ANALYSIS OF ECONOMIC GROWTH IN NIGERIA FROM INDEPENDENCE TO PRESENT

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Economic growth refers to increase in a country's potential GDP, although this differs depending on how national product has been measured. Economic growth must be sustained for a developing economy to break the circle of poverty. Countries usually pursue fiscal policy applies to the use of fiscal instruments. But in contrast regarding the negative economic growth in Nigeria; it is a decrease in her potential GDP. Generally, economic growth theory deals with long-run growth trend of the economy or potential growth path, the focus is on factors that leads to economic growth overtime and forces that allow some countries to grow rapidly, some slowly and others not at all.

The case of this paper is the growth of economy in Nigeria from independence to present. The focus of Nigeria economy lies on oil and agriculture. In the period 1960-70, the Gross Domestic Product (GDP) recorded 3.1 per cent growth annually. During the oil boom era, roughly 1970–78, GDP grew positively by 6.2 per cent annually – a remarkable growth. However, in the 1980s, GDP had negative growth rates. In the period 1988-1997 this constitutes the period of structural adjustment and economic liberalization. In the years after independence, industry and manufacturing sectors had positive growth rates except for the period 1980-1988 where industry and manufacturing grew negatively by – 3.2 per cent and – 2.9 per cent respectively. The growth of agriculture for the periods 1960-70 and 1970–78 was unsatisfactory. In the early 1960s, the agricultural sector suffered from low commodity prices while the oil boom contributed to the negative growth of agriculture in the 1970s. The boom in the oil sector lured labor away from the rural sector to urban centers.

The contribution of agriculture to GDP, which was 63 percent in 1960, declined to 34 per cent in 1988–1990, not because the industrial sector increased its share but due to neglect of the agricultural sector. The government's expenditure now becomes a net importer of basic food items. The oil boom that supposed to affect the economy positively brought negative growth to the economy. This is because the land meant for agriculture lost its nutrient and the water got spoilt and dangerous for cultivation. The expenditure of the government affect the economy so high that nobody values agriculture and concentrated on the benefits that comes from oil (money) which can only be seen in the hands of few. Though from a cursory look at the Nigerian data on employment level and real GDP, it appears that the recent economic growth trends and patterns have been insufficient to make any appreciable impact on employment generation and poverty reduction, but this has not been sufficiently investigated empirically in the literature. However, the statistics especially on unemployment must be interpreted with caution. Most job seekers do not use the labor exchanges, apart from the inherent distortions in the country's labor market. Based on some basic indicators, it appears that the economy performed well during the years immediately after independence and into the oil boom years.

Therefore, the expenditure should be channeled to creating jobs and employment, also establish ways to improve the agricultural sector which is the landmark of Nigeria (Africa) economic growth.

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