

Trade Openness, Productivity Growth And Economic Growth: Nigeria's Experience

Authors : S. O. Okoro

Abstract : Some words become the catch phrase of a particular decade. Globalization, Openness, and Privatization are certainly among the most frequently encapsulation of 1990's; the market is 'in', 'the state is out'. In the 1970's, there were many political economists who spoke of autarky as one possible response to global economic forces. Be self-contained, go it alone, put up barriers to trans-nationalities, put in place import-substitution industrialization policy and grow domestic industries. In 1990's, the emasculation of the state is by no means complete, but there is an acceptance that the state's power is circumscribed by forces beyond its control and potential leverage. Autarky is no longer as a policy option. Nigeria, since its emergence as an independent nation, has evolved two macroeconomic management regimes of the interventionist and market friendly styles. This paper investigates Nigeria's growth performance over the periods incorporating these two regimes and finds that there is no structural break in Total Factor Productivity, (TFP) growth and besides, the TFP growth over the entire period of study 1970-2012 is very negligible and hence growth can only be achieved by the unsustainable factor accumulation. Another important finding of this work is that the openness-human capital interaction term has a significant impact on the TFP growth, but the sign of the estimated coefficient does not meet it a theoretical expectation. This is because the negative coefficient on the human capital outweighs the positive openness effect. The poor quality of human capital is considered to have given rise to this. Given these results a massive investment in the education sector is required. The investment should be targeted at reforms that go beyond mere structural reforms to a reform agenda that will improve the quality of human capital in Nigeria.

Keywords : globalization, emasculation, openness and privatization, total factor productivity

Conference Title : ICEB 2015 : International Conference on Economics and Business

Conference Location : Los Angeles, United States

Conference Dates : September 28-29, 2015