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# Electricity consumption and economic growth: further evidence from nigeria

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## Abstract

ABSTRACT The study aims to analyze the dynamic linear long-run causal relationship between per capita electricity consumption and per capita real gross domestic product growth in Nigeria. Employing annual series from 1970 to 2006, the standard Granger Causality test, an ECM-based cointegration technique due to Engle and Granger (1987); the study finds a weak long-run relationship between electricity consumption and economic growth suggesting weak evidence of causation. Thus, in a bivariate Granger Causality framework, neither electricity consumption nor economic growth causes each other, upholding the so-called “neutrality hypothesis. This empirical analysis has important policy implications. It implies that existing energy policies regarding electricity generation, distribution, regulation and conservation are not robust enough to stimulate economic growth. Also, economic growth does not stimulate increased electricity consumption. Hence, electricity conservation policy does not worsen Nigeria's economic growth in the long term.

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