spectral models.** Econometrica. Vol. 37 N° 3: 424–438. USA.

IM, K., PESARAN, M.,& SHIN, Y. 2003. **Testing for unit roots in heterogeneous panels.** Journal of Econometrics. Vol. 115 N° 1: 53-74. Netherlands.

LEVIN, A., LIN, C., & CHU, C. 2002. **Unit root tests in panel data: asymptotic and finite-sample properties.** Journal of Econometrics. Vol. 108 N° 1: 1-24. Sweden.

MADDALA, G.,& KLU, S. 1999. **A comparative study of unit root tests with panel data and a new simple test.** Oxford Bulletin of Economics and Statistics. Vol. 61 N° 9: 631-652. USA.

MOSES, S., & GODBERTHA, K. 2012. **Determinants of Foreign Direct Investment in Africa: A Panel Data Analysis.** Global Journal of Management and Business Research. Type: Double Blind Peer Reviewed International Research Journal Publisher: Global Journals Inc. Online ISSN: & Print ISSN: 0975-5853, 2249-4588. Vol. 12 Issue 18 Version 1.0. USA.

NJOKU, C., OKURUT, F., & BAKWENA, M. 2011. **Factors influencing foreign direct investment in Economic Community of West African States (ECOWAS).** International Economics & Finance Journal. Vol. 6 N° 2: 187-207.New Delhi. India.

OJOH, F. 2005. **International economics and Public Policy Issues.** Cheedal Publishers, Nigeria.

PRASAD, E., RAJAN, R.,& SUBRAMANIAN, A. 2006. **Foreign Capital and Economic Growth.** Paper presented at the Kansas City Federal Reserve Jackson Hole Symposium. Sweden.

SIDDIQUI, K. 2014. **Flows of Foreign Capital into Developing Countries: A Critical Review.** Journal of International Business and Economics. Vol. 2 N° 1: 29–46. USA.

TODA, Y., & YAMAMOTO, T. 1995. **Statistical inference in vector auto regressions with possibly integrated processes.** Journal of Econometrics. Vol. 66: 225–250. Netherlands.

TODARA, M., & SMITH, S. 2011. **Economic Development.** London: Pearson Publisher. pp. 47-49. UK.

TODD, M. 2004. **Is Africa's Skepticism of Foreign Capital Justified? Evidence from East African Firm Survey Data.**Vijaya Ramachandran, Georgetown University: Center for Global Development Manju Kedia Shah, World Bank.USA.

WOLDE-RUFAEL, Y. 2005. **Energy Demand and Economic Growth: The African Experience.** Journal of Policy Modeling. Vol. 27: 891-903. Netherlands.

ZAPATA, O., & RAMBALDI, A. 1997. **Monte Carlo evidence on cointegration and causation.** Oxford Bulletin of Economics and Statistics. Vol. 59: 285–298. UK.

APPENDIX

English speaking ECOWAS States

Country	Area(km^2)	Population (thousands)	GDP (nominal) (millions USD)	GDP (PPP) (millions intl.$)
Gambia	11,295	1,991	939	3,344
Ghana	238,533	27,410	37,543	115,409
Liberia	111,369	4,503	2,053	3,762
Nigeria	923,768	182,202	481,066	1,093,921
Sierra Leone	72,300	6,453	4,215	10,127
TOTAL	1,357,265	222,559	525,816	1,226,563

World Bank estimates for 2015, published in December 2016. Area data is taken from a 2012 report compiled by the United Nations Statistics Division.

English speaking ECOWAS States of Ghana & Nigeria

Country	Area(km^2)	Population (thousands)	GDP (nominal) (millions USD)	GDP (PPP) (millions intl.$)
Ghana	238,533	27,410	37,543	115,409
Nigeria	923,768	182,202	481,066	1,093,921
TOTAL	1,162,301	209,612	518,609	1,209,330

World Bank estimates for 2015, published in December 2016. Area data is taken from a 2012 report compiled by the United Nations Statistics Division.

UNIVERSIDAD DEL ZULIA

opción
Revista de Ciencias Humanas y Sociales

Año 34, Especial N° 14, 2018

Esta revista fue editada en formato digital por el personal de la Oficina de Publicaciones Científicas de la Facultad Experimental de Ciencias, Universidad del Zulia.
Maracaibo - Venezuela

www.luz.edu.ve

www.serbi.luz.edu.ve

produccioncientifica.luz.edu.ve