EFFECT OF MONETARY POLICY ON ECONOMIC GROWTH DURING ELECTIONEERING PERIOD IN NIGERIA

BY

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MAY, 2018

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(M.sc/Admin/P13ADBA8221/2013/2014)

BEING A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES, AHMADU BELLO UNIVERSITY, IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF SCIENCE (M.Sc.) DEGREE IN BANKING AND FINANCE

DEPARTMENT OF BUSINESS ADMINISTRATION,

FACULTYOF ADMINISTRATION,

AHMADU BELLO UNIVERSITY,

ZARIA, NIGERIA

MAY, 2018

DECLARATION

I declare that the work in this dissertation titled "*Effect of Monetary Policy on Economic Growth during Electioneering Period in Nigeria*" has been carried out by me in the Department of Business Administration, Ahmadu Bello University Zaria. The information derived from the literature has been duly acknowledged in the text. No part of this study has been previously presented for another degree or diploma at any university.

Adejo Benjamin SAMSON		
Name of student	Signature	Date

CERTIFICATION

This dissertation titled "Effect of Monetary Policy on Economic Growth during Electioneering Period in Nigeria" by Adejo Benjamin SAMSON, meets the requirements of the regulations governing the award of the Degree of Masters of Science in Banking and Finance in Ahmadu Bello University, Zaria, and it is approved for the contribution to knowledge and literary presentation.

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Dean, School of Postgraduate Studies	Signature	Date

DEDICATION

I dedicate this work to Almighty God, the rain maker, the shield and fortress who, in His infinite mercy, has made it possible to begin and conclude this program, M.sc (Banking and Finance) successfully.

ACKNOWLEDGEMENT

Firstly, my profound gratitude goes to God Almighty who kept me and saw me throughout the duration of this program. My special thanks to the Head of Department Dr. M.Y. Abubakar and the Dean Faculty of Administration Prof. Bello Sabo for their firm support and assistance towards the timely completion of this program. I am also thankful to my supervisor Prof. S.A. Abdullah for his invaluable contribution, support and keen supervision towards the outcome of this work. Special thanks to Dr. Kabir Jinjiri Ringim for his kind encouragement and assistance. To my Coordinator Dr. Isma'il Idris Tijanni and his predecessor, Dr. Mohammed Zubairu I deeply appreciate their efforts and kind support to the success of this program. To my reviewers, Dr. Nuraddeen S. Aliyu and Dr. Ibrahim Mohammed who contributed immensely to the success of this work. I appreciate the kind assistance of Mr. Dickson, Librarian, Central Bank of Nigeria, Kaduna branch who assisted during the course of data collection.

Special thanks to my parents, Mr. & Mrs. Samson Zakari, who stood by me through it all and showed me much love and understanding emotionally, financially and otherwise. I also thank my siblings and close relatives for their patience and deep understanding. To my friends and classmates, their contribution and love is hugely appreciated. May the good LORD bless and reward all of you in Jesus name. Amen.

ABSTRACT

This study examined the Effect of Monetary Policy on Economic Growth in Nigeria during Electioneering Period for the duration 1999 to 2015 with the objective of finding out the effect of various monetary policy instruments in enhancing economic growth in Nigeria. The study made use of secondary data. The study adopted Ordinary Least Square regression method for the analysis. The regression result indicated that narrow money, broad money and inflation have positive impact on gross domestic product (GDP), while interest rate has a negative impact on it. But, only narrow money and broad money exerted significant impact on economic growth during electioneering period in Nigeria. The study concluded that monetary policy instruments of narrow and broad money significantly impacted on economic growth during electioneering period in Nigeria and it is consistent with similar studies which found a significant impact between money supply and economic growth. The study recommended that the Central Bank of Nigeria (CBN) through its monetary policy committee should set and maintain interest rate at reasonable limit required to spur economic growth during electioneering period. Also, CBN should control money supply relative to the levels required to sustain output growth that controls inflation and deflation. Monetary control should increase the tempo of enforcement of monetary policy guidelines designed to raise and foster the confidence of the economic agents' and key players during electioneering period in Nigeria. Also, the government should enact strong laws that set and regulate spending limits and follow its strict enforcement.

Keywords: Monetary policy, Economic Growth, Political risk, Monetary Instruments.

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Table 2.1 Expressions of operational political risk and their drivers

Types	Political	Economic
Changes in taxes	Usually part of broad macro-economic policies, although it may sometimes target specific industries and sectors (Jensen, 2003)	Opportunistic behavior aiming to seize rents from sectors with high output or price levels (Duncan, 2005; Engel et al., 2007; McMillan and Waxman, 2007 Stroebel et al., 2010)
Changes in royalties	-	Opportunistic behavior aiming to seize rents from sectors with high output or price levels (Engel et al., 2007; Stroebel et al.,2010)
Corruption premium	-	Most common in countries with poor governance in which un-official payment may be required in order to be able to do business within the country (McMillan and Waxman, 2007)
Changes in legislation	Usually part of broad macro-economic policies, may affect returns on investments (Jensen, 2003)	Most common when governments are both owners of firms and market regulators (Minor, 2003)
Political instability	Unstable governmental regimes may deteriorate broad economic situation and/or strong and active opposition may delay or hinder governmental policies and initiatives (Feng, 2001, Minor, 2003, Jensen, 2008)	Governments erratically change policies or policy directions in order to extract economic rents (Feng,2001)Subsidies and tax incentives
Subsidies and tax incentives	As a mechanism to support emerging or important sectors	As compensation mechanisms addressing high levels of political risk (Engel et al., 2007; Hajzler, 2010b; Stroebel et al.,2010; Jensen et al., 2011)

Sources; Diana, R. *et al* (2012

Table 2.2 Expressions of Political Violence risk and their effects

Nature	Expressions	Effects
Direct	Terrorist attacks, Sabotage, Insurrection and Wars	Destruction of physical capital and/or loss of human capital and/or increase the cost of protection.

Indirect	Revolutions, Coup d'états, Insurrection and Wars	Deterioration of the financial performance due to lower economic growth of and increases in the cost of protection.

Sources; Diana, R. *et al* (2012)

Stationarity Test

Null Hypothesis: D(GDP) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=10)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-8.828534	0.0000
Test critical values:	1% level	-3.533204	
	5% level	-2.906210	
	10% level	-2.590628	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(GDP,2)
Method: Least Squares
Date: 10/25/16 Time: 00:24
Sample (adjusted): 1999Q3 2015Q4
Included observations: 66 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(GDP(-1))	-1.109677	0.125692	-8.828534	0.0000
C	413765.2	131854.0	3.138056	0.0026

R-squared	0.549115	Mean dependent var	23264.21
Adjusted R-squared	0.542070	S.D. dependent var	1491219.
S.E. of regression	1009116.	Akaike info criterion	30.51688
Sum squared resid	6.52E+13	Schwarz criterion	30.58324
Log likelihood	-1005.057	Hannan-Quinn criter.	30.54310
F-statistic	77.94302	Durbin-Watson stat	1.967521
Prob(F-statistic)	0.000000		

Null Hypothesis: D(INF) has a unit root
Exogenous: Constant
Lag Length: 3 (Automatic - based on SIC, maxlag=10)

	t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic	-7.493418	0.0000

Test critical values:	1% level	-3.538362
	5% level	-2.908420
	10% level	-2.591799

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(INF,2)
Method: Least Squares
Date: 10/25/16 Time: 00:25
Sample (adjusted): 2000Q2 2015Q4
Included observations: 63 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(INF(-1))	-1.718828	0.229378	-7.493418	0.0000
D(INF(-1),2)	0.608300	0.179420	3.390368	0.0013
D(INF(-2),2)	0.721325	0.150924	4.779402	0.0000
D(INF(-3),2)	0.384901	0.115185	3.341595	0.0015
C	0.145651	0.404034	0.360493	0.7198

R-squared	0.640840	Mean dependent var	0.028571
Adjusted R-squared	0.616070	S.D. dependent var	5.168747
S.E. of regression	3.202662	Akaike info criterion	5.241880
Sum squared resid	594.9086	Schwarz criterion	5.411970
Log likelihood	-160.1192	Hannan-Quinn criter.	5.308777
F-statistic	25.87198	Durbin-Watson stat	1.882333
Prob(F-statistic)	0.000000		

Null Hypothesis: INT has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=10)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-4.024831	0.0023
Test critical values:	1% level	-3.531592	
	5% level	-2.905519	
	10% level	-2.590262	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(INT)
Method: Least Squares
Date: 10/25/16 Time: 00:26
Sample (adjusted): 1999Q2 2015Q4
Included observations: 67 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
INT(-1)	-0.398285	0.098957	-4.024831	0.0002
C	7.115012	1.788887	3.977341	0.0002

R-squared	0.199500	Mean dependent var	-0.033731
Adjusted R-squared	0.187185	S.D. dependent var	1.933918
S.E. of regression	1.743548	Akaike info criterion	3.979118
Sum squared resid	197.5974	Schwarz criterion	4.044929
Log likelihood	-131.3004	Hannan-Quinn criter.	4.005160
F-statistic	16.19927	Durbin-Watson stat	2.333198
Prob(F-statistic)	0.000151		

Null Hypothesis: D(M1) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=10)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-8.297405	0.0000
Test critical values:	1% level	-3.533204	
	5% level	-2.906210	
	10% level	-2.590628	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(M1,2)
Method: Least Squares
Date: 10/25/16 Time: 00:28
Sample (adjusted): 1999Q3 2015Q4
Included observations: 66 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(M1(-1))	-1.062227	0.128019	-8.297405	0.0000
C	310935.9	76750.76	4.051242	0.0001

R-squared	0.518243	Mean dependent var	19483.65
Adjusted R-squared	0.510715	S.D. dependent var	792570.4
S.E. of regression	554394.3	Akaike info criterion	29.31897
Sum squared resid	1.97E+13	Schwarz criterion	29.38533
Log likelihood	-965.5262	Hannan-Quinn criter.	29.34519
F-statistic	68.84693	Durbin-Watson stat	1.942382
Prob(F-statistic)	0.000000		

Null Hypothesis: D(M2) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=10)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-8.926757	0.0000
Test critical values:	1% level	-3.533204	
	5% level	-2.906210	
	10% level	-2.590628	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(M2,2)
Method: Least Squares
Date: 10/25/16 Time: 00:30
Sample (adjusted): 1999Q3 2015Q4
Included observations: 66 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(M2(-1))	-1.211466	0.135712	-8.926757	0.0000
C	146071.4	48159.04	3.033105	0.0035

R-squared	0.554587	Mean dependent var	21602.00
Adjusted R-squared	0.547628	S.D. dependent var	556789.0
S.E. of regression	374488.6	Akaike info criterion	28.53434
Sum squared resid	8.98E+12	Schwarz criterion	28.60070
Log likelihood	-939.6334	Hannan-Quinn criter.	28.56056
F-statistic	79.68698	Durbin-Watson stat	1.766439
Prob(F-statistic)	0.000000		

Co-integration Result

Date: 10/25/16 Time: 00:42
Sample (adjusted): 1999Q4 2015Q4
Included observations: 65 after adjustments
Trend assumption: Linear deterministic trend
Series: GDP INF INT M1 M2
Lags interval (in first differences): 1 to 2

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.400701	84.45600	69.81889	0.0022
At most 1 *	0.268825	51.17638	47.85613	0.0236

At most 2 *	0.233368	30.82469	29.79707	0.0380
At most 3	0.172681	13.55100	15.49471	0.0961
At most 4	0.018734	1.229246	3.841466	0.2676

Trace test indicates 3 cointegrating eqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None	0.400701	33.27962	33.87687	0.0588
At most 1	0.268825	20.35169	27.58434	0.3173
At most 2	0.233368	17.27369	21.13162	0.1595
At most 3	0.172681	12.32176	14.26460	0.0991
At most 4	0.018734	1.229246	3.841466	0.2676

Max-eigenvalue test indicates no cointegration at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

Unrestricted Cointegrating Coefficients (normalized by b'*S11*b=I):

GDP	INF	INT	M1	M2
2.22E-07	0.217184	0.382663	-8.07E-07	1.50E-06
-3.42E-07	0.141189	-0.284540	1.24E-06	-1.85E-06
-3.18E-07	-0.019359	0.657448	6.76E-07	-2.05E-07
1.13E-07	0.082264	0.117319	6.22E-07	-2.02E-06
3.74E-07	0.015551	0.037578	-1.54E-07	-3.86E-07

Unrestricted Adjustment Coefficients (alpha):

D(GDP)	683.2362	192166.8	366390.2	-183918.8	-453.1165
D(INF)	-1.497583	-0.925889	0.386952	-0.032076	-0.132544
D(INT)	-0.312342	0.367481	-0.467503	-0.285820	-0.109153
D(M1)	-122359.9	11080.82	-2271.325	-86924.58	57922.95
D(M2)	-139119.5	74220.95	13592.26	13935.42	30524.40

1 Cointegrating Equation(s): Log likelihood -3103.330

Normalized cointegrating coefficients (standard error in parentheses)

GDP	INF	INT	M1	M2
1.000000	977409.3	1722126.	-3.631546	6.769659
	(204840.)	(621029.)	(0.92738)	(2.25769)

Adjustment coefficients (standard error in parentheses)

D(GDP)	0.000152
	(0.02909)
D(INF)	-3.33E-07

	(8.7E-08)			
D(INT)	-6.94E-08			
	(5.0E-08)			
D(M1)	-0.027189			
	(0.01513)			
D(M2)	-0.030913			
	(0.00970)			

2 Cointegrating Equation(s): Log likelihood -3093.154

Normalized cointegrating coefficients (standard error in parentheses)

GDP	INF	INT	M1	M2
1.000000	0.000000	1096474.	-3.619653	5.816752
		(417679.)	(0.61765)	(1.52207)
0.000000	1.000000	0.640113	-1.22E-08	9.75E-07
		(0.58406)	(8.6E-07)	(2.1E-06)

Adjustment coefficients (standard error in parentheses)

D(GDP)	-0.065556	27280.30	
	(0.05229)	(33219.0)	
D(INF)	-1.62E-08	-0.455977	
	(1.5E-07)	(0.09595)	
D(INT)	-1.95E-07	-0.015952	
	(9.0E-08)	(0.05692)	
D(M1)	-0.030978	-25010.16	
	(0.02776)	(17633.8)	
D(M2)	-0.056291	-19735.37	
	(0.01732)	(11000.8)	

3 Cointegrating Equation(s): Log likelihood -3084.517

Normalized cointegrating coefficients (standard error in parentheses)

GDP	INF	INT	M1	M2
1.000000	0.000000	0.000000	-3.108558	4.025858
			(0.51118)	(1.21159)
0.000000	1.000000	0.000000	2.86E-07	-7.06E-08
			(9.0E-07)	(2.1E-06)
0.000000	0.000000	1.000000	-4.66E-07	1.63E-06
			(3.4E-07)	(8.1E-07)

Adjustment coefficients (standard error in parentheses)

D(GDP)	-0.182060	20187.34	186464.6
	(0.06099)	(30639.1)	(95795.4)
D(INF)	-1.39E-07	-0.463468	-0.055217
	(1.9E-07)	(0.09522)	(0.29772)
D(INT)	-4.64E-08	-0.006901	-0.531444
	(1.1E-07)	(0.05459)	(0.17067)
D(M1)	-0.030256	-24966.19	-51468.87
	(0.03520)	(17682.8)	(55286.6)
D(M2)	-0.060613	-19998.51	-65418.61
	(0.02194)	(11020.8)	(34457.3)

4 Cointegrating Equation(s): Log likelihood -3078.356

Normalized cointegrating coefficients (standard error in parentheses)

GDP	INF	INT	M1	M2
1.000000	0.000000	0.000000	0.000000	-4.212702
				(0.49329)
0.000000	1.000000	0.000000	0.000000	6.88E-07
				(3.8E-07)
0.000000	0.000000	1.000000	0.000000	3.98E-07
				(1.6E-07)
0.000000	0.000000	0.000000	1.000000	-2.650284
				(0.15056)

Adjustment coefficients (standard error in parentheses)

D(GDP)	-0.202777	5057.362	164887.4	0.370450
	(0.06097)	(31392.9)	(94543.4)	(0.20031)
D(INF)	-1.43E-07	-0.466107	-0.058980	3.06E-07
	(1.9E-07)	(0.09987)	(0.30078)	(6.4E-07)
D(INT)	-7.86E-08	-0.030414	-0.564976	2.12E-07
	(1.1E-07)	(0.05625)	(0.16940)	(3.6E-07)
D(M1)	-0.040047	-32116.99	-61666.79	0.056849
	(0.03547)	(18260.8)	(54994.4)	(0.11652)
D(M2)	-0.059044	-18852.12	-63783.72	0.221854
	(0.02243)	(11548.4)	(34779.4)	(0.07369)

Regression Result

Dependent Variable: (GDP)
Method: Least Squares
Date: 24/10/16 Time: 06:13
Sample: 1 68
Included observations: 68
White heteroskedasticity-consistent standard errors & covariance

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	14.92566	0.402132	37.11629	0.0000
M1	0.000206	6.97E-08	2.954219	0.0045
M2	0.000068	2.83E-08	2.286747	0.0259
INFL	0.002235	0.007139	0.313032	0.7554
INT	-0.033605	0.017980	-1.869031	0.0667
D1	-0.527250	0.052463	-10.04995	0.0000
D2	0.006759	0.059667	1.132707	0.2620
D3	0.371858	0.068424	5.434570	0.0000
D4	0.161293	0.042659	3.780986	0.0004
D5	-0.104807	0.125685	-0.833888	0.4078

R-squared	0.852176	Mean dependent var	15.54589
Adjusted R-squared	0.844755	S.D. dependent var	0.996687

S.E. of regression	0.234264	Akaike info criterion	0.070318
Sum squared resid	3.183021	Schwarz criterion	0.396716
Log likelihood	7.609199	Hannan-Quinn criter.	0.199647
F-statistic	95.3086	Durbin-Watson stat	1.622570
Prob(F-statistic)	0.000000		

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Monetary policy in the context in which it is prominently used is an economic tool employed by the monetary authority and used strategically to control money supply into the economy, promote growth and stabilize key economic indicators like inflation and interest rates changes to achieve key macroeconomic objectives. According to Ismail, Adegbemi and Mariam (2013), since its establishment in 1959, the Central Bank of Nigeria (CBN) has continued to play the traditional role expected of an apex bank, which is the regulation of the stock of money in such a way as to promote social welfare. This role is anchored on the use of monetary policy that is usually targeted towards the achievement of full-employment equilibrium, rapid economic growth, price stability and external balance. Udude (2014) stated that evidence from the Nigerian economy has shown that since the 1980s some relationship exist between the stock of money and economic growth through variation in its money supply.

The need to regulate money supply is based on the knowledge that there is a relatively stable relationship between the quantity of money supply and economic activity and that if the supply of money is not limited to what is required to support productive activities, it will result in undesirable effects such as inflation or deflation. Therefore in formulating monetary policy, the monetary authorities usually set targets whose values the policy maker wants to change (CBN, 2011b).

Prashant and Poonan (2015) stressed that in the days and months preceding general elections, it is anticipated that an economy may experience an increase in money supply vis-à-vis a general rise in consumer prices due to increase in consumers' spending in the run up to the elections, and overflow of money in circulation.

There have been many theories which suggest that inflation increases before general elections as government increases its spending pre-election year, which specially affects inflation in the prices of manufacturing products. But government controls the inflation in primary articles which affects the common man directly to indicate that they are efficient. In Nigeria, CPI data gotten from 1999 up to 2015 gives a particular pattern in terms of increases in inflation rates and slight adjustment in interest rates in the months before and after general elections. Majorly, inflation decreases pre-election year but steadily increases as election fast approaches and continue to increase towards the end of the election year, but in few cases it slowly decreases in the months after general election. Similar study of Kareem, Afolabi, Raheem and Bashir (2012) revealed a fluctuation in the trend of policy variables in both monetary and fiscal policy in Nigeria when they examined the impacts of fiscal and monetary policies on economic growth. Their study focused primarily on the impact of these policies as evidence from Nigeria's democratic experience from 1999 to 2008. This study differs significantly from theirs in several important respects. First, in the model specification, this study made used of dummy variables to specifically capture and examined the effect of monetary policy on economic growth within these electioneering periods (1999, 2003, 2007, 2011 and 2015) in order to understand how monetary policy respond to the fluctuation in inflation, interest rate changes, money supply and the effect of this change on economic growth. In addition, this study focused only on variables

which had direct bearing on key economic outcome of growth during electioneering period.

There is usually a trend in Nigeria that in the year before and during general elections, incumbent governments usually spend money on incentives, projects and schemes that tend to induce a re-election bid in order to win the support of party faithful, loyalists and electorates. And as the days to election draw even closer, a lot of money tends to exchange hands as compromises begin to take place as seen in the just concluded 2015 general elections where the government in power then, the People's Democratic Party (PDP) was found culpable of sharing large chunk of money in the wake of fallen oil prices. Billions of dollars and naira were shared among the party loyalists as well as power brokers and its allies triggering naira devaluation and persistent consumer goods price increases plunging the nation into deeper economic crises and recession. Many analysts agreed that the reckless spending and sharing of money that took place in the build up to the 2015 general elections deepen the economic crises further.

Electioneering period in Nigeria creates uncertainty and throws up threats which tend to cast a thick cloud on the economic outlook of the country. According to Kyeonghi and Xingwan (2011) with the cloud of widespread political uncertainty, investors especially Foreign Direct Investments (FDI) may hesitantly halt investments. During this period, investments into key sectors of the economy may be stall pending the conclusions of general elections. Also, the risk that political processes or events posed influenced by various actors, circumstances or factors may also have a significant impact on an international company's goals, operations, assets or financial condition and on the economic growth of the host country thereby causing some form of disruptions within the national economy. Apparently, there is usual outflow of looted funds,

shared funds as political incentives, campaign funds, e.t.c. All these monies exert pressure on the volume of money in circulation (i.e over supply) which also leads to inflation. Additionally, the exchanging of these looted monies to USD/Pounds also creates a high demand for dollar against its very low supply a situation which also led to the present acute inflation the nation started experiencing during 2015 general elections which has been on a persistent increase even up to 2017.

This study therefore, attempts to examine the effect of monetary policy on economic growth during electioneering period in Nigeria, in order to understand the extent of the influences of different political activities (like re-election bids, campaign activities, funding/financing, political risk and uncertainties e.t.c) on the entire macro economy during electioneering, right from the re-emergence of democracy in 1999 up to 2015 electioneering period. This study is also to serve as a credible base for analyzing the effect of monetary policy on economic growth as a consequence of Nigeria's democratic experience from 1999 to 2015 electioneering period.

1.2 Statement of the Problem

Economic growth which thrives on stable economic environment and the effective implementation of government economic policies needs the right political environment to fully succeed and meet some of government lofty goals and objectives. Alberto, Sule, Nouriel and Philip (1996) stated that economic growth and political stability are deeply interconnected as uncertainty associated with an unstable political environment may reduce investment and the speed of economic development.

The major objectives of monetary policy have remained the attainment of economic growth, checking of inflationary trends and stable interest rates among others. During any democratic and electioneering period it is typical to experience increased political activities during general election. In the days and months preceding general elections, it is anticipated that an economy may experience a general rise in consumer prices due to increased spending in the run up to the elections with marginal increases in interest rate as has been the trend in Nigeria right from the re-emergence of democracy in 1999 up to 2015.

For example, in 1999 general election in Nigeria, inflation rose to an high of 13.5% in the first quarter in which general elections took place but declined to 8.3% and further to 2.2% and 0.2% in the second, third and fourth quarters respectively. Also, the interest rates recorded a marginal rise in the build up to the elections. In 2003 electioneering period also, inflation rose from 5.9% in the first quarter to a double digit high of 14% in the second quarter in which election took place with similar increases in interest rates and this has been the trend with electioneering period in Nigeria even up to 2015 general electioneering period (CBN Statistical Bulletin, 2015). This trend may not be isolated from the increased spending by politicians and key economic agents before and during general elections.

Electioneering period also is largely characterized by uncertainty in government continuity and policy focus which creates panic among investors. Electoral uncertainty induces a decline in GDP portions composed of costly-to-undo investments (Brandice and Christian, 2014). Political uncertainty can also affect firms' decision making as the possibility of a policy change during post-election makes it worthwhile for firms to delay actions whose effect on firm value depends on the choice of government policy. Prashant and Poonan (2015) explained that political budget

cycle theories indicate that macroeconomic variables like output, unemployment and inflation show a particular pattern during the election year as incumbent politicians induce temporary economic expansions in the pre-election period. The theory suggests that as elections approach, macroeconomic performance declines in certain portions of the economy due to policy uncertainty induced by the elections (e.g Canes and Jee, 2012; Julio and Youngsuk, 2012). In particular, the policy uncertainty encourages the delay of costly-to-undo investments, such as capital expenditures, but not other types of private spending. In support of this argument, Julio and Youngsuk (2012) analyze a set of over 100,000 firms across the world, and show that capital expenditures decline in election years.

Theoretically, this study considers how political activities, the risk and uncertainty associated with it affect the economic growth objective of monetary policy during electioneering period in Nigeria. In India, Prashant and Poonan (2015) examined the impact of elections on Indian economy by examining the effect of inflation, exchange rate, stocks and deficit on economic growth. Also, Sara and Fredrik (2014) examined the effect of elections on economic growth in Indonesia.

The methodology for this study is also unique in that it makes use of dummy variables so as to capture specifically the different electioneering period and show the reaction of monetary policy on economic growth within these periods under investigation (i.e 1999, 2003, 2007, 2011 and 2015). Hence, this study seeks to fill the gap which exists by examining the effect of monetary policy on economic growth during electioneering period in order to understand the effect of

these political activities on the actualisation of the economic growth objective of monetary policy and it covers the period 1999 to 2015 when democracy re-emerged in Nigeria.

1.3 Research Questions

The following research questions are raised to address the effect of monetary policy instruments on economic growth during electioneering period:

i. Does broad money supply have significant effect on economic growth during electioneering period in Nigeria?

ii. Does narrow money supply have significant effect on economic growth during electioneering period in Nigeria?

iii. Does inflation rate have significant effect on economic growth during electioneering period in Nigeria?

iv. Does interest rate have significant effect on economic growth during electioneering period in Nigeria?

1.4 Objectives of the Study

The main objective of this study is to examine the effect of monetary policy on economic growth during electioneering period in Nigeria from 1999 to 2015. Its purpose is to ascertain the effects that political activities posed on the economic growth objectives of monetary policy.

This study also sought to achieve the following other objectives:

1. To examine the effect of Narrow money supply on Economic growth during electioneering period in Nigeria.

2. To assess the effect of Broad money supply on Economic growth during electioneering period in Nigeria.

3. To determine the effect of Inflation rate on Economic growth during electioneering period in Nigeria.

4. To examine the effect of Interest rate on Economic growth during electioneering period in Nigeria.

1.5 Statement of Hypotheses

These hypotheses are stated to test and to find answers to the research questions raised.

Ho_1: Narrow money supply has no significant effect on Economic growth during electioneering period in Nigeria.

Ho_2: Broad money supply has no significant effect on Economic growth during electioneering period in Nigeria.

Ho_3: Inflation rate has no significant effect on Economic growth during electioneering period in Nigeria.

Ho_4: Interest rate has no significant effect on Economic growth during electioneering period in Nigeria.

1.6 Significance of the Study

The study is designed to examine the effect of monetary policy on economic growth in Nigeria during electioneering period. The findings of the study are expected to be useful as:

It will assist the monetary authority i.e the CBN to understand the reaction of monetary policy to economic growth during electioneering period in Nigeria and also, to assist the Central Bank of Nigeria in assessing the impact of political activities and their effects on the effective implementation of monetary policy.

It may also assist the government in the area of policy formulation especially as it relates to the impact of political activities on macroeconomic outcomes and guide policy and decision makers like the electoral bodies and political parties towards policy initiation and help in understanding the effects of certain monetary policy targets on gross domestic product.

Lastly, this study is to assist students and other researchers for further research work and add to existing knowledge.

1.7 Scope of the Study

This study examined the effect of monetary policy on economic growth in Nigeria during electioneering period and it is designed to cover a period of sixteen (16) years from 1999 to 2015. This period represents the re-emergence of the current democratic experience, the longest and most stable in Nigeria's democratic journey.

With Monetary policy being represented as the independent variable, the study will attempt, using economic growth, the dependent variable, to determine the relationship between key monetary policy targets of money supply, inflation rates and interest rates and the effect on economic growth during electioneering period in Nigeria.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews relevant concepts related to the effect of monetary policy on economic growth during electioneering period in Nigeria. It specifically, reviews, monetary policy definition, monetary policy and Nigeria's experience, the nexus between monetary policy and electioneering in Nigeria, economic growth definition and the determinants of economic growth, effect of inflation on economic growth and the effect of inflation, interest rates and money supply on economic growth during electioneering. It further examined political risk, instability and its effect on growth and the classification of political risk. Finally, it examined empirical studies relating to this study and stated the theoretical framework.

2.2 Conceptual Framework

Under the conceptual framework, the major concepts for this study, which are monetary policy and economic growth were defined. Diverse definitions of monetary policy as highlighted by different authors were examined and a guiding definition and a perspective view for this study was given. Also, the definition of economic growth was stated.

2.2.1 Monetary Policy Definition

According to Sanni (2011), monetary policy is concerned with the changes in the supply of money and credit. He added further that it refers to the policy measures undertaken by the government through the Central Bank to influence the availability, cost and use of money and

credit with the help of monetary techniques to achieve specific objectives.

Sanni, Agbeyangi and Amusa (2012), referred to monetary policy as a discretionary action undertaken by the authorities designed to influence the supply of money, cost of money or rate of interest and availability of money. Similarly, monetary policy is defined by Abel (1980), as the management of the expansion and contraction of the volume of money in circulation for the specific purpose of achieving certain declared national objectives. Asogu (1998), defined monetary policy as a measure designed to influence the availability, cost and direction of money and credit in pursuit of specified economic goals.

Monetary policy is an instrument of economic control, and it is employed by the monetary authority (i.e Central Bank of Nigeria) to influence the stock and supply of money in the economy so as to promote growth and stabilize economic conditions, some of which include the attainment of high rate of employment, exchange rate stability and maintenance of price stability.

Depending on the prevailing state of macroeconomic indicators and the intended objective of monetary policy, monetary policy can be expansionary, contractionary, accommodative, neutral and tight. An expansionary monetary policy increases the volume of the money supply or decreases the interest rate. Whereas contractionary monetary policy reduces the volume of the money supply or raises interest rate. Monetary policy is seen as being accommodative if the interest rate set by the central monetary authority is intended to create economic growth and neutral, if it is neither intended to create nor combat inflation. Monetary policy is tight if it is intended to reduce inflation.

Monetarists strongly hold the view that monetary policies exact greater impact on economic activities as unanticipated changes in the stock of money affect output and growth. In fact, they are of the opinion that an increase in government spending would crowd out private sector and such can outweigh any short-term benefits of an expansionary fiscal policy. On the other hand, the concept of liquidity trap which is a situation in which real interest rates cannot be reduced by any action of the monetary authorities was introduced by the Keynesian economists. Hence, at liquidity trap, an increase in money supply would not stimulate economic growth because of the downward pressure of investments owing to insensitivity of interest rate to money supply (Ajisafe & Folorunso, 2002)

2.2.2 Economic Growth Definition

Economic growth is the increase in the amount of the goods and services produced by an economy overtime (Michael and Ebibai, 2014). Economic growth means there is an increase in national output and national income and it is conventionally measured as the percentage of increase in real Gross Domestic Product (real GDP)

The Determinants of Economic Growth According to Mboweni (2002), economic growth is basically determined by three (3) factors, namely:

i. The quantity of capital and labour available in a country;
ii. The quality of capital and labour; and
iii. The ingenuity of people in combining the available production resources in the creation of goods and services.

Output will rise if more production resources are put to work, or where a given supply of labour and capital is utilized more productively. Nowhere does the aggregate stock of money or the aggregate price level form part of the determinants of any production model for sustained long-term economic growth (Chipote and Makhetha, 2014).

Government policies, including monetary policy, affect the growth of domestic output to the extent that they affect the quantity and productivity of capital and labour. For example, government policies that restrict commercial activities for fear that these activities may cause undue environmental or ecological damage can raise the cost of doing business and make firms less productive. Obviously there may be good reasons to have such policies, but they can harm productive activity and economic growth. Monetary policy is only one element of overall macroeconomic policy, and can only affect the production process through its impact on interest rates. There are two main channels of monetary policy. One is through the effect that interest rate changes have on the exchange rate of a currency, and the other is through the effect that interest rate changes have on demand. Therefore, monetary policy has an impact on economic activity and growth through the workings of foreign and domestic markets for goods and services.

Economic growth involves the allocation of production factors to productive use and this allocation of resources takes place in markets. In a modern economic system, markets for goods and services, and for production factors, function more efficiently because of the existence of money as a medium of exchange. Without such a medium of exchange, barter trade would take place and most modern market arrangements would simply cease to exist. Money allows

markets to allocate economic resources to sectors of economic activity in a highly efficient and cost-effective way. In a market economy, exchange values are expressed in terms of money prices which are determined by the forces of supply and demand. When a good or service is in short supply, or when demand increases relative to the supply of a good or service, the price will rise. This signals to suppliers that they must shift resources in response to the change in relative prices, or to buyers that they must economize on their purchases. The productive allocation of resources needs clear signals about relative price changes (Chipote and Makhetha, 2014).

2.3 Monetary Policy and Nigeria's Experience

Examining the evolution of monetary policy in Nigeria in the past four decades, Nnanna (2001), observed that though, the monetary management in Nigeria has been relatively more successful during the period of financial sector reform which is characterized by the use of indirect rather than direct monetary policy tools yet, the effectiveness of monetary policy has been undermined by the effects of fiscal dominance, political interference and the legal environment in which the Central bank operates.

In Nigeria, the monetary authority has used two monetary policy frameworks right from 1959 till date for the implementation of monetary policy. These frameworks are the exchange rate and monetary targeting frameworks.

Exchange Rate Targeting (1959–1973)

The conduct of monetary policy in Nigeria at the inception of the Bank prior to Nigeria's independence was influenced and predicated on the economic developments in Britain. The instrument of monetary policy at that time was the fixed exchange rate. The Nigerian pound was fixed in relation to the British pound in line with the prevailing world economic scenario at that time. The fixing of the exchange rate provided a more effective mechanism for the maintenance of balance of payments and inflation control in the Nigerian economy (Ojo, 2000).

The Nigerian currency not being a traded currency had its exchange rate, largely, subjected to administrative management. The exchange rate was largely passive as it was dictated by the fortunes or otherwise of the British pound sterling. The naira was pegged to the pound sterling up to 1967 when the pound was devalued and thereafter to the dollar. Following the breakdown of the IMF par value system in December 1971, the naira was adjusted in relation to the dollar. However, there were problems associated with pegging the Nigerian currency (naira) to a single currency. One of such problems was that the naira had to undergo de-facto devaluation with the dollar, while the economic fundamentals dictated otherwise in 1973 and 1975, respectively. Based on the downsides of pegging to a particular currency, the authority in 1978 decided to peg the naira to a basket of 12 currencies of the major trading partners (CBN, 2012).

Monetary Targeting (1973 - till date)

Monetary targeting involves the use of a quantity anchor, usually of monetary aggregates to achieve the ultimate monetary policy objective. It involves the use of direct and indirect instruments (CBN, 2012).

During the direct control, the major objective of the monetary policy was to promote rapid and sustainable economic growth. To achieve this, the monetary authorities imposed differential quantitative ceilings on all sectors of the economy, giving higher credit ceilings at below market lending rate to the preferred sectors, namely: agriculture, manufacturing and construction. This was to ensure that these sectors were given the utmost attention to take the lead in growing the economy through the multiplier effect. The level and structure of interest rates were administratively determined by the CBN. Both savings deposit and term deposit rates were fixed to attain the social optimum in resource allocation, promote growth of the preferred sectors, achieve orderly growth of the financial market, subdue inflation, and lessen the burden of internal debt servicing of the government (CBN, 2012).

By 1993, the central bank switched to the indirect approach to monetary policy. This switch did not preclude nor change the goals of monetary policy, which includes: achievement of domestic price and exchange rate stability; maintenance of a favourable balance of payment position; development of a sound financial system; and promotion of rapid and sustainable rate of economic growth. The CBN focuses on liquidity management to achieve the objective of maintaining price and macroeconomic stability. The primary instruments for liquidity management are OMO, complemented by cash reserve requirements, discount window operations, etc. The anchor for the Bank's monetary policy was the minimum rediscount rate (MRR), which was meant to anchor short term interest rates in the financial system. The intermediate target for monetary targeting was base money, which the Bank sought to control to have a hold on inflation trend in the economy (CBN, 2012).

The MRR, as an indicative rate, signals the direction of interest rate and impact of monetary policy. Between 1999 and 2005, the Monetary Policy Committee (MPC), adjusted the MRR in line with monetary conditions. However, in the face of the problem of liquidity overhang that persisted in the banking system over the years from the excessive fiscal operations of preceding governments prior to 1999, the MRR was not effective as an anchor rate because it could not exert immediate impact on short-term rates. Moreover, the rates in the money market remained largely volatile leading to inefficiencies in the money market as the MRR could not transmit monetary policy effectively. To establish a truly transactionary policy rate that will effectively signal the direction of monetary policy and smoothen the volatility in the money market rates, a new framework for implementing monetary policy was introduced that took effect on December 11, 2006. The ultimate goal of the new framework was to achieve a stable value of the domestic currency through stability in short-term interest rates around an "Operating Target" interest rate, "Monetary Policy Rate" (MPR). The MPR replaced the Minimum Rediscount Rate (MRR), which had been relatively ineffective in mobilizing control of interest rate movements in the financial markets. The main principle guiding the new policy is to control the supply of settlement balances of banks and motivate the banking system to target zero balances at the CBN, through an active inter-bank trading or transfer of balances at the CBN. This is aimed at engendering symmetric treatment of deficits and surpluses in the settlements accounts, so that for any bank, the cost of an overdraft at the Central Bank would be equal to the opportunity cost of holding a surplus with the Bank. The Central Bank intervention in the market takes the form of a standing lending facility, which ensures orderly market operations or behaviour thereby reducing interest rate volatility. The Bank stands ready to supply any amount the banks may require at the standing lending rate. The Central Bank also set up a standing deposit facility that

pays banks with surplus funds, a fixed interest rate in their deposit or reserves, which they keep with the Bank. This arrangement allows the Bank to keep the overnight inter-bank interest rate within a corridor with an upper and lower limit on interest rate (CBN, 2012).

For policy effectiveness, the CBN adjusts the MPR in line with the liquidity and macroeconomic conditions. Since its introduction, the MPR has varied between 6 per cent, in April 2008, and 12 per cent in October 2011. A major advantage of the new framework is that the CBN is able to operate in the market daily and ensures that adequate liquidity is provided to enable banks trading in the interbank market to complete settlement at interest rates around the MPR. Inter-bank rate is, therefore, maintained at a level between the lending and deposits rates at the CBN. The maintenance of interest rates band has helped significantly to reduce volatility in the money market compared with the inter-bank rates received in the past (CBN, 2012).

2.4 Nexus between Monetary Policy and Electioneering in Nigeria.

Party politics in Nigeria, over the years, has to a large extent been an aggressive struggle for power and dominance. According to Okoli (2008), state power has been sought by many with crudest desperation, and with the least regard for decorum and etiquette. The underlying logic of partisanship has been sort of Machiavellian expediency; hence the end justifies the means and the means being acquisition and appropriation of state power by all means and at all cost.

Electioneering activities tend to engender conditions that threaten or negate political stability and almost all observers agree that in some sense political factors matter in the conduct of monetary policy. The question is which political factors are most important, or exactly how do

those factors influence monetary policy? Politics involve the use of authority to resolve distributional issues, and it is clear that decisions about the range of societal affairs subjected to authoritative (as opposed to market) decisions are fundamental political decisions and monetary policy is part of a continuing process of remaking or refining those decisions (Alberto *et al*, 1996). This can play out during electioneering period where government make political decisions and take actions motivated by events around electioneering which seeks to either guarantee a re-election or favour specific candidates. These decisions when implemented by the monetary authority the outcome could be of significant impact on a number of selected macroeconomic indicators. For example, the sudden appointment of key persons into sensitive government agencies and boards like the Economic and Financial Crimes Commission (EFCC), Securities and Exchange Commission (SEC), the completion of major infrastructural projects may all have political undertones.

The task of managing political risk by firms is not an easy one. Political changes do not only pose direct risks to firms, but politics is also a component of other external risks. Regulatory changes have the potential to promote or inhibit market competition and social risks often have political bases and responses, and political mismanagement can turn natural or human-made events into catastrophes. Moreover, political risk is often perceived to be outside of management's control, making it difficult to define, predict, and align with objectives. Given the complexity of these issues, it is no wonder that corporations often fail to address political risk in a systematic way.

2.5 Effect of Inflation on Economic Growth

Sound monetary policy makes price signals clearer. In an environment of overall price stability, it is much easier to detect changes in relative prices. Bad monetary policy clouds the picture. When prices are always in a state of flux, it is hard to make out whether a particular price change is signaling a change in relative scarcity or whether it is simply part of an inflationary process where all prices keep on rising. The uncertainties that inflation creates make the problem worse. The mere possibility of inflation creates uncertainty about the true meaning of changes in the prices of individual goods and services. This uncertainty could lead to the misallocation of resources, which would reduce economic growth. This problem is nowhere more serious than in the capital market. Inflation uncertainty raises the risk premium that investors require and increases the cost of capital, thus lowering fixed capital formation. Lower investment means lower future growth and less future income. If producers and consumers feel confident that the average price level will remain stable, they can be more certain that price changes indicate true shifts in demand and supply. Obviously, a monetary policy that maintains price stability can improve the efficient functioning of markets. This promotes the full and productive employment of resources. Alan (2012) stated that a monetary policy that prevents inflation from being a factor in the decision making of businesses and consumers is a monetary policy that best promotes economic growth. Empirical evidence shows that high inflation has a negative correlation with economic growth. In countries where inflation is high, economic growth is normally low. Many economists are therefore convinced that inflation is undesirable and should be avoided at all costs. Recent economic research has cast some doubt on this argument. In principle, there is likely to be a reversal somewhere in the inverse relationship

between inflation and growth as there are no grounds for believing that continuously declining prices, i.e. deflation, are good for growth.

Stanley Fischer of the International Monetary Fund (IMF) found that the inverse relationship would hold, even at low rates of inflation. Another study by Barro (1996), confirmed this inverse relationship, but found that it was relatively weak. Increasing inflation by 1% led to only a small reduction of less than 0.03% in growth. According to Barro, a range of other studies found no effects from inflation on growth. Sarel (1994), a researcher at the IMF, came to the conclusion that when inflation is low, it has no significant negative effect on economic growth, and the effect may even be positive. But when inflation is high, it has a powerful negative effect on growth. The structural break is estimated to occur where the average annual rate of inflation is 8%. Despite this uncertainty about the negative correlation between inflation and growth at inflation rates below 8%, there is still no evidence of a positive correlation between inflation and growth over any long period of time. In any case, if the inflation rate is close to 8%, it still seems wise to follow a policy countering a general increase in prices because it could easily move to levels above 8% and accelerate further.

2.6.0 Effect of Inflation on Economic Growth during Electioneering

According to Akinbobola (2012) the three major explanations of inflation include fiscal, monetary and balance of payments aspects. While in the monetary aspect, inflation is considered to be due to an increase in money supply, in the fiscal aspect, budget deficits are the fundamental cause of inflation in countries with prolonged high inflation. However, the fiscal aspect is closely linked to monetary explanations of inflation since government deficits are

often financed by money creation in developing countries. In the balance of payments aspect, emphasis is placed on the exchange rate. Simply, the collapse of exchange rate brings about inflation either through higher import prices and increase in inflationary expectations, which are often accommodated, or through an accelerated wage indexation mechanism.

Examining the effect of inflation on economic growth during electioneering period as a parameter for reelection, Lewis-Beck and Nadeau (2001) focus on the specific indicators which influence the probability that an incumbent will be reelected. They point out correctly that individual voters use information in different ways in accounting for the state of the economy, some will focus more on growth rates while others will be more concerned with inflation or unemployment. Anna (2010) posited that politicians cannot simply optimize one of these economic indicators and so it becomes necessary during an election cycle for the incumbent party to keep all economic indicators in good standing with the electorates. The problem is however confounded when we recognize that many of these variables, among them inflation and unemployment, are naturally negatively related.

There is a general pattern in inflation rate in Nigeria, only with very few exceptions which shows a general rise in consumer prices due to increased spending in the run up to general elections and a steady decline after the conclusion of the elections and this has been the trend right from the re-emergence of democracy in 1999 up to 2015. Different findings suggest that the fall in the inflation rate in the post-election environment does not necessarily reflect the degree of institutional development. As Political Budget Cycle (PBC) theory predicts, a lower level of democracy may translate into higher government spending before an election, given

greater budgetary discretion and fewer checks on government actions and accountability under these regimes (Bernhard and Leblang, 2002). However, there remains no evidence supporting the notion that such spending produces deleterious economic outcomes following elections. Other political factors may instead be at work. The fall in inflation could also be a reaction of an executive's stronger reform mandate following elections, and hence his or her ability to pursue stabilizing macroeconomic policies (Berg et al., 2003b).

The post-election fall in inflation may instead be a function of market perceptions, rather than a function of government policy. Fearing the election of a left-wing government, market participants may sell domestic assets to hedge against potential profligate spending policies, inflation, debt pressures and negative risk assessments by sovereign rating agencies (Allan, 2012). Following elections, if the left-wing government signals a shift to orthodox, market friendly policies, inflation expectations are likely to diminish, helping financial markets rebound. The resulting lower rate environment could also help expand domestic credit and spur economic activity.

2.6.1 Effect of Interest Rates on Economic Growth during Electioneering

Interest rates are arguably one of the most important macroeconomic variables. They provide a key transmission channel for the propagation of shocks throughout the economy, and play a fundamental role in asset pricing, investment and economic growth (Sebastian, 1998). Lending rates by commercial banks in Nigeria have shown a particular pattern from 1999 to 2015 electioneering period as lending rates by banks recorded marginal increases during

electioneering period for the period under investigation. This may not be as a result of the desire of the monetary authority to check inflationary trends as a result of excess money in circulation.

Interest rate has a wide and varied impact upon the economy. When it is raised, the general effect is a lessening of the amount of money in circulation, which works to keep inflation low. It also makes borrowing money more expensive. This increases expenses for companies, lowering earnings somewhat for those with debt to pay. It also tends to make the stock market a slightly less attractive place to invest. The swings in the stock market results in higher interest rates which make a company's potential future earnings to look less attractive, therefore, the value of the company and the stock price should be adjusted downwards as interest rates are among the most important factors affecting the fluctuations in stock trends. The other factors are corporate earnings, business cycle trends and government policies among others.

Policy uncertainty can also have an effect on the real economy. According to Allan (2012) a higher level of policy uncertainty increases the risk of holding assets with returns that depend on economic policies. For example, the decision to invest in a government bond is directly affected by the inflation rate since the real rate of return is equal to the nominal return minus the inflation rate. Any increase in the expected variance of inflation also increases the expected variance of the real return. This causes some investors to reallocate their money to other assets that have the same return but a lower level of total risk. As they do so, demand for the bond falls, as does its price. Thus, an increase in inflation risk increases interest rates, which can also have a negative impact on consumption, investment and growth.

2.6.2 Effect of Money Supply on Economic Growth during Electioneering

The existence of expansionary monetary policy for the purpose of electoral profiteering for the incumbent government is a common scenario in African democracies. In Nigeria, there exists statistical evidence which demonstrate the use of money supply for electoral purposes as incumbent governments expand the monetary base prior to elections to boost their popularity and reelection bids.

Prashant and Poonan (2015) stated that political budget cycle theories indicate that macroeconomic variables like output, unemployment, inflation show a particular pattern during election year as incumbent politicians induce temporary economic expansions in the pre-election period. They added that fiscal deficit goes up in pre-election year and a drop in the fiscal policy is observed in post-election year. But sometimes an opposite pattern is also observed. This might happen because just before the election, government does not spend more money, but just diverts the money to those schemes which will attract the people's attention and Nigeria surely has seen various schemes getting more funding just before the election period.

According to Bruno (2013), Money is very common in politics. Election campaigns, political parties, interest groups, non-profit organizations and the media depend heavily on money, or more broadly speaking on material resources. Both in organizing collective action and reaching out to voters, journalists or politicians depend on funding for staff and rent to run offices or for communication services to reach out to citizens.

2.7 Political Risk, Instability and its Effect on Growth

Political risk as defined in this study is the probability of disruption of the operations of companies and businesses by political forces and events, whether they occur in host countries or result from changes in the international environment. In host counties, political risk is largely determined by uncertainty over the actions not only of governments and political institutions, but also of minority groups and separatist movements. This study defines political risk to include transfer and convertibility restrictions, expropriation, breach of contract, non-honouring of sovereign financial obligations, terrorism, war, political uncertainty, political unrests, civil disturbance and other adverse regulatory changes.

Alberto *et al* (1996) stated that one strong theoretical argument underlying the relationship between the effects of political risk on monetary policy growth objectives is based upon the effect of uncertainty on productive economic decisions, such as investment, production or labour supply. A high propensity of a change of government is associated with uncertainty about the new policies of a potential new government. Risk-averse economic agents may hesitate to take economic initiatives or may "exit" the economy. They added that, this forms a large chunk of investors' fears when investing abroad as foreign investors prefer a stable political environment, with less policy uncertainty and less uncertainty about property rights. As with many African democracies and developing countries, electioneering period in Nigeria is usually characterized by widespread political violence, risk and uncertainty. In Nigeria, this has remained the experience since the re-emergence of democracy in 1999 till date. Alesina and Tabellini (1990), Cukierman, Edwards and Tabellini (1992), present several models in which a government is uncertain about its survival, and as a result engages in suboptimal policies in

order to “worsen” the state of the world inherited by its successor. All these models have in common the idea that political instability lead to economic inefficiencies.

The most direct application of this idea for economic growth is in Alesina and Tabellini (1990), which examined the effect of political risk and uncertainty on investment and capital flight. The possibility of a government collapse leading to a new government prone to tax capital and productive activities implies a substitution of productive domestic investments in favour of consumption and capital flight, and thereby leads to a reduction of domestic production.

A different argument leading to a similar relation between political instability and growth is implied by Grossman’s (1991) analysis of revolutions. Grossman posited that in countries where rulers are relatively weak, i.e. more easily overthrown, the probability of revolutions is higher and the citizens have higher incentives to engage in revolutionary activities rather than productive market activities. On the contrary, a strong ruler who makes a revolution unlikely to succeed discourages revolutionary activities in favour of market activities.

A weak government constantly under threat of losing office may be particularly sensitive to the need of pleasing lobbyists, political loyalists, supporters, friends and pressure groups, thus leading to a more direct effect of rent-seeking activities on policy decisions.

Two objections to these arguments are worth mentioning. The first one is that a high propensity of a government change may be viewed favourably by economic agents if the current government is incompetent and/or corrupt and its possible successors are viewed as an improvement.

Secondly, if the propensity of government change is large, an increase of it may actually reduce political uncertainty, since it becomes more certain that the current government will collapse.

However, if the characteristics or even the identity of the successor of the incumbent government are not known with certainty, an increase of the propensity of a political change may lead to an increase in policy uncertainty. In fact, it implies an increase of the propensity of substituting a well known (even though, possibly, inefficient) government for a less known one (Alberto *et al,* 1996). They added further that the study of the effects of political instability on economic growth needs to deal with the problem of joint endogeneity: as though even if it is true that a high propensity of having frequent government changes reduce growth, it may also be the case that low growth increases the probability of a government change.

The effect of growth on government change is likely to be observable in both democracies and in dictatorships. In democracies, a vast empirical literature has established that high growth in pre-election years increases the likelihood of re-election of the incumbent government: voters do not reelect incumbents if they perceive that the latter have mismanaged the economy. Specifically, voters appear to pay particular attention to income growth immediately before elections. In non-democracies the likelihood of coups d'etat may also decrease with both the level of GDP per capita and its rate of growth. Low growth may increase popular dissatisfaction and create incentives for anti-government political action. These are, in fact, the results shown by Londregan and Poole (1990), in their studies of the economic determinants of unconstitutional transfers of power.

A related issue is whether democratic institutions are harmful or conducive to growth. A rather popular argument is that democratic institutions may be harmful to growth. The basic idea underlying this view is that policy makers in democratic government are subject to the pressures of interests groups, and thus short-sightedly follow opportunistic policies to enhance their

chances of re-election instead of policies that enhance long term growth. However, these arguments against democracy are not necessarily conclusive. First of all, dictators may also need to be opportunistic if their survival in office is threatened. Secondly, authoritarian regimes are not a homogenous lot: they include "technocratic" dictators and "kleptocratic" ones. While the apparent association of high economic growth with authoritarian regimes is suggested by the experience of several authoritarian "technocratic" regimes (Alberto *et al*, 1996).

2.8.0 The Classification of Political Risk and Operationalizion

To operationalize the different existing expressions of political risk, this study has classified them according to the type of risk they pose and follows the categorization system of Root (1972) and its three different categories of risk: Expropriation, Operational and Transfer risk. Additionally, the study considers an additional category which is Violence Risk following the approaches of Jensen (2005) and Baas (2010).

2.8.1 Expriopriation Risk

Truitt (1970) defined expropriation as an official taking by a sovereign state of the tangible property of alien corporate ownership with a view toward the continued exploitation of that property for the public utility of the expropriating state. This definition implies several limiting characteristics of expropriation as discussed in Kobrin (1980), which include that:

i. The expropriated property is located in the host country and its original owners reside outside the host country's territory.
ii. It must not appear like a temporary action.

iii. Expropriation must involve an indemnity payment from the government otherwise it is classified as a confiscation, and

iv. Mild forms of intervention such as an increase in taxes by the host government are not considered expropriation, since expropriation is associated with deprivation of ownership only. Compared to other manifestations of risk, such as political violence and transfer risks, the number of claims of expropriation to political risk is low. However, expropriation remains the more important claim on insurance companies in terms of claimed value (Jensen, 2005). Minor (2003), Jarvis and Griffiths (2007) stated that during the 1970s and 1980s, expropriation was the most common form of political risk and although less frequent after the 1980s, it showed an increase after the mid-1990s.

Why do governments expropriate? As highlighted in Table 2.1 there are several incentives, either political or economic in the sense of a rent seeking behaviour, or both, that drive a government to expropriate. In the case of politically driven expropriations, it may be due to political ideology changes that generate waves of forced divestment, a case defined as mass expropriation e.g. Truitt, 1970; Kobrin, 1980. A typical example is the socialization of the Cuban economy in the 1960s. Other expropriations related with specific sectors or firms are called selective expropriations and may be expressions of reactions against foreign domination (Kobrin, 1980; Kennedy, 1993). The economically driven expropriations are selective by nature. They may well come up as an opportunity to seize a high level of rents in a project or as a desperate measure in the midst of an economic downturn. The first case is known as opportunistic expropriation and it is usually associated with natural resources production (Cole and English, 1991). The government seeks to capture the difference between the rents of the

business and the reputational costs it will incur, and the net benefits are more obvious for countries flushed with rents from natural resources and not dependent on FDI flows (Jensen and Johnston, 2011). In the second case, desperate expropriation (Cole and English, 1991), the net benefits are magnified by the fact that reputational costs greatly decrease during economic recessions because the residents of the country place more importance on the welfare state (Jensen, 2005; Jensen, 2008 and Tomz and Wright, 2010).

2.8.2 Operational Political Risk

Root (1972), associated operational political risk with policy uncertainty and actions that directly constraint the operations of firms. Although this definition is very broad, operational risk is commonly related with policies, regulation and governmental procedures that affect the results of the investment, but do not imply deprivation of ownership or loss of assets. Changes in legislation that may have an effect on the profits of the firm, changes in royalties, and changes in taxes are usual examples of expressions of operational risk as expressed in Table 2.2. Similarly to expropriation risk, operational political risk expressions can be classified through their drivers which may again be political, economic or both.

Table 2.1 Expressions of Operational Political Risk and their Drivers

Types	Political	Economic
Changes in taxes	Usually part of broad macro-economic policies, although it may sometimes target specific industries and sectors (Jensen, 2003)	Opportunistic behavior aiming to seize rents from sectors with high output or price levels (Duncan, 2005; Engel et al., 2007; McMillan and Waxman, 2007 Stroebel et al., 2010)
Changes in royalties	-	Opportunistic behavior aiming to seize rents from sectors with high output or price levels (Engel et al., 2007; Stroebel et al.,2010)
Corruption premium	-	Most common in countries with poor governance in which un-official payment may be required in order to be able to do business within the country (McMillan and Waxman, 2007)
Changes in legislation	Usually part of broad macro-economic policies, may affect returns on investments (Jensen, 2003)	Most common when governments are both owners of firms and market regulators (Minor, 2003)
Political instability	Unstable governmental regimes may deteriorate broad economic situation and/or strong and active opposition may delay or hinder governmental policies and initiatives (Feng, 2001, Minor, 2003, Jensen, 2008)	Governments erratically change policies or policy directions in order to extract economic rents (Feng,2001)Subsidies and tax incentives
Subsidies and tax incentives	As a mechanism to support emerging or important sectors	As compensation mechanisms addressing high levels of political risk (Engel et al., 2007; Hajzler, 2010b; Stroebel et al.,2010; Jensen et al., 2011)

Sources; Diana, R. *et al* (2012)

There is sometimes an overlapping between some expressions of operational risk and expropriations. The concept creeping expropriation is considered to be a form of expropriation, and reflects governmental attempts to seize rents through taxes and royalties. However, it is not easy to associate tax increases with expropriations, because tax increases are usually part of a

broad contractionary fiscal policy with no particular industry or sector targets. Furthermore, taxes expropriate profits instead of productive assets.

2.8.3 Transfer Risk

Transfer risk is related with the uncertainty about flows of capital, payments, technology and people among others (Root, 1972). More precisely, Baas (2010) defines it as the inability of a foreign enterprise to repatriate investment capital or loan principal, dividends or interests by legal means.

There are two main expressions of transfer risk. The first one refers to the announcement by a government that it will not pay its debt either fully or partially. The second one is capital controls, which encompasses a broad range of activities. Restrictions to the movements of capitals and currency devaluation schemes are common examples of this type of risk. The effects of both types of transfer risk on operating businesses may be quite diverse.

Sovereign default may affect businesses indirectly, through deterioration of the economy by impairing economic activity. Arellano (2008), argues that sovereign defaults are often accompanied by deep economic recessions, and Tomz and Wright (2010), avers that it's likely that international markets punish the defaulting economy with its known consequences. Capital controls have a direct effect on businesses and especially multinational firms even when they are not aimed at these types of businesses (Clague, Keefer, and Olson, 1996; Feng, 2001). They may impact the ability to transfer funds abroad, as well as the profit stream of the firm such as in the cases of devaluation schemes (Clague et al, 1996; Jensen, 2003) or currency inconvertibility (Clague et al, 1996; Baas, 2010). One further expression of capital controls

relates to some special taxes such as import and export tariffs and constraints to payments to the parent company (Feils and Sabac, 2000).

2.8.4 Political Violence Risk

Political violence risk refers to the risk that politically motivated violent acts lead to the destruction of the operating assets of a project or render the project non-operational for a prolonged period (Baas, 2010). Among the expressions of this risk we can find war, insurrection, revolution, terrorism and sabotage. In Nigeria, we witnessed the activities of Boko Haram disrupting economic activities in the North East and some cities in Nigeria and the upsurge of violence in the South South region of Nigeria by militants attacking and destroying pipelines, disrupting oil production, thereby slowing economic activities and growth.

In few cases, political violence risk is company or sector specific such as sabotages or terrorist acts. In most of the cases, political violence risk comes as an unwanted consequence of a broader conflict, like a civil war. The effect of this risk can be direct or indirect (Jensen, 2005). The direct effects of violence risk are the impairment of the firm assets including fixed and human capital. The indirect effects are possibly more common and affect the value of the operating firm. Table 2.2 summarized the direct and indirect nature of political violence risk, its expression and effects on companies operation.

Table 2.2 Expressions of Political Violence Risk and their Effects

Nature	Expressions	Effects
Direct	Terrorist attacks, Sabotage, Insurrection and Wars	Destruction of physical capital and/or loss of human capital and/or increase the cost of protection.
Indirect	Revolutions, Coup d'états, Insurrection and Wars	Deterioration of the financial performance due to lower economic growth of and increases in the cost of protection.

Sources; Diana, R. *et al* (2012)

2.9 Review of Empirical Studies

This section reviews relevant literature that examined the relationship and impact of monetary policy on economic growth in Nigeria as well as other countries, adopting different variables, scope, and econometric techniques.

Udede (2014), examined the impact of monetary policy on the growth of Nigeria economy between 1981-2012. Various advanced econometric techniques like Augumented Dickey Fuller Unit Root Test, Johanson Cointegration Test and Vector Error Correction Mechanism (VECM) were employed. The outcome of the investigation showed that none of the variables was stationary at any level meaning they all have unit roots. But all the variables became stationary after first difference with the exclusion of money supply. However, all the variables became stationary after second difference. Hence, they were integrated of order two. The cointegration result indicated that there is a long run relationship among the variables with two cointegrating vectors. The result of the Vector Error Correction Mechanism (VECM) test indicates that only exchange rate exerted significant impact on economic growth in Nigeria while other variables

did not. Equally, only money supply though statistically insignificant possessed the expected sign while others contradicted expectation. The study concluded that monetary policy did not impact significantly on economic growth of Nigeria within the period under review and that the inability of monetary policies to effectively maximize its policy objective most times is as a result of the short comings of the policy instruments used in Nigeria as such limits its contribution to growth.

Okoro (2013) examined the impact of monetary policy on Nigerian economic growth from the period 1970-2010. Using a time series data the study employed Augmented Dickey-Fuller (ADF) test, Philips-Perron Unit Test, Cointegration test and Error Correction Model (ECM) techniques in the analysis of the data. The result showed that there existed a long-run equilibrium relationship between monetary policy instruments and economic growth in Nigeria. The result found interest rate and inflation rate negatively correlated with Gross Domestic Product (GDP) while exchange rate, money supply and credit to the economy were positively related to GDP, based on the long-run test. Theoretically, the study infers that monetary policy instruments contributed significantly to the positive economic growth of Nigeria and suggested the need for a suitable monetary policy through inflation targeting and that the Central Bank of Nigeria should employ direct regulation of interest rates to boost growth in both private and public investment in Nigeria.

Nenbee and Madume (2011), evaluated the impact of monetary policy on Nigeria's macroeconomic stability between 1970-2009. The study viewed macroeconomic stability in terms of price stability. The findings revealed that monetary policy tools showed a mix result in

terms of their impact on inflation in Nigeria and suggested that Nigeria should adopt macroeconomic mix of monetary, fiscal and exchange rate policies in managing inflation thereby promoting price stability which ultimately leads to macroeconomic stability.

Michael and Ebibai (2014) empirically examined the impact of monetary policy in Nigeria on selected Macroeconomic variables such as gross domestic product, inflation, and balance of payment in Nigeria from 1980-2011. The study adopted econometric investigation to examine the impact of monetary policy on economic growth in Nigeria using such econometric tools like Ordinary Least Square (OLS) regression analysis. The error correction method was used to ascertain if there is a static long run equilibrium relationship among the explanatory variables. The outcome revealed that monetary policy has significant impacts on the economy especially in regulating and stabilizing the volume of money in circulation and further recommended that the provision of investment friendly environment in the Nigeria economy will increase the growth rate of GDP.

Hameed *et al* (2012), studied the linkage between monetary instruments and economic growth. Sample was taken from 1995-2010 and included observations are 187 after adjustments. Their objective was to identify and underline the interdependence that existed between monetary policy and economic growth from the point of view of the influence of the effects of monetary policy decisions and its instrument upon the evolution and achievement of expected values of macroeconomic variables like GDP, money supply, interest rates, exchange rates and inflation. The dependent variable is output and independent variable is monetary policy. The outcome of their study revealed that the method of Least Square OLS which was adopted for the study

explains the relationship between the variables under study. They added further that tight monetary policy with balanced adjustments in independent variables shows a positive relationship with independent variable.

Onyeiwu (2012), investigated monetary policy and economic growth between 1981-2008. The regression analysis indicated that the supply of money caused a rise in gross domestic product and balance of payments but failed to suppress inflation in the Nigerian economy. The study provided inference of a positive influence of monetary policy on economic growth and its weakness to ensure macroeconomic stability.

Ismail, Adegbemi and Mariam (2013), in their study, wanted to know if monetary policy influences economic growth in Nigeria and made use of time series data covering 1975 to 2010. The core findings of this study revealed that inflation rate, exchange rate and external reserve are significant monetary policy instruments that drive growth in Nigeria. The study recommended the establishment of primary and secondary government bond markets that can also increase the efficiency of monetary policy and reduce the government's need to rely on the Central bank for direct financing.

Iyaji, Musa and Success (2012) analyzed the effectiveness of monetary policy in combating inflation pressure on the Nigerian economy from 1980-2010. The broad objective of this study was to identify monetary policy instruments that were used in combating inflation over the research period and use their impact to measure the effectiveness of monetary policy in Nigeria. To do this, it evaluated the magnitude and direction of the impact of broad money supply,

interest rate, cash reserve ratio of the commercial banks, liquidity ratio and exchange rate on inflation. The framework for analysis involved the estimation of inflation function derived from the monetary theory of inflation. The study employed Classical Least Squares method with the aid, granger causality, stationarity test and correlogram. The results of the analysis showed that the liquidity ratio and interest rate turnout to be leading monetary policy instruments that can be employed to combat inflation in Nigeria. It was revealed that, unethical banking practices by Nigerian commercial banks has rendered cash reserve ratio, broad money supply and exchange rate impotent resulting to ineffective monetary policy in Nigerian economy.

Christopher and Akorah (2012), looked at the impact of monetary policy on economic growth with specific attention to Agricultural development in Nigeria from 1970 to 2010. The relevant variables for which data were sourced include; Minimum Re-discount Rate (MRR), Treasury Bill Rate (TBR), Broad money supply (M_2), Agricultural sector output and index of agricultural production. The results of the analyses showed that although CBN's monetary policies play crucial role in influencing the level of agricultural productivity in the country, it has not recorded significant progress in terms of providing enabling environment for better performance in the agricultural sector. It recommended that the Central Bank of Nigeria should introduce more monetary instruments that are flexible enough to meet the ever-growing financial sector in order to attract both domestic and foreign investors, while more stringent punishment should be made for non-compliance to the monetary policies by financial institutions.

Chuku (2009), measured the effects of monetary policy Innovations in Nigeria by carrying out a controlled experiment using a Structural Vector Autoregression (SVAR) model to trace the effects of monetary policy shocks on output and prices in Nigeria. The experiment was

conducted using three alternative policy instruments i.e broad money (M_2), Minimum Rediscount Rate (MRR) and the Real Effective Exchange Rate (REER). Overall, the study found out that monetary policy innovations carried out on the quantity-based nominal anchor (M_2) has modest effects on output and prices with a very fast speed of adjustment. While, innovations on the price-based nominal anchors (MRR and REER) have neutral and fleeting effects on output. It concluded by stating that the manipulation of the quantity of money (M_2) in the economy is the most influential instrument for monetary policy implementation. He recommended that central bankers should place more emphasis on the use of the quantity-based nominal anchor rather than the price-based nominal anchors.

Chigbu and Njoku (2013), investigated the combination of the impacts of both monetary and fiscal policies on Nigeria economic growth using data collected from 1990 to 2010. The individual variable; Minimum Rediscount Rate (LNMRR), interest rate (LNIR), liquidity rate (LNLN), Corporate Income Tax (CIT) and federal budget were statistically significant to Gross Domestic Product in the previous year. However, interest rate and liquidity rate impacted negatively on the GDP but minimum rediscount rate, corporate income tax and federal budget affect the GDP positively. Monetary and fiscal policies are jointly statistically significant to the level of economic growth in Nigeria. The reaction of money and fiscal policies measures on the level of economic growth in Nigeria was found to be unstable over the years of study which indicated no long run relationships. However, the study further revealed that fiscal policy measures are more effective in gearing economic growth in Nigeria. The study recommended that there should be effective strategies policies that enhance better fiscal policy implementation

in Nigeria that will in the long run contribute to the national economic growth and also more robust and viable monetary policy measures should be made to achieve sound economic growth.

Closely related to this study is the study conducted by Kareem *et al* (2012). The study adopted descriptive statistics, regression and correlation analysis on fiscal and monetary variables (inflation, interest, narrow money, broad money, government recurrent and capital expenditure). The study made use of data adopted between 1999-2008. The results revealed that there has been fluctuation in the trend of policy variables in Nigeria (i.e.) inflation rate, interest rate, narrow money, broad money, government re-current and capital expenditure) considered with reference to the stable democracy in Nigeria between 1999-2008. The results further showed that broad money and re-current expenditure have positive relationship with RGDP which shows that a unit increase in the aforementioned variables will lead to a unit increase in GDP, but re-current expenditure is 5% significant with broad money having no significant level. Narrow money, inflation, interest and capital expenditure have negative impact on GDP, though; interest rate is significant at 10% probability level. The correlation results further showed that narrow money, broad money and government recurrent expenditure are significant at 1% probability level while government capital expenditure is significant at 5% probability level with inflation and interest rate having no significant relationship and negatively related with RGDP. The study concluded that narrow money, broad money, government recurrent expenditure and capital expenditure are significant variables that affect economic growth in Nigeria.

Elsewhere, Osasohan (2014), examined the impact of monetary policy on economic growth in the United Kingdom. The data uses time-series data over a study period spanning from 1940-2012. The impacts of each of the endogenous variables (money supply, inflation, bank rate, consumer price level, the real effective exchange rate and the current account deficit) between the periods of 1940-2012 and the study indicated a long run relationship that exists among the monetary variables. Specifically, it finds that the inflationary rate and money supply are significant monetary policy instruments that drive growth in the United Kingdom and recommended that the UK policy makers should focus on boosting macroeconomic performance by ensuring that growth in money supply is proportional to the growth in real Gross Domestic Product.

Manauchehr and Ahmad (2011), studied the impact of monetary policy on economic growth in Iran between 1974 to 2008 by examining the relationship between money supply and economic growth. The outcome revealed that there was a positive and significant relationship between money supply and economic growth in Iran.

Jailson, Bruno and Osvaldo (2014), examined the impact of monetary policy in Cape Verde on macroeconomic changes for the period 1999 to 2011. The researchers made use of Vector Autoregression (VAR) and the Markov Switching Vector Autoregression MS-VAR models to analyze and compare how those macroeconomic dynamics were connected to the monetary policy regime adopted within the period. The study through the MS-VAR estimated two regimes which were statistically identified. The second regime seems to be more persistent and characterized the period from 1993 to 2006, which matches with important changes in Cape

Verde's economy. The study compared the impulse-response functions estimated by using the VAR model and the impulse-response regime-dependent functions estimated by MS-VAR models. The latter indicated that only in the second regime does a positive shock in the residuals of interest rate have the expected effects, decreasing the output level and the price index.

In Malawi, Ronald Mangari (2012) examined the effects of monetary policy in Malawi using a monthly data adopted from January 1994 to March 2009. The objective of the research was to assess the effects of monetary policy in Malawi by tracing the channels of its transmission mechanism. The study conducted Granger-causality and block exogeneity tests, as well as innovation accounting analyses, in order to elucidate the dynamic interrelationships among monetary policy, financial variables and prices in market. The study found that there was lack of unequivocal evidence in support of any of the conventional channels of monetary policy transmission mechanism, and that the exchange rate was the single most important variable in predicting prices.

Chipote and Makhetha (2014) examined the impact of monetary policy on economic growth in South Africa. Data was collected from 2000-2010 for analysis. The study found a long run relationship existing among the variables. Also, the core finding of this study shows that money supply, repo rate and exchange rate are significant monetary policy instruments that drive growth in South Africa whilst inflation remains significant. The study recommended that monetary policies should be used to create favourable investment climate that attracts both domestic and foreign investments thereby promoting a sustainable economic growth. The government should also increase government spending on the productive sectors of the

economy so as to promote growth as monetary policy alone is unable to effectively spur economic growth.

Having reviewed multiple literatures that examined the impact of monetary policy on economic growth which adopted different macroeconomic indicators, scope and tools of economic analysis both in Nigeria and in other countries, there is none that examined the influence of political activities, uncertainty and risk that characterizes electioneering on the economic growth objective of monetary policy and this is the gap that this study seeks to fill by examining the effect of monetary policy on economic growth during electioneering period in Nigeria.

2.10.0 Theoretical Framework

The theories used for this study are the Keynesian theory and Monetarist theory which highlight the effect between the independent and dependent variables. Keynes maintained that monetary policy alone is ineffective in stimulating economic activity because it works through indirect interest rate mechanism. Whereas, Monetarists asserted that in order to promote steady growth rate, the money supply should grow at a fixed rate instead of being regulated and altered by the monetary authority.

2.10.1 Keynesian Theory

The conflicting views between the Keynesians and the Monetarists economists concerning the impact of monetary policy on economic growth build up from the explanation of the monetary policy transmission. The Keynesians propose a situation whereby the portfolio imbalance does

not lead to a decrease in interest rate. If increases in money supply do not lead to a reduction rates in interest rates, a situation known as the liquidity trap will result (Khabo, 2002).

Liquidity trap is experienced when the prevailing interest rates are close or equal to zero and the monetary authority is unable to stimulate the economy through the monetary policy. Money supply can become insensitive to interest rate changes if interest rates are extremely low such that further decreases will not motivate investors to purchase bonds since their rate of return will be low. Investors would rather hold on to money, thereby making money demand insensitive to interest rate changes. The Keynesians therefore argue that monetary policy will be ineffective in impacting on economic growth, but advocate on fiscal policy to bring about changes in economic growth. The economy is also assumed not to exist at employment equilibrium and that it works only in the short run because as Keynes aptly puts it "in the long run, we also will be dead". The Keynesian theory is rooted on one notion of price rigidity and possibly of an economy setting at a less than full employment level of output, income and employment.

The Keynesian macro economy brought into focus the issue of output rather than prices as being responsible for changing economic conditions. In other records, they were not interested in the quantity theory per se (Udude, 2014). Keynesians assumes that monetary policy works by influencing interest rate which influences investment decisions and consequently output and income via the multiplier process. (Amacher and Ulbrich, 1989). Thus, the Keynesian theory is a rejection of Say's Law "that supply creates its own demand" and the notion that the economy

is self-regulating. Studies that use this theory include Onyeiwu (2012); Adeoye and Saibu (2014); Udude (2014); Michael and Ebibai (2014).

2.10.2 The Monetarist Theory

This is the main theory underpinning this study. Monetarist adopted Irvin Fisher's equation of exchange to illustrate their theory of demand for money and not a theory of output, price and money income by making a functional relationship between the quantities of real balances demanded a limited number of variables (Udede, 2014).

Monetarists like Friedman (1963) emphasized money supply as the key factor affecting the wellbeing of the economy. Monetarists assert that in order to promote steady growth rate, the money supply should grow at a fixed rate instead of being regulated and altered by the monetary authority. Whereas Keynes on the other hand maintained that monetary policy alone is ineffective in stimulating economic activity because it works through indirect interest rate mechanism.

Friedman also argued that since money supply is substitutive not just for bonds but also for many goods and services, changes in money supply will therefore have both direct and indirect effects on spending and investment respectively such that demand for money will depend upon the relative rates of return available or different competing assets in which wealth can be (Udede, 2014).

Among the monetarists assertion is the belief that in the short-run, expansionary monetary policies may increase the level of real GDP by increasing aggregate demand. However, in the long-run when the economy is operating at the full employment level they consent that the classical quantity theory remains a good approximation of the link between the supply of money, the price level, and the real GDP (Chipote and Makhetha, 2014). Studies that use this theory include: Anyanwu (2003); Onyeiwu (2012); and Udude (2014).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology for the study. It submits the type of research design adopted, the population and sampling method used and stated the sampling technique and the method of data collection. It further discusses, the measurement instruments and operationalization of variables, method of data analysis used, robustness and diagnostic checks conducted, model specification and a justification for the methodology used.

3.2 Research Design

This study made use of Ex-post facto research design. An ex-post facto research design is also known as after-the fact design and it is undertaken after the events have taken place and data are already in existence. At the time of this study, variables used in this study such as interest rate, inflation rate, money supply and Gross Domestic Product had already occurred. It therefore investigates the possible causes and effects of a subsisting relationship between the dependent and independent variables.

3.2.1 Population and Sampling Method

The targeted population represents quarterly data obtained from key economic indicators like money supply, inflation rate, interest rates and GDP in Nigeria and the sample size is data gotten from 1999-2015, covering sixteen years period. The sampling method for this study is the probability sampling method. Every item in the population was given equal and independent chance of being included in the sample.

3.2.2 Sampling Technique

The simple random sampling technique was adopted for data collection and analysis. First, a numbered list of all the units in the population from where the sample was selected was serially tabulated. This was after deciding on the size of the sample to be selected from (i.e 1999-2015). Finally, the required number of sampling units were selected from the sample size, using 1 to represent electioneering period and 0 to represent non-electioneering period. This technique then underscored 1999, 2003, 2007, 2011 and 2015 as the electioneering period for this study.

3.3 Method of Data Collection

The study made used of secondary data which are time series and quantitative in nature. Data were collected on a quarterly basis from 1999 to 2015 in order to understand the behaviour and effect of monetary policy on economic growth during electioneering period in Nigeria. The data were sourced from CBN statistical bulletin (1981-2014), CBN annual reports (1999-2015), National Bureau of Statistics, and CBN Website.

3.4 Measurement Instruments and Operationalization of Variables

The type of measurement adopted for this study is the interval scales. Data was collected from the period of 1999 to 2015 covering five electioneering periods i.e 1999, 2003, 2007, 2011 and 2015 (4 years interval scale) Five dummies were generated as part of the independent variable in order to partition the period into electioneering and non-electioneering period. Whereas, 1 was used to represent all the electioneering period from 1999 to 2015, 0 will represent the non-electioneering period.

3.5 Method of Data Analysis

The type of data analysis method employed for this study is the Ordinary Least Square (OLS). It was subjected to a dynamic estimation, using the lag structure of the variables. There was a determination of the existence of substantial co-movements among time series variables. In determining the time series properties of the variables the data was subjected to Augmented Dickey- Fuller Root Test (Dickey and Fuller, 1981). The univariate time series behaviour for this study was determined. The Johansen Co-integration test was used to determine the long run relationship between the independent and dependent variable.

The techniques adopted in this study are descriptive statistics and Multiple Regression Model.

3.6 Robustness and Diagnostic Checks

Since the study is using secondary data and the sources of the data has been a subject of careful economic analysis of relevant economic indices, the instruments for this study is termed to be valid. The Unit root test was conducted to test the Stationarity of the time series data using the Augmented Dickey Fuller (ADF) and the co-integration test conducted using Johansen Test to test for the long run relationship between the independent and dependent variable. EVIEWS Version9 is used to perform these tests.

Model Specification

The empirical model for this study is stated as;

$Y_{t=} f (MPt)$----------1

Where;

Y= is a measure of economic activity in which Gross Domestic Product (GDP) is employed as a proxy.

MP= is a function representing monetary policy instruments.

Narrow money, broad money, real interest rates, and inflation rates as proxies for the exogenous variable monetary policy.

The subscript (t) means time period.

Model Specification

The model is empirically specified as:-

$RGDP=\beta_o+\beta_1M_1+\beta_2M_2+\beta_3INT+\beta_4INF+rDi+E_it$----------2

Where;

D, called a Dummy-variable regressor or an indicator variable, is coded 1 for electioneering period and 0 for non-electioneering period.

Di= (1=Electioneering period, 0=Non-electioneering period)

For the five electioneering period, the model is restated as;

$RGDP= \beta_o+\beta_1M_1+\beta_2M_2+\beta_3INT+\beta_4INF+ \beta_5D_1+ \beta_6D_2+ \beta_7D_3+ \beta_8D_4+ \beta_9D_5+E_it$----------3

Where;

β_o is constant, β_1, β_2, β_3, β_4, is representing the coefficients of the independent variable and β_5, β_6, β_7, β_8, β_9 are the coefficients of the dummy variable representing the five electioneering period (D_1, D_2, D_3, D_4, D_5).

$E_i t$= Error Term

RGDP =Real Gross Domestic Product on quarterly basis.

M_1 = Narrow Money on quarterly basis

M_2 = Broad Money Supply on quarterly basis

INT = Interest Rate (%) on quarterly basis

INF = Inflation Rate (%) on quarterly basis

A Priori Expectation: It is expected that $\beta_1, \beta_2, \beta_3$ should be > 0, and $\beta_4 < 0$ while the dummy coefficients, $\beta_5, \beta_6, \beta_7, \beta_8, \beta_9 > 0$

3.7 Justification of the Methodology

Data collected for some other purpose usually for administrative and computational reasons are some of the clear bases for the adoption of secondary data. This study used secondary data sourced from CBN statistical bulletins, National Bureau of Statistics, and CBN Website. The researcher made use of Dummy Variable because it eliminates the difficulty inherent in pooling together differing samples which are being brought together in one bigger sample.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presents the results of data analysed using Eviews 9 to interprets the results. The results are presented in two broad groups: the unit root test and cointegration test along with the result of Ordinary Least Squares (OLS) regression model to test for stationarity of the time series data using the Augmented Dickey Fuller Root Test is also presented. The cointegration was conducted to ascertain if there is a long run relationship between the dependent and independent variables using Johanensen-Julelius Cointegration Test, and the test of hypotheses are also reviewed.

4.2 Presentation of Results

Table 4.1 Unit root result using ADF test from 1999-2015

Series/ Variables	**ADF Test Statistics**	**5% Critical Value**	**10% Critical Value**	**Decision**
GDP	-8.828	-2.906	-2.590	1(1)
INF	-7.493	-2.908	-2.591	1(1)
INT	-4.024	-2.905	-2.590	1(0)
M1	-8.297	-2.906	-2.590	1(1)
M2	-8.926	-2.906	-2.590	1(1)
Level, First Difference and Second Difference; Critical Value at 5% Level of Significance				

Sources; Econometric views, 9

The ADF Root Test shows that only interest rate is stationary at level. Whereas GDP, inflation, narrow money and broad money are stationery at First Difference. From the result we can conclude that the variables for this study are free from unit root problems.

Then the Cointegration test will be performed to determine if there is a long run relationship between the dependent and independent variables using Johanensen-Julelius Cointegration Test.

Table 4.2 Result for Cointegration Test using Johanseen-Julelius Test

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.400	84.456	69.818	0.002
At most 1 *	0.268	51.176	47.856	0.023
At most 2	0.233	30.824	29.797	0.038
At most 3	0.172	13.551	15.494	0.096
At most 4	0.018	1.229	3.841	0.267

Indicates 3 cointegrating eqn(s) at the 0.05 level; denotes rejection of the hypothesis at the 0.05 level.

Sources; Econometric views, 9

Going by the cointegration result at 0.05 Critical Value the Trace Statistic reveals 3 Cointegration between the dependent and independent variables.

The Trace Statistic value of 84.456 is > 69.818 at 0.05 Critical Value

The Trace Statistic value of 51.176 is > 47.856 at 0.05 Critical Value

The Trace Statistic value of 30.824 is > 29.797 at 0.05 Critical Value. This shows that there is a long run relationship between the two variables.

Table 4.3 Regression Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	14.926	0.402	37.116	0.000
M1	0.000	0.000	2.954	0.005
M2	0.000	0.000	2.286	0.026
INF	0.002	0.007	0.313	0.755
INT	-0.034	0.018	-1.869	0.067
D1	-0.527	0.052	-10.049	0.000
D2	0.006	0.059	1.132	0.262
D3	0.372	0.068	5.434	0.000
D4	0.161	0.043	3.780	0.000
D5	-0.105	0.126	-0.833	0.408

R-squared	0.852176	Mean dependent var	15.54589
Adjusted R-squared	0.844755	S.D. dependent var	0.996687
S.E. of regression	0.234264	Akaike info criterion	0.070318
Sum squared resid	3.183021	Schwarz criterion	0.396716
Log likelihood	7.609199	Hannan-Quinn criter.	0.199647
F-statistic	95.3086	Durbin-Watson stat	1.622570
Prob(F-statistic)	0.000000		

Sources; Econometric views, 9

$GDP= \beta_o+\beta_1M_1+\beta_2M_2+\beta_3INF+\beta_4INT+ \beta_5D_1+ \beta_6D_2+ \beta_7D_3+ \beta_8D_4+ \beta_9D_5+E_it$

$GDP=14.926+0.000M_1+0.000M_2+0.002INF-0.034INT-0.527D_1+0.006D_2+0.372D_3+0.161D_4-0.105D_5$

GDP= (37.116) (2.954) (2.286) (0.313) (-1.869) (-10.049) (1.132) (5.434) (3.780) (-0.833)

R-Square =0.852 (85%)

F-Statistics =95.31

D.W = 1.623

*Figures in parenthesis are t-statistics

From the regression Table 4.3, it shows the analysis of variance table and the parameter estimates. In the former, the ratio of the model mean square to the residual mean square gives an *F*-test for the hypothesis that all the regression coefficients in the fitted model are zero (except the constant β_0).

The correlation coefficient (R^2) indicating that the explanatory variables explain about 85% of the total variations in the dependent variable, GDP during the period under consideration. Therefore, the explanatory power of the model is very high and is a good fit, leaving about 15% for the stochastic or unexplained variable being accounted for by the four explanatory variables and the dummy variables or artificial variables.

Based on F statistics rule, if the calculated value is greater than the tabulated value at 0.05 level of significance the null-hypothesis will be rejected and if otherwise, it will be accepted. The *F*-statistic result takes the value 95.31 with associated *p*-value < 0.01. Consequently, from the calculation above, F* cal value of 95.31> F tab at 0.005 level of significance. Hence, the null hypotheses are rejected for this study.

Moreso, the Durbin-Watson statistic which measures the serial correlation in the residuals report 1.62 which according to Johnston and DiNardo (1997), if the DW is less than 2, there is evidence of positive serial correlation. The DW statistic reported is 1.62 indicating the absence of serial first order correlationin or autoregression.

From the test, β_0 revealed that Narrow money (M_1), Broad money (M_2) and Inflation rates positively impacted on GDP and, there is an inverse relationship between interest rates and

GDP at -0.034. Thus, inflation, M1, M2, growth will increase GDP while holding interest rate constant, but the reverse is the case for interest rate, when inflation rate, M1 and M2 are held constant.

In 1999 electioneering period as represented by D_1 in the regression result, monetary policy had significant effect on economic growth (GDP) at 1% significant level. Though, D1 has a negative coefficient implying a negative effect on GDP and does not meet our a priori expectation. Hence, in 1999 electioneering period, monetary policy instruments as used in this study did not positively impact on economic growth in Nigeria.

In 2003 electioneering period, monetary policy does not have significant effect on economic growth (GDP) at P=0.26 significant level. Though, D2 reports a positive coefficient, indicating a positive effect on GDP at β=0.007 and meets our a priori expectation. Hence, in 2003 electioneering period, monetary policy instruments positively impact on economic growth in Nigeria.

In 2007 electioneering period as represented by D_3, monetary policy has significant effect on economic growth (GDP) at P=1% significant level. D3 reports a positive coefficient and positively impacted on GDP at β=0.37 and meet our a priori expectation. Hence, in 2007, electioneering period, monetary policy instruments positively impact on economic growth Nigeria.

In 2011 electioneering period as represented by D_4 in the regression result, monetary policy has significant effect on economic growth (GDP) at P=1% significant level. Though, D4 reports that the coefficient is showing a positive impact on GDP at β=0.16 and meets our a priori expectation. Hence, in 2011 electioneering period, monetary policy instruments positively impact on economic growth in Nigeria.

In 2015 electioneering period as represented by D_5, monetary policy does not have significant effect on economic growth (GDP) at (P= above 10%) significant level and negatively impacted on GDP with a negative coefficient at -0.10 and doesn't meet our a priori expectation for this study. Hence, in 2015 electioneering period, monetary policy instruments negatively impacted on economic growth in Nigeria.

Monetary policy has significant effect on economic growth in Nigeria during 1999, 2007 and 2011 electioneering period respectively.

4.3 Test of Hypotheses

The first hypothesis states that narrow money has no significant effect on economic growth during electioneering period in Nigeria. From the regression result, the value of probability is around 0.004 percent and it is less than the 0.05 accepted level of significance. The study therefore concludes that narrow money has significant effect on GDP during electioneering period in Nigeria. Hence, the study rejects the null hypothesis and accepts the alternate hypothesis.

The second hypothesis for this study states that broad money has no significant effect on economic growth during electioneering period in Nigeria. From the regression result, the value of probability is 0.026 indicating a significant effect of broad money on GDP during electioneering period in Nigeria at 0.05 significance level. The study concludes that broad money has significant effect on GDP during electioneering period in Nigeria. Hence, the null hypothesis will be rejected and the alternate hypothesis will be accepted.

The third hypothesis states that inflation rate has no significant effect on economic growth during electioneering period in Nigeria. From the regression result, the value of probability is around 0.76 percent and it is more than the 0.05 accepted level of significance, the study therefore concludes that inflation rates has no significant effect on GDP during electioneering period in Nigeria. Hence, the study accepts the null hypothesis and rejects the alternate hypothesis.

Lastly, the fourth hypothesis states that interest rate has no significant effect on economic growth during electioneering period in Nigeria. From the regression result, the value of probability is around 0.07 percent and more than the 0.05 level of significance, the study therefore concludes that interest rate has no significant effect on GDP during electioneering period in Nigeria. Hence, the study accepts the null hypothesis and rejects the alternate hypothesis.

4.4 Implication of the Study

The OLS result presented in Table 4.3 shows that GDP has a positive relationship with narrow money, broad money and inflation rates. Broad money and narrow money meet the a priori expectation for this study. Inflation and interest rates do not meet the a priori expectation for this study. Interest rate was expected to have a positive impact and inflation an inverse relationship on economic growth (GDP) but this was contrary to a priori expectation. The high liquidity within the system may have triggered the positive impact of inflation on economic growth. It was expected that a higher liquidity ratio as a result of high political activities and macroeconomic activities during electioneering period in Nigeria should ultimately translate into higher economic growth when broad money supply is considered. The result of analysis meets the a priori expectation. However, only broad money and narrow money seems to be statistically significant whereas, inflation and interest rates are all insignificant monetary variables within this period. The study concludes that broad money and narrow money supply significantly impact on GDP during electioneering period in Nigeria. This result meet our expectation of a positive relationship on GDP and is in line with the study conducted by Udede (2014) which also found a positive relationship between money supply and economic growth when key monetary policy instruments (of money supply, interest rate, exchange rate and liquidity ratio) were examined from the period 1981 and 2012. Hence, CBN and the designated relevant stakeholders should regard very highly broad money supply and collaborate its implementation with fiscal policy instrument and try to reduce the incidences of political activities, risk and uncertainty that characterize electioneering period in Nigeria to checkmate inflationary trends so that the economic growth objectives of monetary policy can be optimally achieved when necessary monetary policy guidelines are put in place.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of the Study

The objectives of monetary policy in Nigeria include the attainment of price stability, exchange rate stability and sustainable economic growth. The use of monetary policy to achieve economic growth in Nigeria has continued to gain top priority since the 80's by the government and the Central Bank of Nigeria. This study examined the effect of monetary policy on economic growth in order to ascertain if political activities and the uncertainties that characterizes electioneering period in Nigeria do have any major impact on the realisation of the economic growth objectives of monetary policy.

For this study, related literatures were reviewed including theoretical and conceptual framework. The nexus between monetary policy and electioneering in Nigeria was reviewed. The effect of inflation on economic growth and the effect of inflation rate, interest rate and money supply on economic growth during electioneering were also discussed. The study examined political risk, instability and its effect on growth and explained the classification of political risk as well as its operationalization.

The study explained the research method applied for this study. The population of the study consisted of time series data covering the period of 1999 to 2015. The data used were collected from secondary sources and included CBN Statistical Bulletins, CBN annual reports, National Bureau of Statistics and CBN Website. The variables applied are broad money, narrow money,

interest rates, inflation rates and Gross Domestic Product. The method of regression analysis applied is the ordinary least squares regression. The study conducted Unit Root test using the Augmented Dickey Fuller Root Test and found out that the time series data is free from unit root problem. The cointegration test was conducted using the Johanseen-Julelius Test. The outcome revealed a long run relationship between the dependent and independent variables.

This study found that:

Narrow money has significant effect on economic growth during electioneering period in Nigeria.

Broad money has significant effect on economic growth during electioneering period in Nigeria.

Inflation rate has no significant effect on economic growth during electioneering period in Nigeria.

Interest rate has no significant effect on economic growth during electioneering period in Nigeria.

5.2 Conclusion

The objectives of this study is to examine the effect of monetary policy instruments of broad money, narrow money, inflation rate and interest rate on economic growth during electioneering period in Nigeria from 1999 to 2015. The study differs from other studies conducted earlier in that it pointed out the uniqueness of monetary policy during electioneering period and examined the effects of political risk and uncertainty on the economic growth objective of monetary policy in Nigeria. The study concludes that:

i. Narrow money has significant effect on economic growth during electioneering period

in Nigeria. This conclusion slightly contradicts what happens in real terms during electioneering period in Nigeria as most of the economic activities conducted are usually formal.

ii. Broad money supply has significant effect on economic growth during electioneering period in Nigeria. This finding is not unexpected as broad money includes narrow money plus savings and time deposits, as well as foreign currency denominated deposits and considering the prominent role money plays during electioneering period.

iii. Inflation has no significant effect on economic growth during electioneering period in Nigeria.

iv. Interest rate has no significant effect on economic growth during electioneering period in Nigeria.

5.3 Recommendations

Based on the findings made in the course of this study, the following recommendations are hereby suggested below:

1. The major focus of monetary policy here is towards the enhancing of growth in the monetary aggregates, a policy based on the belief that inflation is essentially a monetary phenomenon. The CBN is faced with majorly two challenges during electioneering period which is either to control inflation or pursue sustainable growth as these two economic indicators conflict with each other. Hence, it is recommended that the CBN should control

money supply relative to the levels required to sustain output growth that controls inflation and deflation, particularly during electioneering period.

2. The study recommends that Central Bank of Nigeria through its Monetary Policy Committee (MPC) should set and maintain interest rate at reasonable limit required to spur economic growth during electioneering period.

3. The monetary authorities should increase the tempo of enforcement of monetary policy guidelines designed to raise and foster the confidence of the economic agents' and key players during electioneering period in Nigeria.

4. On the part of government and in collaboration with CBN and relevant government agencies, the government should enact strong laws that set and regulate spending limits on politicians and follow its strict enforcement.

Also, government should empower the relevant security apparatus with modern crime fighting equipment, training and techniques for tackling electioneering related crises so as to reduce the incidences of political risk and the uncertainty that characterizes electoral outcomes as this will reduce uncertainty and investors fears and encourage foreign direct investments.

5. The study recommends that in order to put Nigeria economy on the path of sustainable growth and development, the democratically elected government should harnessed and better

co-ordinate her monetary policies in conjunction with the Central Bank of Nigeria in order to enhance the welfare of the populace.

5.4 Limitations of the Study

The limitation of the study lay in the following areas:

1. Inadequate data on the effect of political activities on the economy during electioneering period in Nigeria and how it affects the behavior of monetary policy.

The inadequate data in this regard, hindered the critical analysis of the effects of political activities and risk on the growth objective of monetary policy within the period under review.

2. The study is limited to the effect that political activities and uncertainty have on the growth objectives of monetary policy during electioneering period in Nigeria.

5.5 Recommendation for Further Study

The study suggests the following for future study:

1. Statistical studies should be conducted on the effect of political activities on the economy during electioneering period in Nigeria.

2. Further studies should be conducted to examine the effect of other risks, for example market risk and regulatory risk and its impact on the economic growth objective of monetary policy in Nigeria. .

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	Infl Rt	Int Rt	M2	M1	GDP	D1	D2	D3	D4	D5
1999/Q1	13.5	19.16	609,030	367,568	1,087,912	1	0	0	0	0
Q2	8.3	19.08	634,937	364,944	1,169,306	0	0	0	0	0
Q3	2.2	21.45	655,615	353,937	1,180,990	0	0	0	0	0
Q4	0.2	21.32	699,734	393,079	1,241,004	0	0	0	0	0
2000/Q1	-1.4	24.55	795,530	474,443	1,653,875	0	0	0	0	0
Q2	5.9	20.95	904,154	505,110	1,674,669	0	0	0	0	0
Q3	15.5	20.6	962,744	542,316	1,654,745	0	0	0	0	0
Q4	14.5	20.5	1,036,080	637,731	1,730,285	0	0	0	0	0
2001/Q1	18.2	16.3	1,274,030	759,028	1,636,688	0	0	0	0	0
Q2	16.1	19.08	1,263,161	751,142	1,723,306	0	0	0	0	0
Q3	19.1	19.58	1,327,625	773,721	1,732,260	0	0	0	0	0
Q4	16.5	16.66	1,315,869	816,708	1,802,944	0	0	0	0	0
2002/Q1	17.4	17.08	1,423,346	835,923	1,860,315	0	0	0	0	0
Q2	12.2	21.32	1,502,055	872,094	1,949,948	0	0	0	0	0
Q3	10	20.6	1,605,419	933,552	1,965,438	0	0	0	0	0
Q4	12.2	21.45	1,599,495	946,253	2,020,058	0	0	0	0	0
2003/Q1	5.9	21.16	1,918,926	1,121,550	2,441,890	0	0	0	0	0
Q2	14	21.15	2,124,316	1,319,729	2,477,782	0	1	0	0	0
Q3	18.4	20.04	1,981,069	1,264,028	2,475,970	0	0	0	0	0
Q4	23.8	19.58	1,985,192	1,225,559	2,517,875	0	0	0	0	0
2004/Q1	22.5	19.08	2,106,239	1,201,540	2,631,256	0	0	0	0	0
Q2	14.1	15.74	2,113,281	1,214,835	2,592,273	0	0	0	0	0
Q3	9.1	16.44	2,156,836	1,262,912	2,985,542	0	0	0	0	0
Q4	10	14.77	2,263,588	1,330,658	3,201,996.00	0	0	0	0	0
2005/Q1	16.3	21.15	2,568,065	1,469,580	3,169,613	0	0	0	0	0
Q2	18.6	15.78	2,691,297	1,454,233	3,399,352	0	0	0	0	0
Q3	24.3	21.45	2,772,993	1,557,007	3,924,775	0	0	0	0	0
Q4	11.6	20.6	2,814,846	1,725,396	4,078,499	0	0	0	0	0
2006/Q1	12	16.3	3,003,132	1,724,531	3,986,280	0	0	0	0	0
Q2	8.5	17.08	3,733,721	2,078,831	4,426,084	0	0	0	0	0
Q3	6.3	17.19	3,848,931	2,105,361	4,986,489	0	0	0	0	0
Q4	8.5	17.33	3,674,642	1,935,005	5,165,742	0	0	0	0	0
2007/Q1	5.2	17.48	3,998,096	2,028,382	4,740,807	0	0	0	0	0
Q2	6.4	17.3	4,079,815	1,947,680	4,853,841	0	0	1	0	0
Q3	4.1	16.48	5,672,622	3,038,608	5,524,382	0	0	0	0	0
Q4	6.6	16.49	5,809,827	3,116,272	5,538,287	0	0	0	0	0
2008/Q1	7.8	15.23	7,998,233	4,546,139	5,535,964	0	0	0	0	0
Q2	12	15.17	7,948,369	4,328,512	5,720,249	0	0	0	0	0
Q3	13	14.77	8,960,288	4,521,790	6,461,895	0	0	0	0	0
Q4	15.1	15.26	9,167,068	4,857,545	6,578,221	0	0	0	0	0
2009/Q1	14.4	19.19	8,997,817	4,666,715	5,460,764	0	0	0	0	0

Q2	11.2	19.08	9,077,027	4,484,616	5,872,695	0	0	0	0	0
Q3	10.4	18.91	9,458,490	4,333,500	6,608,436	0	0	0	0	0
Q4	13.9	19.55	10,780,627	5,017,116	6,852,343	0	0	0	0	0
2010/Q1	14.8	19.03	11,023,313	4,966,454	12,583,478	0	0	0	0	0
Q2	14.1	17.65	10,845,498	4,917,990	12,934,531	0	0	0	0	0
Q3	13.6	16.66	11,224,790	5,255,891	14,304,438	0	0	0	0	0
Q4	11.8	15.74	11,525,530	5,571,270	14,789,817	0	0	0	0	0
2011/Q1	12.8	15.78	11,653,624	5,424,517	14,501,448	0	0	0	0	0
Q2	10.2	15.78	12,172,097	5,637,265	15,054,961	0	0	0	1	0
Q3	10.3	15.84	12,618,080	6,002,260	16,163,642	0	0	0	0	0
Q4	10.3	16.69	13,303,495	6,771,581	17,260,346	0	0	0	0	0
2012/Q1	12.1	17.28	13,270,974	6,552,940	16,450,360	0	0	0	0	0
Q2	12.9	16.93	13,483,059	6,599,395	17,743,633	0	0	0	0	0
Q3	11.3	16.37	14,065,267	6,392,455	18,521,601	0	0	0	0	0
Q4	12	16.54	15,483,848	7,420,946	18,998,342	0	0	0	0	0
2013/Q1	8.6	16.61	15,669,169	6,938,533	18,295,632	0	0	0	0	0
Q2	8.4	16.56	15,593,173	6,939,549	19,931,056	0	0	0	0	0
Q3	8	16.76	14,362,451	6,293,477	20,464,396	0	0	0	0	0
Q4	8	17.01	15,688,964	7,032,839	21,401,520	0	0	0	0	0
2014/Q1	7.8	16.69	15,738,908	6,930,692	20,169,778	0	0	0	0	0
Q2	8.2	16.5	16,171,623	6,830,528	21,734,830	0	0	0	0	0
Q3	8.3	16.44	16,814,451	6,860,613	22,933,144	0	0	0	0	0
Q4	8	15.88	18,927,787	6,919,549	24,205,863	0	0	0	0	0
2015/Q1	8.5	16.8	19,142,526	6,994,086	21,041,701	0	0	0	0	1
Q2	9.2	16.4	18,811,429	6,542,392	22,859,153	0	0	0	0	1
Q3	9.4	17.2	18,718,003	7,148,593	24,313,637	0	0	0	0	0
Q4	9.6	16.9	20,029,831	8,571,701	25,930,469	0	0	0	0	0