



PROPERTY RIGHTS PROTECTION AND ECONOMIC GROWTH IN NIGERIA: AN INSTITUTION ECONOMIC PERSPECTIVE

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ABSTRACT: Objective- This study seeks to examine property rights protection in Nigeria and how it affects economic growth using an institution economic perspective. **Approach-** The variables of the study are real gross domestic product (RGDP), property rights (PR) protection and investment freedom (IF) of Nigeria within the scope of 1995 to 2021. Unit root test using both Philips Perron (PP) and Augmented Dickey Fuller (ADF), Johansen cointegration and post estimation tests were carried out. **Results-** Based on pre-estimation test results, the unrestricted vector autoregressive (UVAR) model was used. Estimation revealed that RGDP(-1) has a positive relationship with RGDP, both PR and IF have a negative relationship with RGDP. While RGDP(-1) is statistically significant, both PR and IF are not. **Value Addition-**The study blends the legal concept of property rights protection with economics, and recommends leveraging legal framework and technology to provide an online, easy, transparent and simplified process of registering and obtaining both tangible and intangible property ownership rights in Nigeria. It addressed the contemporary rights ownership tussle between farmers and herders in Nigeria. Again, several bottleneck factors both from states and local governments contributing to property rights usage obstruction and impediment to investment freedom were identified with viable solutions proffered.

KEYWORDS: Property Rights, Ownership, Institution and Investment.



INTRODUCTION

The economy of Nigeria is large, comprising different sectors such as agriculture, transport, aviation, security, banking, insurance, education, health, hospitality and tourism, to mention a few. Importantly, the survival of these many sectors does not only depend on strength, finance and acumen of the operators and business people in the sectors, but also on some salient institutional provisions such as property rights that give legal framework and backing to individuals and corporate bodies to own, use and manage their economic resources including properties in any legal form of their interest. Property may be tangible (physical) such as land and building. It may also be in the form of intangibles such as patents, trademarks, industrial designs, geographic indications, copyright works relating to literal crafts, artistic design, musical composition, photographic, motion pictures, computer programming, performing arts and broadcasting works.

Intellectual property contributes to about 80% or more of the market value of many companies (Kon, 2022). Therefore, the development of any society directly depends on intellectual property rights (IPR) and its policy framework (Kwanashie, 2005; Karim & Billah, 2021). Lack or inadequate IPR formulation, awareness and unenforceability contributes to stiffening inventions, ideas and innovation (Chudasama, 2021). This is based on the premise that property rights, though unpopular in literature, yet remain the foundation upon which modern market economy operates (Udah & Ayara, 2014; Harper, 2018; Amah & Ezenekwe, 2020; Forson, Opoku & Peng, 2020). Basically, there are so many studies that proffer solutions to institutional challenges, but without having much to say about key institutional aspects of property rights. Such studies include Iheonu et al. (2017), Ezeoha and Ituma (2017), Harper (2018) and Ogbuabor et al. (2020). This amounts to undermining the importance of property rights in Nigeria. Inadequate definition of property right worsens ease of doing business. When businesses encounter too many bottlenecks, they tend to either liquidate or stagnate. In addition to this is the high cost of business operation as a result of the time and legal expenses required for an economic agent to seek legal redress on property both at the lower and higher courts.

Igwe (2020) identified areas in which Nigerian law falls short of international benchmark for the protection of human life. Even though there is a demarcation between human right to life and property rights, the two rights are not mutually exclusive in the sense that once either is not protected, the other cannot be said to have been protected. To this end, this work seeks to examine how property rights protection in Nigeria has affected economic growth through an empirical analysis, and at the same time proffer viable and implementable solutions for improvement towards economic inclusive growth.



CONCEPTUAL CLARIFICATIONS

Property rights imply exclusive rights of inventors or creators to earn prized invention or creation. Chudasama (2021) stated that the term intellectual property is associated with the human brain applied for creativity, innovation, and invention of new things, which are in most cases valuable to both individuals and the society. It takes a lot of effort in the form of economic inputs, which may be manpower, financial resources, energy and skill to innovate anything into existence. The initiative of a person or group of persons to embark on the effort of innovation is what confers the actual property rights ownership to the person or to the group of persons. Haas and Jones (2017) opined that property rights are the rules which enable members of the society to make contracts and resolve disputes.

Ostrom (1990) explored how commonly owned economic property can be structured and used in such a way as to curb both excessive consumption and administrative cost. Scenarios or economic situations in which a single resource is communally or jointly owned by so many people are viewed by economists as being exploitative in nature due to tendencies of overconsumption of one party against the other. An exception to this is a situation in which abusive or excessive usage by any person is prevented through privatization or enforcement imposed by an outside force. Gordon (1954) stated that the “fish in the sea are valueless to the fisherman because there is no assurance that they will be there for him tomorrow if they are left behind today.”

Firmly, this means that the creation or revitalization of institutions and regulatory agencies will help to solve problems of abusive and excessive usage. Grier (2022) stated that property rights are framed in the study of economics for determining how a resource or economic good is used and owned. He also posited that economics and legal studies do not have a common conclusion regarding the conception of property rights. Therefore, this study on property rights protection in Nigeria agrees with Chudasama (2021) as well as Haas and Jones (2017), who defined property rights as the exclusive rights backed by a legal framework, given by government authority to an individual, a group of people or a firm to own, use, rent or dispose both tangible and intangible assets for ownership and economic purposes.

Evolution of Property Rights

In 2001, precisely 21st to 22nd April, a conference was held on “The Evolution of Property Rights” at Northwestern University School of Law with the aim of reexamining Demsetz 1967 thesis (Merrill, 2002). Demsetz hypothesized that property rights develop when the social benefits concentrate the risks and rewards of owning a property on designated individuals. It prevents too quick consumption and wasteful dissipation of commonly owned resources in conditions of competitive uses. Essentially, ownership of property narrows decision makers on the property to the owner and only those who are directly affected by the use of the property. In his hypothesis, Demsetz posited that property rights revolutionize whenever there is a change in the relative value of resources that makes its cost effective to internalize costs that beforehand were known as externalities. Such a change in relative values causes the benefits or costs of having a property regime in a resource to change. If the change is enough to vary the cost-benefit equation, an alteration in the nature of property rights will happen (Merrill, 2002).



Property Rights Theory

Ronald Harry Coase (1910-2013) in his effort to assert a divergent view from Pigou wrote “The Problem of Social Cost” in 1960. Coase (1960) was concerned with the actions of firms which have destructive effects on other economic agents in the society. Coase asserted that it is unclear which party actually bears the cost of externalities. He gave the example of a rancher whose cattle stray into the crop land of his neighbour. Assuming the rancher is made to restrict his cattle, he is harmed just as the farmer is if the cattle remain unrestricted. He posited that in the first place, without transaction costs, property rights assignment will not make any difference if either the farmer, the rancher or both can realize a desired optimal resource allocation. If it costs less to restrict cattle (for example, construction of a demarcating fence or iron mesh) than the cost of crop mutilation and consequential destruction, the fence will be built.

Therefore, what determines who builds the fence is principally the initial allocation of property rights. Supposing the farmer is the main cause of the crop mutilation, he will pay for the construction of the demarcating fence (in as much as the cost is lower than the value of crop estimated to be mutilated). If transaction cost is sufficient, initial property rights matter for both equity and efficiency. Economically, the apportionment of property rights should be done to reflect the natural desire of the rights’ owner to enjoy efficient allocation. Assuming it is efficient to give access for the cattle to stray, the rancher should be allocated ownership rights. Contrarily, if it becomes efficient to withhold access for the cattle to stray, the farmer should be allocated the ownership rights. Therefore, efficiency should be the underlying factor of who gets the ownership rights. The rancher and farmer scenario is similar to that of a factory emitting smoke, thereby causing negative effects on neighbours. Economists’ view of this illustration commonly is that it would be to make the owner of the factory accountable for the destruction caused to those injured by the smoke, or possibly, to place a penalty in form of tax on the factory owner varying with the amount of smoke emitted and equivalent in money terms to the damage it would cause, or finally, to bar the factory operations from residential area (Rosenberg & Birdzell, 1986).

Coase therefore contended that this conclusion imposes sanction on one party at the expense of the other party. Property rights protection is not only a lubricant for social stability, but also an accelerator for national economic development, as it provides incentives for economic agents to participate in economic activities, such as investment, innovation and trade, culminating in a more efficient economic system (Acemoglu et al., 2005; Haas & Jones, 2017; Wang, 2021; Karim & Billah, 2021; Kon, 2022; Miller et al., 2022). Although existing studies usually regard property rights as the basic concept of economics, they cannot ignore the social, political, and legal processes of property rights (Demsetz, 1967; Wang, 2021). Guerin (2003) asserted that the creation of property rights can be via government which can be through prescriptive command and control approaches or by market-based instruments (e.g., taxes, transferable licenses or quotas), and more recently through cooperative, self-regulatory, post-regulatory and reflexive law approaches.



Contemporary Issues in Nigeria Relating to Property Rights

Interestingly, Coase (1960) gave an example of what seems like today's experience in Nigeria between farmers and herders, that is, the scenario of a drifting cattle which destroys farmers' crops. If it is inevitable that some cattle will drift, it connotes that incremental supply of cow meat may be gotten only at the cost of a decline in the production of crops. This is a clear case of trade-off between cow meat and crops. He therefore asserted that rather than imposing sanctions, it is reasonable to among other things, to know the value (transaction cost) of what is obtained (if meat is traded-off for crops, or otherwise) and the value of what it costs to obtain it (if crops are traded-off for meat, or otherwise).

He argued that assuming no transaction costs, firms and individuals would bargain or settle among themselves to derive the most optimal allocation of resources (cow meat or crop), regardless of the initial allocation. If property rights are protected, individuals are more willing to invest and to incur sunk costs (Ferrini, 2012). Property right also has positive-externality and the favorable entity of positive externality of property right is the general public rather than the owner of the property (Liu & Liu, 2020).

Guangdong (2013) stated that, "In Nigeria, political and civil elites benefit disproportionately from the 1978 Land Use Decree by manipulating the allocation." In addition to farmers and herders challenge is the ownership problem and tussle in the western part of Nigeria where some natives popularly called "Omo Onile," meaning "land owners," duplicate land ownership for different buyers for their personal gain. Miller et al. (2022) stated that the ability to accumulate private property and wealth is a central motivating force for workers and investors in a market economy and a primary factor in the accumulation of capital for production and investment. Secure titling unlocks wealth that is embodied in land and real property, providing collateral for investment financing.

A well-functioning legal framework that gainfully protects the rights of all citizens against encroachment of the law by others, including by governments, monopolies, influential elites and economic freedom is not just a sufficient, but also a necessary condition for economic growth. According to Haas and Jones (2017), economic theory predicts that stronger property rights protection should lead to a higher rate of investment and economic growth. However, measuring this nexus or correlation is not easily feasible. Econometric problems arise because property rights are intrinsically hard to measure and their allocation is usually endogenous (Miller et al., 2022; Kon, 2022).

Empirical Evidence

This study examines past empirical findings of scholars relating to property rights. In this case, Li et al. (2022) evaluated the influence of natural property rights such as ecology and farmers' investment behavior using probit and truncated double-hurdle model to empirically execute the test, and found that forest land use rights, economic products, and eco-product income rights positively affect farmers' investment decision in forestry. Disposal rights (forest land transfer rights) negatively affect farmers' investment intensity. The completeness of ownership rights positively impacted farmers' investment passion. Pasara (2021) found significant short-horizon unidirectional causality from GDP per capita and tertiary education spending to governance, but joint short-run causality was not found. However, transmission effects across the three variables became significant as the number of years increased to ten years. Nguyen et al. (2021)



investigated the impact of trust on intellectual property right protection and found a strong negative relationship between piracy level, trust value and the coefficient of interaction. It was concluded that trust influences intellectual property rights through the moderation of formal institutions.

Igwe (2020) carefully reviewed the extent of killing in defence of property rights in Nigeria using doctrinal research technique to prudently review Nigerian laws on right to life and defence of property. It was discovered that the major challenge to the protection of right to life and property in Nigeria has been the gaps in the Nigerian law. Adebayo (2019) investigated protection of intellectual property rights using dynamic panel GMM technique and found that in the selected countries, protection of intellectual property rights expresses an inverse relationship with economic growth. The inference thereof is that emerging nations must fashion out ways of protecting intellectual property owners without negotiating their aim of local industry development. Studies such as Gruben and Gould (1996), Daley (2014), Gold and Shadeed (2017), and Ahmed and Piper (2019) have established that property rights is a significant determinant of economic growth and also found a positive relationship between the two variables.

METHODOLOGY

This study employed experimental research design which helps to test how different model variables affect each other. It employed the use of vector autoregressive (VAR) to carry out appropriate tests. The use of VAR in this study is justified in accordance with evidence from M'Amanja, Lloyd and Morrissey (2005) and Khamis, Razak and Abdullah (2018) that it has capacity to handle vectors and the ability to test for weak exogeneity and parameter restrictions, and capture linear interdependencies among multiple time series data.

A VAR model is specified as: $Y_t = A_1 Y_{t-1} + \dots + A_p Y_{t-p} + B X_t + e_t$

where: Y_t is the vector of endogenous variables, X_t is vector of exogenous variables, A_1, A_p, B are matrices of coefficients to be estimated, e_t vector of innovation that may be contemporaneously correlated. Pasara (2021) employed a model to measure economic growth, Governance (the mean of the composite function of five indicators of governance such as regulation, property rights protection and so on) and educational sustainability using VAR framework specified as:

$$Gov_t = Y_1 + \sum_{i=1}^k a_{1i} Gov_{t-i} + \sum_{i=1}^k B_{1i} Tert_{t-i} + \sum_{i=1}^k \theta_{1i} EG_{t-i} + U_{1t} \dots \dots \text{equ1}$$

$$Tert_t = Y_2 + \sum_{i=1}^k a_{2i} Gov_{t-i} + \sum_{i=1}^k B_{2i} Tert_{t-i} + \sum_{i=1}^k \theta_{2i} EG_{t-i} + U_{2t} \dots \dots \text{equ2}$$

$$EG_t = Y_3 + \sum_{i=1}^k a_{3i} Gov_{t-i} + \sum_{i=1}^k B_{3i} Tert_{t-i} + \sum_{i=1}^k \theta_{3i} EG_{t-i} + U_{3t} \dots \dots \text{equ3}$$

where EG_t is economic growth, GOV_t is governance, $Tert_t$ is tertiary expenditure as a percentage of gross expenditure on education, α, β and θ are coefficients, μ is white noise disturbances or shocks, γ is a constant (drift), $i = 1 \dots k$ are lags and k is optimal. The choice of model including which form of VAR to use, that is, either vector error correction model



(VECM), unrestricted VAR or structural VAR depends on the order of cointegration achieved (Nwaobi, 2012; Zivengwa, 2013; Pasara, 2021). Johansen Cointegration result in this study shows no cointegrating equation; hence, unrestricted VAR estimation is used. Therefore, adapting the model of Pasara (2021), the model of this study is specified as:

$$RGDP_t = Y_1 + \sum_{i=1}^k a_{1i}RGDP_{t-i} + \sum_{i=1}^k B_{1i}PR_{t-i} + \sum_{i=1}^k \theta_{1i}IF_{t-i} + U_{1t} \dots \text{equ1}$$

$$PR_t = Y_2 + \sum_{i=1}^k a_{2i}RGDP_{t-i} + \sum_{i=1}^k B_{2i}PR_{t-i} + \sum_{i=1}^k \theta_{2i}IF_{t-i} + U_{2t} \dots \text{equ2}$$

$$IF_t = Y_3 + \sum_{i=1}^k a_{3i}RGDP_{t-i} + \sum_{i=1}^k B_{3i}PR_{t-i} + \sum_{i=1}^k \theta_{3i}IF_{t-i} + U_{3t} \dots \text{equ3}$$

where RGDP is Real Gross Domestic Product, PR_t is Property Rights rating, IF_t is Investment Freedom, α , β and θ are coefficients, μ is white noise disturbances or shocks, γ is a constant (drift), $i=1 \dots k$ are lags and k is optimal. *Apriori expectation* $\alpha > 0$, $\beta > 0$, $\theta > 0$.

Sources of Data

The data used in this work is purely secondary in nature covering 1995 to 2021. The sources include: the Heritage Foundation and National Bureau of Statistics (NBS). Heritage foundation measures the Index of Economic Freedom which includes the property rights and investment freedom being the independent variables. In its methodology, the foundation allots equal grades to each of the twelve economic freedoms within these categories to realize grades for each country on a scale of 0 to 100. Therefore, the higher or nearer the score to 100, the higher the economic freedom of the country and vice versa.

RESULTS ANALYSIS AND INTERPRETATION

4.1 Unit Root Test

Technique	RGDP	PR	IF
ADF	I(1)	I(1)	I(1)
PP	I(1)	I(1)	I(1)

Source: Authors' computation using eviews.

Augmented Dickey Fuller (ADF) and Philips-Perron (PP) approaches were carried out in this study. The researchers relied on the PP test of stationarity of I(1) at 1% level of significance for all the variables because of its non-parametric nature. Johansen cointegration revealed a short horizon relationship; hence, instead of VECM, unrestricted VAR model estimation was used.



Autoregressive Estimation Results

Appendix 1 and 2 revealed that past value of RGDP strongly influences current value of RDGP with a probability value of $0.0029 < 0.05$ and t-statistics value of 3.31534. PR and IF are not statistically significant with t-statistics values of 0.07145 and 0.87342 and probability values of $0.9437 > 0.05$ and $0.3919 > 0.05$ respectively. In addition, RGDP(-1) has a positive relationship with RGDP, while both PR and IF have a negative relationship with RGDP individually. A unit change in RGDP(-1) on the average will lead to an approximately 0.61 change in RGDP, ceteris paribus. A unit change in PR(-1) on the average will lead to an approximately -0.010 change in RGDP, ceteris paribus. A unit change in IF(-1) on the average will lead to an approximately -0.059 change in RGDP, ceteris paribus.

F-statistics values show the overall worth of the model while R^2 and adjusted R^2 shows the best fit of the model. R^2 values of 0.485990, 0.869182 and 0.745239 for RGDP, PR and IF respectively revealed a good fit model. While carrying out an autocorrelation test, a probability value of $0.6722 > 0.05$ indicates no presence of autocorrelation. While normality test outcome indicates that the variables are normally distributed, a probability value of approximately 0.1 > 0.05 reveals that the model is not heteroscedastic.

Variance Decomposition Analysis

Variance Decomposition of RGDP:

Period	S.E.	RGDP	PR	IF
1	2.935236	100.0000	0.000000	0.000000
2	3.434741	98.46793	0.005953	1.526122
3	3.649514	94.79809	0.022147	5.179760
4	3.792585	90.00851	0.144286	9.847205
5	3.906744	85.43237	0.386139	14.18149
6	3.995207	81.83478	0.684875	17.48035
7	4.057530	79.36596	0.970213	19.66383
8	4.096959	77.84782	1.199925	20.95225
9	4.119281	77.00647	1.361761	21.63177
10	4.130496	76.58971	1.462989	21.94730

Cholesky Ordering: RGDP PR
IF

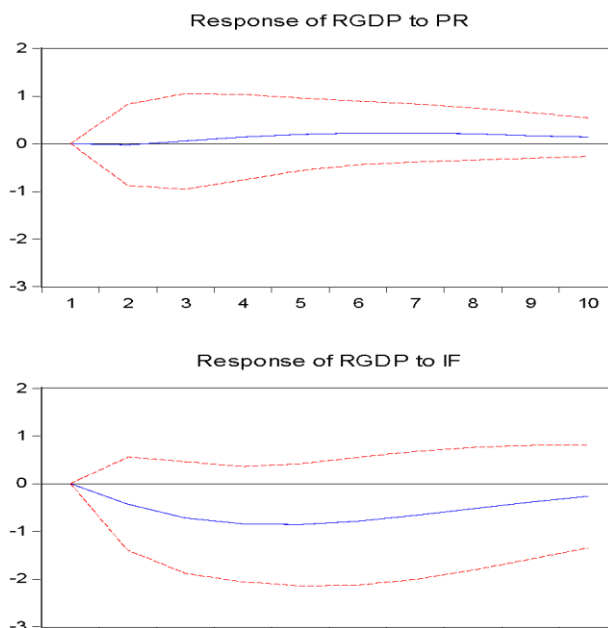
Source: *Authors' computation using eviews.*



Variance decomposition result of RGDP in line with the UVAR result interpretation in 4.3 above shows that RGDP strongly influences itself in the short horizon period 1 to 5 years, while the influence gradually reduces up to period 10 long-run horizon. Both PR and IF are not strongly influencing RGDP between year 1 to 10. Therefore, PR and IF having a strong exogenous impact on RGDP and RGDP is strongly endogenous.

Impulse Response Function

Response to Cholesky One S.D. Innovations ± 2 S



Source: Authors' computation using *eviews*.

In the graph above, the blue lines represent impulse response function while the red lines represent a 95% confidence level. As expected, the blue lines lie and remain within the red lines in each of the graphs. From the above, the first graph analyzes the response of RGDP to PR and the second graph analyzes the response of RGDP to IF. RGDP responds negatively to a one standard deviation shock or innovation in RGDP in the short-run horizon between periods 1 to 3, but with a gradual increase in the positive region up to period 8 long-run horizon. It remains positive at a reducing level from period 8 to 10, that is, $> 0 < 1$. Furthermore, RGDP responds negatively to a one standard deviation innovation in IF, but gradually tends to be positive at the long-run horizon of period 10.



DISCUSSION OF FINDINGS

The economic growth potential of property rights protection has remained so unpopular in economic literature. Hence, this study elucidates its effect and the relationship it has on economic growth. Both the negative and statistical significance findings in this study have cogent discussion points. Firstly, it is expected that the higher the protection of property rights, the higher investors exercise their investment freedom towards economic growth. However, the findings in this study indicated a negative relationship against theoretical expectation, thereby indicating that Nigeria may not have taken the right policy actions to address the issues of property rights protection to the extent that it will be yielding positive economic gains.

Secondly, the statistical insignificance shows that even though there may be some actions already taken by the government authorities, such actions may not be robust enough to yield economic gains. So, there are two major economic issues to be noted. One is on taking the right policy actions and the other is on the depth and adequacy of such actions to gainfully attain property rights protection in Nigeria. The first can be likened to a necessary condition, while the second can be likened to a sufficient condition. Both are very key to making a positive change. Therefore, it is pertinent to observe that the best strategy to address property rights issues is to see property rights and its protection as an institutional matter, else, it will be trivialized unknowingly and unconsciously. Property rights protection should be seen as an institutional matter because it requires a legal framework, policy design and in most cases law enactment, arrest, prosecution and enforcement to address it. Even though property rights protection sounds legal, its economic importance in encouraging investment and economic growth potential should not be jettisoned by economists and researchers. In fact, both the formal and informal institution aspects of property rights protection need to be consciously developed.

IMPLICATION TO RESEARCH AND PRACTICE

For academics, the study provides an economic and institutional perspective on property rights and as well its definition which can serve as a reference point in future research and learning. Furthermore, for policy makers, it exposes the effects that property rights protection have on economic growth. By implication, a negative and insignificant effect of property rights on growth indicates that Nigeria has not really harnessed the growth opportunities available when property rights protection is legally and economically demarcated, managed and allocated.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

The study has been on property rights protection in Nigeria with relevant literature reviewed in addition to empirical analysis using vector autoregressive technique. The findings show that while RGDP(-1) has statistical significance, both PR and IF have a negative relationship and no significance in influencing RGDP. By implication, in line with reviewed literature in this study that strong property rights protection should result in higher investment and productivity, it means Nigeria as a country has not made enough efforts to improve on property rights protection framework and investment freedom to the extent that both, or either PR or IF, will



have a positive and/or significant influence on growth. The study through variance decomposition analysis further revealed that IF strongly influences PR.

Based on the findings and to install formal institution on property rights protection, this study concludes that decision makers should take extra steps leading to the creation of special court system to address cases on property rights protection, legal demarcation of property rights, registration and obtaining certificates of ownership of both tangible and intangible properties to facilitate acceptable collateralized assets that will also help to drive loanable funds. One of the approaches to achieve this is leveraging technology to achieve online, transparent registration and coding through unique ownership identification numbers at all levels of government. Furthermore, there should be easy online access portals for intending buyers or users to verify right ownership of any property. In addition, to instill informal institutions of property rights protection, there should be massive awareness, orientation and education on property rights protection, especially copyright, patents and so on. This will help positively to build the norm, culture and way of life towards property rights protection. Investment freedom can be better enhanced by creating more opportunities for investors to be licensed to carry on businesses of their choice and in the location of their interest.

Currently, in addition to addressing property rights protection, all levies of Federal Road Safety Commission (FRSC), Vehicle Inspection Office (VIO), States and Local Government fees such as: hackney permit, road worthiness, auto insurance, vehicles license, central motor registry (CMR), proof of ownership, mobile advert, signage, conductor badge, parking permit, loading and unloading permit, gaseous emission permit, daily ticket, speed limit certificate, freight and haulage permits, roof rafting permit, vehicle road tax certificate and many other endless permits should be harmonized and simplified. Subjecting just one vehicle to be applying for, paying and carrying more than thirty (30) different types of revenue permits in the name of local and state regulation amounts to an impediment to citizens' property rights usage and also a source of discouragement to business and investment in Nigeria. The activities of National Union of Road Transport Workers (NURTW), Road Transport Employers Association of Nigeria (RTEAN) and many other local organizations should be regulated by the government to eliminate property and road touting, unnecessary obstruction and arrest of business vehicles and other road users.

Declaration by the Authors

It is hereby declared by the authors that there is no contending financial interest and/or personal relationship with anyone or organization that might influence the results and findings of this study.



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**APPENDIX 1**

Vector Autoregression Estimates

Date: 05/23/22 Time: 22:33

Sample (adjusted): 2 27

Included observations: 26 after adjustments

Standard errors in () & t-statistics in []

	RGDP	PR	IF
RGDP(-1)	0.614907 (0.18348) [3.35134]	-0.176422 (0.19104) [-0.92348]	-0.207179 (0.45264) [-0.45772]
PR(-1)	-0.010029 (0.14037) [-0.07145]	0.404205 (0.14616) [2.76553]	-0.410797 (0.34629) [-1.18627]
IF(-1)	-0.059644 (0.06829) [-0.87342]	0.345532 (0.07110) [4.85968]	1.009787 (0.16846) [5.99415]
C	4.990474 (3.80312) [1.31220]	5.956231 (3.95984) [1.50416]	14.92656 (9.38210) [1.59096]
R-squared	0.485990	0.869182	0.745239
Adj. R-squared	0.415898	0.851343	0.710499
Sum sq. resids	189.5434	205.4870	1153.527
S.E. equation	2.935236	3.056193	7.241068
F-statistic	6.933580	48.72401	21.45184
Log likelihood	-62.71718	-63.76712	-86.19469
Akaike AIC	5.132091	5.212856	6.938053
Schwarz SC	5.325644	5.406409	7.131606
Mean dependent	5.008419	34.91923	46.34615
S.D. dependent	3.840596	7.926614	13.45791
Determinant resid covariance (dof adj.)		3802.077	
Determinant resid covariance		2303.397	
Log likelihood		-211.3250	
Akaike information criterion		17.17885	
Schwarz criterion		17.75951	



APPENDIX 2

Dependent Variable: RGDP

Method: Least Squares (Gauss-Newton / Marquardt steps)

Date: 05/23/22 Time: 22:48

Sample (adjusted): 2 27

Included observations: 26 after adjustments

$RGDP = C(1)*RGDP(-1) + C(2)*PR(-1) + C(3)*IF(-1) + C(4)$

	Coefficient	Std. Error	t-Statistic	Prob.
C(1)	0.614907	0.183481	3.351345	0.0029
C(2)	-0.010029	0.140374	-0.071446	0.9437
C(3)	-0.059644	0.068288	-0.873415	0.3919
C(4)	4.990474	3.803123	1.312204	0.2030

R-squared	0.485990	Mean dependent var	5.008419
Adjusted R-squared	0.415898	S.D. dependent var	3.840596
S.E. of regression	2.935236	Akaike info criterion	5.132091
Sum squared resid	189.5434	Schwarz criterion	5.325644
Log likelihood	-62.71718	Hannan-Quinn criter.	5.187827
F-statistic	6.933580	Durbin-Watson stat	1.981827
Pob(F-statistic)	0.001860		
