



The Predicament of Nigeria Economy: A Historical Analysis

Ismail Adaramola Abdul Azeez

Assistant Professor & Head of Department International Relations and
Diplomacy College of International Justice

Corresponding Author: Ismail Adaramola Abdul Azeez

imamdarams@yahoo.co.uk

ARTICLE INFO

Keywords: Economic, Development, Dilemma, Post-Colonial Nigeria, Model, Government

Received : 3 November

Revised : 19 November

Accepted : 21 December

©2023 Azeez: This is an open-access article distributed under the terms of the [Creative Commons Attribution 4.0 International](https://creativecommons.org/licenses/by/4.0/)



ABSTRACT

This study examined Nigeria's economic development conundrum from a historical standpoint. It argued that a society's ability to meet its requirements and ensure its members' wellbeing depends on its ability to thrive economically. Post-colonial Nigeria, on the other hand, seems to be at a crossroads in its economic development. In this sense, attempts at economic development have encountered numerous obstacles since Nigeria was freed from colonial rule in 1960. According to this paper, although Nigeria started conceptualized development planning in 1946, actual economic development efforts in the nation were started after independence because British colonial economic policies were primarily implemented to serve British economic interests. British need for raw minerals in colonial Nigeria led to the launch of novel agricultural goods and a transition from food crop to cash crop production. In order to incentivize farmers to cultivate cash crops, taxes were also implemented. Additionally, infrastructure and financial institutions were established to sustain Nigeria's colonial economy. During that time, these advances in the economy helped to monetize and commercialize the Nigerian economy. This study argues that Nigeria's exposure to new economic development models and viewpoints as a result of its contact with Western civilization has generated a conundrum regarding the best course of action for achieving sustainable economic development. As a result, it was recognized that, as people are still a society's primary means and purposes of development, economic development initiatives should be domesticated, democratically regulated, and independent of the government

INTRODUCTION

Nigeria's name is derived from the Niger River, which is the most notable geographical feature in the nation. The Niger River and its offshoot, the Benue River, have long been vital conduits for communication between the people whose lands it flows through. Nigeria is 9,236,768 square kilometers in size. Its longest extent is 1,040 kilometers from North to South, and more over 1,120 kilometers from East to West. Nigeria's borders are the Gulf of Guinea in the north, the Republic of Benin in the east, the Republic of Cameroon in the west, and the Republics of Niger and Chad in the south. Three main economic zones comprise her Savanna, rain forest, and mangroves are the three natural habitats that have shaped the indigenous population's economic activities and established the basis of their economy from prehistoric times. Nigeria is situated in Africa's western region. One of the world's most resource-rich regions, but also one of the most impoverished and backward continents in the modern era, according to J.I. Osagie As a result, Nigeria, like every other state in the international system, must decide whether to grow its economy or not. It is impossible to overstate the necessity of developing the post-colonial Nigerian economy beyond its current condition. It is an undeniable fact that half of Nigerians live in poverty, making less than \$1 per day; also, the nation's economy is based mostly on imports, monoculture, and excessive reliance on the West. Six This state of affairs is detrimental to Nigeria's agricultural and industrial development and has an adverse effect on the country's riches. Since gaining independence in 1960, Nigeria's economy has faced a development conundrum.

The question at hand is not whether Nigeria's economy should grow or not, but rather which paradigm to use in that process. Thus, the challenge in deciding what to create, how to produce, and for whom to produce in Nigeria had been whether the government or private individuals or groups should identify these important economic issues and manage the economy. This essay aims to investigate this conundrum from a historical angle. As G.A. Petch points out, this important matter has been a significant concern for West Africa since its independence and has explained the blending of two economic models into a mixed economy—a blend of capitalist and communist ideas in one economy—in order to take advantage of both governmental and private enterprise at the same time. The study will also look at Nigeria's attempts to develop from before colonialism to after colonization.

METHODOLOGY

In order to finish this work, books and research publications on the subject were also consulted, in addition to the quantitative approach of data analysis utilized in this paper. unpublished works, as well as websites and journals that are relevant to this work. This research report was completed using a wide range of online resources, etc.

LITERATURE REVIEW

The Predicament of Nigeria Economy: A Historical Analysis

Nigeria's pre-colonial economy was agrarian and communitarian, with a focus on shared ownership of the means of production, particularly in the south of the nation. The environment and pre-colonial Nigerian peoples, who jointly owned and controlled the factors of production, then dictated economic activity and development. Peasant agriculture consequently became the most common vocation in Nigeria over time. So, the knowledge of what to plant, when to plant, and how to plant determined a great deal of the economic prosperity of pre-colonial Nigeria. Fishing, hunting, gathering, animal husbandry, industrial operations (such as creating salt, palm wine, brewing mats, textiles, boats, and blacksmithing), and domestic trading were added to it. These were common economic pursuits that supported relationships between groups and economic growth. All human societies, regardless of their level of development, are significantly impacted by their surroundings. Nigeria was a technologically underdeveloped country in the 19th and 20th centuries, therefore the environment largely determined how people might pursue their economic interests, particularly in the traditional sector. In fact, Nigeria's economic history essentially tells the tale of how its people interact with their surroundings.. For the most of colonial Nigeria's history, agriculture remained the primary factor influencing the country's economic growth and the backbone of the national economy. The colonial government's economic policies were designed to promote farming. However, the British colonial authorities promoted cash crop development and exposed Nigerian farmers to new farm goods due to the urgent demand for raw materials in Europe to support the continent's industries. In order to do this, taxes were imposed in order to promote the growth of cash crops. This was the case in that Nigerian farmers had to plant cash crops—the only things that Europeans would buy—in order to be able to pay their taxes. This progression together with the founding of

Nigerian banks contributed to the country's economy being more monetized. Through the international trade that arose during the colonial era, Nigeria was made into a supplier of raw resources to Europe and a market for European finished goods, linking the Nigerian economy to that of Europe. Nigeria was exposed to fresh perspectives and models for economic progress as a result.

Nonetheless, the Ten-Year Plan of Development and Welfare of 1946–1955, which was scheduled for revision in 1951–1955, served as the first theoretical and conceptual framework for development planning for Nigeria's economic growth. The British colonial government of Nigeria created the 1955–1962 Development Plan as a result of this adjustment. The goal of this plan was to distribute cash for welfare and colonial development. A total of 110 million were provided for in the Ten-Year Plan of Development and Welfare for Nigeria, of which 46 million were to come from Britain. This Plan was designed with the idea that equitable economic growth in Nigeria can only occur when the populace is placed in a position to engage in and benefit from the nation's economic endeavors.

As a result, the Plan gave greater weight to the development of social infrastructure when allocating the Ten-Year Plan's capital expenditures. In contrast, industrial expansion received little funding, and a narrow variety of export crops received the majority of emphasis in the agricultural sector. As a result, these colonial development plans for Nigeria had been characterized as a collection of unrelated enterprises without coordination or reference to broader economic goals. Under these conditions, David Olayemi invoked the views of V.I. Lenin and J.A. Hobson when he said, "Colonization was only a means to an end, not an end itself." Following Nigeria's independence in 1960, a new development plan was required, with a primary focus on the economic Nigeria's growth and development faced increasing challenges. Plans that would include the government's intentional attempt to hasten Nigeria's social and economic development were required, in contrast to the colonial development plans. Thus, the 1962–1968 Native American National Development Plan was started. The plan covered a wide range of government initiatives to accomplish goals related to the economy of the country, including faster growth and greater average material welfare. A list of suggested public expenditures, policies toward the business sector, and economic forecasts were also presented. The first comprehensive plan for Nigeria aims to accomplish the

following particular goals: an average growth rate of four percent or more for the economy; an increase in per capita consumption by around 1% annually; self-sustaining growth; and the realization of a modern economy in line with Nigerians' aspirations for democracy, politics, and society... But the National Development Plan for 1962–1968 fell short of expectations.

Because incomplete feasibility studies, poor project appraisal, little public input, and excessive political meddling in economic decisions were among the plan's shortcomings, according to Nobel economist Arthur Lewis. Additionally, the Nigerian economy's small and medium-sized sectors received little attention, and the public sector's implementation of development was inadequately supported by the apparatus.

Furthermore, the political unrest and civil conflict that shook Nigeria during that time interfered with the 1962–1968 Plan's ability to be implemented effectively. Consequently, following the conclusion of the Nigerian Civil War, the Second National Development Plan 1970–1974 was created. The Plan aimed to achieve self-reliance for Nigeria, overcome major obstacles, restore production capacity, and aid in the post-Civil War economic rehabilitation. The construction of a great and dynamic economy, a just and egalitarian society, a land of brilliant and full opportunities for all inhabitants, and a free and democratic society were the main goals of the Second National Development Plan. The Third National Development Plan of 1975–1980, which called for a twelvefold rise, came next. in the public capital expenditure rate on an annual basis during the preceding plan period. In addition to the five objectives of the Second National Development Plan, the Plan has seven primary short-term goals. Tomori and Fajana list the following as the short-term goals: raising per capita income, distributing income fairly, lowering the unemployment rate, increasing the supply of highly skilled workers, diversifying the economy, promoting balanced development, and indigenizing economic activity. Nigeria's state initiatives, community development, rural electrification, industry, transportation, housing, water supply, healthcare, and education. Forty The Fourth National Development Plan, which ran from 1981 to 1985, attempted to effectively manage and control the population in order to achieve economic development in Nigeria. However, this strategy was thwarted by the decline in The price of oil on the global market. The Fifth National Development Plan of 1988–1992 took its place, emphasizing the implementation of the Structural Adjustment Program. Therefore, the main goal of the Plan was to develop the Nigerian economy by lowering tariffs, removing import licenses, devaluing the naira, opening up the country to foreign trade, encouraging the export of goods other than oil, and achieving national food self-sufficiency. Nevertheless, the Ibrahim Babangida regime abandoned the Fifth National

Development Plan before the end of its period of implementation. In its place was the Rolling Plan 1990–1992, which was thought to be more appropriate for Nigeria's highly uncertain and rapidly changing economy. This The plan was meant to be updated annually, with new projects being added.

During this time, the main goals of the Rolling Plan were to prevent inflation and fluctuations in currency rates, maintain infrastructure, establish agricultural self-sufficiency, and lessen the impact of structural adjustment on Nigeria's most vulnerable social groups. It follows that numerous Nigerian governments have worked tirelessly to advance the nation's economy since the country's independence in 1960. However, due to insufficient finance for developmental plans and a lack of continuity in the administration, these efforts have produced little results. This is largely to blame for Nigeria's frequent plan changes and plan distortion. This is evident from the situation of the Nigerian economy right now. The Nigerian economy's current state of underdevelopment and regression is also caused by Over time, certain variables have transformed into canker worms that are consuming and eroding the foundations of the Nigerian economy. Among these include military intervention in politics, political instability, an excessively politicized economy, a high level of public life corruption, and the disregard for Nigerian agriculture.

RESULT

The Notion of Economic Growth

It is challenging to distill the idea of development into a single, clear definition because different societies have different ideas about what development looks like. Walter Rodney contends that human society's growth is a multifaceted process that is shaped by the needs and surroundings of the individual. He went on to say that as economic expansion is facilitated by universal conditions, development is also universal. Therefore, based on a narrow yardstick, it would be incorrect to consider one civilization to be economically developed and another underdeveloped or developing, as development is a natural part of all communities. As a result, Rodney noted that a society that achieves economic progress is one in which its members collectively improve their ability to manage the environment. This ability to interact with the environment depends on how much the degree to which they use their knowledge of the rules of nature (science), the way that work is structured, and the degree to which they create instruments (technology). Development, in the words of Stan Aibieyi, is the process of progressing gradually. One way to think of development is as a process of transformation,

with the goals of a changed society and economy being the establishment of a technological and social foundation for sustainable development. Among other things, it entails changing the agricultural and agricultural producing systems. Aibieyi went on to discuss development, As a process that releases individuals from the dread of exploitation and want, allowing them to live lives of dignity and purpose, realizing their potential, and moving away from social, political, and economic oppression; a growing process, a movement that fundamentally emerges from inside society as it cultivates self-reliance.

While development, in the words of Michael Todaro and Stephen Smith, is the process of boosting people's standards of living, sense of self-worth, and degree of freedom. Therefore, development is a social process that involves more than just economics and is reliant on how well man manages his natural surroundings. Thus, a society's members serve as both its means and its purposes in terms of its evolution. The idea that a society's members' growing ability and talent is what drives change, evolution, and progress within that society is implied in this argument. Although the majority of society benefits from this advancement in the shape of more liberty, inventiveness, responsibility, self-control, and financial success. Therefore, economic development is the state in which an economy is able to support the social, individual, and general well-being of its citizens..

According to M.L. Hengan, the term "general welfare" refers to all material and immaterial goods and services that give members of the community comfort or fulfillment. Individual wellbeing, on the other hand, is derived from his contentment and state of mind; social welfare, on the other hand, is the total of all the members of society's utilities. When a society has economic growth, this is typically the case. A nation's economic growth is defined as the quantitatively sustained increase in its per capita output or income, along with the expansion of its labor force, capital, consumption, and trade volume. The father of modern economics, Adam Smith, believed that economic growth was a cumulative process. It arises when there is prosperity is the outcome of advancements in manufacturing, trade, agriculture, and other sectors of the economy. It also results in the accumulation of capital, the advancement of technology, population growth, market expansion, labor division, and steady increases in profits. Smith went on to say that farmers, producers, and businesspeople are the ones who drive economic growth and advancement in their communities. Thus, it is reasonable to argue that a country's population and economic expansion are what drive its economic

development. Therefore, compared to economic growth, economic development is a broader term. It suggests that an economy is both growing and changing. It has to do with quantitative shifts in economic needs, products, incentives, establishments, production, and knowledge, or the general upward trend of the societal structure. Ironically, though, Nigeria's economy is weak and outdated, just like those of other Third World nations. In their work "Economic Development," Michael Todaro and Stephen Smith listed the following characteristics of these underdeveloped nations: lower levels of productivity and living standards; lower levels of human capital; higher rates of population growth; greater social fractionalization; higher rates of inequality and absolute poverty; larger numbers of rural residents but faster rates of rural-to-urban migration; adverse geographic location; underdeveloped markets; lingering colonial impacts; and unequal international relations. Several development theories and ideas have emerged in an attempt to explain the issue of economic underdevelopment in Nigeria and other Third World nations, despite their wealth in natural and human resources. One theory is the Modernization Theory, which came into being between 1945 and 1991 during the Cold War and was shaped by American strategic concerns about mitigating the Soviet Union's potential and real impact in the Less Developed Countries. According to this school of thinking, all societies evolve linearly from a traditional condition to modernity, using historical processes that occurred in the industrialized world as models for development. As a result, W.W. Rostow maintained that a civilization must go through five evolutionary stages in order to experience economic development. phases. The first stage, referred to as the "Traditional Stage," is characterized by hierarchical social structures that provide very limited social mobility and an agrarian economy, making it difficult to expand output. The second phase, known as the "Preconditions for Take-off," was reached in Europe when modern science's discoveries were applied to industrial and agricultural production. It was also reached in Third World countries as a result of the influence or involvement of more developed societies in their economies. The emergence and growth of new industries producing profit that is reinvested in new facilities and enterprises characterize the third stage, known as "Take-off." The "Drive to Maturity Stage," which is the fourth stage, is where economic development and maturity are finished. At this point, the economy's foundation broadens to encompass more advanced technology and work procedures, moving beyond the initial industries that drove its boom. The stage that comes in fifth is the "Age of Mass Consumption,"

in which the production of consumer products and the delivery of services progressively dominate the advanced economic sectors. This degree of economic growth is only reached when real per capita income has increased to the point where the majority of people's consumption needs have been met, going beyond their fundamental needs for clothing, food, and shelter. The Dependency Theory, on the other hand, maintains that economic underdevelopment in Nigeria and other Third World countries is not the result of internal flaws, as modernization theorists assert, but rather something that arises when a pre-capitalist society starts to interact politically and economically in specific ways with one or more capitalist societies. It contends that economic reliance leads to economic underdevelopment, which, in the long run, would make economic development all but impossible. Additionally, Immanuel Wallerstein's World System Theory contends that the capitalist global economy is made up of weaker peripheral nations and stronger core states with ample resources. Additionally, semi-peripheral states are located between core and peripheral states; yet, the Core states hold sway over the system's politics and economy. The World System Theory goes on to say that individual societies do not shape the development of the capitalist world system as a whole, and that while a society's internal traits do have an impact, it does so in a framework that is specific to its place in the global system at any given time. It is true that these theories and ideas are not infallible; also, the Rostow stages of economic development cannot enjoy universal acceptability and applicability due to variations in the surrounding environments and societal circumstances. Nonetheless, they offer a useful framework for comprehending the idea of economic growth as well as the issue of economic underdevelopment in Third World nations like Nigeria.

Weak Political and Economic Institutions

Nigeria's underdeveloped economy is mostly due to her inadequate institutions. Nigeria's inadequate political and economic institutions make it difficult for the country to pursue its development agenda. Today, Nigeria's main economic activity is the exploitation of raw materials from the planet. Nigeria's low level of technological development has made it difficult for the country to transform its raw materials into consumable forms, which has a detrimental impact on both the price of its produce on the international market and its national income. Therefore, according to Acemoglu and Robinson, countries nowadays fail because their extractive economic structures do not provide the motivation that individuals need to save, invest, and innovate.

Institutions that are extractive cause nations to fail economically. These establishments perpetuate poverty in underdeveloped states. ... keep them from starting down a route that leads to economic expansion. The dire health of Nigeria's refineries makes this predicament evident and has compelled Nigeria to engage in entrepote trade in its economic dealings with foreign countries concerning crude oil. Furthermore, Nigeria's banking, insurance, and transportation networks are appallingly inadequate, and economic institutions like markets—which make up a sizable portion of the country's unorganized economy—are ill-organized. The nation's airport and seaport are both overly crowded and insufficient to sustain the country's push for economic development.

The political establishments in Nigeria that are meant to foster an atmosphere conducive to economic growth have fallen short. The political class has been seen to be only too eager to seize resources and suppress any kind of independent economic activity that would pose a danger to them and the ruling class. Furthermore, it has been stated that "economic stagnation, civil wars, mass displacement, famines, and epidemics; which have made many countries poorer today than they were in the 1960s" have resulted from this trend. Consequently, the extractive industry's dominant position in the Nigerian economy can be attributed to the political elites' lack of economic vision and political will. As a result, the Nigerian economy is now centered on a single industry, an important cog in Nigeria's economic development, centered on the manufacture and distribution of basic products, import-oriented, and dependent.

Problems of Economic Development in Nigeria

Nigeria's economic growth issues have been politically, intrinsically, and even externally driven since 1960. Nigeria's economic underdevelopment can be attributed to the combined effect of these issues. Several obstacles to development exist, such as the challenge of implementing western ideas, feeble political and economic establishments, inadequate infrastructure, a crisis in leadership, and corruption, all of which will be discussed in this article.

The Problem of Adopting Western Models

Nigeria's economic growth issues have been politically, intrinsically, and even externally driven since 1960. Nigeria's economic underdevelopment can be attributed to the combined effect of these issues. Several obstacles to development exist, such as the challenge of implementing western ideas, feeble political and economic establishments, inadequate infrastructure, a crisis in leadership, and corruption, all of which will be discussed in this article. It should be mentioned that the socialist model promotes people's lethargy because the government aims to meet all of their needs, but the capitalism model stimulates efficiency and creativity because profit-making is the main

incentive for economic engagement here. However, the issue with capitalism is that it encourages the rich to dominate and exploit the poor, thus widening the divide between them and the rest of society. In this context, post-colonial Nigeria was faced with the difficult choice of adopting capitalism or socialism as soon as it gained independence. Nigeria was forced by this circumstance to adopt a non-alignment stance and a mixed economy system, which combines capitalism and socialism as guiding principles for economic administration. of the nation. As a result, the nation had an economic system in which the government owned and controlled crucial institutions known as public enterprise, whose services are essential for economic development, while the private sector was permitted to possess and manage factors of production under government supervision. Over time, Nigeria's mixed economy was mishandled and its National Economic Development Plans were poorly carried out. The administration failed to preserve the delicate balance required for the nation's economic progress, over-dominating and politicizing the sector. Due to the growth in oil commerce between 1970 and 1980, it gave up on the agricultural sector, which was the most important part of the Nigerian economy, in favor of petroleum exploration and exportation. As a result of this development, the nation's economy entered a crisis and the price of oil plummeted. on the global market. Following this development, the Oil Doom period led to the dilemma of Nigeria implementing another Western model, the International Monetary Fund's Structural Adjustment Programme. As a short-term economic reform initiative, the Structural Adjustment Programme (SAP) was initially implemented in Nigeria in July 1986 and was scheduled to expire in June 1988. Following the decline and crisis the Nigerian economy faced after the oil boom, 1970–1980, the Structural Adjustment Programme was designed to change and realign aggregate domestic expenditure and production pattern in order to minimize dependence on imports, strengthen the non-oil export base, and put the economy back on the path of steady and balanced growth. But according to Mike Obaan, this ground-breaking strategy for resolving Nigeria's economic problems—which was started by the International Monetary Fund (IMF)—is the most divisive set of economic laws ever implemented in Nigeria. However, the structural adjustment program's issue was not the program in and of itself, but rather how well it is implemented and workable in the Nigerian context.

Therefore, it is safe to assert that since independence, that post-colonial Nigeria had been confronted with the dilemma of adopting Western models; which were conceived with the peculiar economic situation of Europe and America in mind. Thus, the reason they had not worked well in Nigeria because of her peculiar environment and economic challenges. Consequently, Acemoglu and Robinson had argued that poor countries are poor not because of their geographies or cultures but because their leaders do not know which policies will enrich their citizens. In essence, they opined that, they adopt theories that do not work.

Inadequate Infrastructural Development

It is impossible to overstate the contribution that vital facilities like highways, railroads, seaports, airports, and bridges make to trade and economic growth. The infrastructure that was first given by the British colonial authority has been expanded by several Nigerian governments since 1960. The Nigerian government expanded its infrastructure development expenditures during the oil boom, although these expenditures were unduly focused on urban regions. Furthermore, these infrastructures were inadequate, badly built using inferior materials, and unable to sustain the country's economic development push. In fact, the Nigerian highways have become death traps for drivers due to their poor condition, which also seriously hinders economic growth and activity by causing traffic jams and accidents. The deficient infrastructure Nigeria's economic underdevelopment can be attributed to its development.

Because vital economic infrastructures are concentrated in urban regions, they solely serve to enhance the perception of these cities rather than in rural areas, where they are primarily required to connect farming villages with urban markets. thus boosting commerce and Nigeria's economic growth.

Management Crisis and Corruption

Since 1960, Nigeria's post-independence political system has been influenced by regionalism, ethnicity, and commercialism—the active endorsement and engagement of political candidates for financial benefit. The result of this situation is that Nigeria is starting to produce crooked and unethical leaders. Over time, it has been clear that the Nigerian state's leadership is more concerned with advancing their own interests, those of their political backers, and their own personal interests than with progress. Consequently, politics is no longer used as a tool for Nigeria's economic development but rather as a safe way to access and utilize the country's resources. Therefore, to the detriment of the populace and the Nigerian economy, Nigerian officials have engaged in widespread looting, embezzlement, and mismanagement and misappropriation of the country's resources. Furthermore, When contracts are awarded, the political elites

typically do so as a way of rewarding those who support their political ambitions as democratic dividends rather than to legitimate contractors who are committed to providing services. As a result, post-colonial Nigeria's economy is disproportionately affected by the political unrest in the country, leading to an energy crises, unstable economies, and underdevelopment.

DISCUSSION

The Solution

It goes without saying that a government's main duty is to ensure the welfare and meet the needs of its people everywhere. As a result, Egbenbor and Eheduru noted that many institutions exist in every structured society to meet the demands of its members. In order to fulfill its duties of maintaining law and order, safeguarding people and property, regulating and controlling the actions of individuals and groups within society, building infrastructure, and advancing the country's economic, social, and cultural welfare, the government establishes a number of institutions. This, however, is unachievable while the country's economy is undeveloped and backward. Thus, it is imperative that states grow their economies; and Nigeria is no different. Government policies and initiatives that are well-thought-out, well-articulated, people-centered, and supportive of private enterprise are necessary for the development of the Nigerian economy. At this point, the report proposes important steps that need be followed to revive the Nigerian economy.

Deregulation and Privatization of the Nigerian Economy

Nigeria's economy is a mixed economy following colonization. Thus, it follows that the government is essential to controlling and overseeing the country's economy. However, the failure of Nigeria's public enterprise and the current recession the nation is facing show that the government is a bad businessman and that economics is not politics and that politics is not economics. Because of this, economics is a separate academic discipline and a system of social organization with its own set of rules and regulations that could be upset by overzealous government meddling in the economy. Therefore, it is imperative that the Nigerian government take on a more regulatory role and lessen its hegemonic dominance over the country's economy. This is attainable by use of the deregulation policy aims to promote private sector involvement in the Nigerian economy. However, it should be mentioned that Arthur Nzeribe had issued a warning, stating that extreme prudence was required when it came to the privatization of the Nigerian economy. He went on to say that there is currently no assurance that privatization would not only result in the massive businesses being controlled by a small number of people, as in the case of an old democracy such as Britain, where 5% of the elite possess 75% of all privatized companies.

Thus, he contended that in order to preserve Nigeria's mixed economy ideology, safeguard vulnerable Nigerians from the exploitation of the wealthy, and serve strategic and economic interests, the government of Nigeria must inevitably continue to own a portion of certain industries and institutions. In light of Nzeribe's argument, this paper continues to argue that deregulation and privatization of Nigeria's economy offer a solution to the country's current economic problems because they would ensure the effective use of resources, foster innovation and creativity, reward hard work and entrepreneurship, and draw in foreign investment—all of which are necessary components of economic development.

Development of the Agricultural Sector

Since its inception, Nigeria's economy has been mostly focused on agriculture. Since before colonization, this industry has employed the greatest number of people in the nation. About 80% of Nigeria's working population is involved in agriculture in one way or another, according to J.O. Irukwu. They work full- or part-time in the production of rubber, cotton, lumber, cocoa, groundnuts, and oil palm goods. They also cultivate the major food crops of the nation, which include yams, beans, millet, guinea corn, maize, and cassava. Consequently, he contended that Nigeria's national economy was quite basic and modest in 1960, the year of her political independence. All that the nation had to show for its modest agricultural sector was a small number of export commodities that were offered at reasonable prices, mostly set by the foreign customer, as raw materials on international markets. But eventually, the 1970s oil boom caused the Nigerian government to focus more on the country's oil and gas industry and gradually abandon the country's agricultural sector, which had previously produced more than 60% of the country's exports. This article, however, holds that the agricultural sector needs to be improved, modernized, and revitalized in order for Nigeria's economy to grow. The Nigerian government needs to stop just talking about agriculture; it needs to provide local farmers with loans and land; it needs to focus on rural development in order to stop the frightening trend of Nigerian rural-urban migration. Any society's ability to develop depends on its ability to farm. It supplies the country with food, clothing, housing, raw materials for industrialization, and is a significant source of foreign exchange for the economy. Therefore, it is reasonable to say that agriculture holds the key to solving Nigeria's perplexing economic puzzle—the country is wealthy, but its people are among the world's poorest. Nigerian agriculture needs to be given

top priority if the country is to thrive economically. It is a fact that a country on the path to economic development and advancement in other areas of human endeavor is one that may achieve food sufficiency. In light of this, it should be remembered that the military government of Olusegun Obasanjo made significant progress toward improving Nigeria's economy in the 1970s by implementing agricultural reforms. In Nigeria, the regime launched the Operation Feed the Nation (OFN) program and the Green Revolution. The government started a national initiative to provide farmers with fertilizer and seeds to help them become more productive. Additionally, the Obasanjo military dictatorship encouraged Nigerians to cultivate every vacant plot in the nation, especially in urban areas, as part of the Operation Feed the Nation Program of 1970–1980, which aimed to increase local food production, decrease importation, and expand the country's economy. Unfortunately, due to a lack of continuity in the policies and programs implemented by previous governments, poor coordination prevented these measures from having the intended effect on the Nigerian economy. It is crucial to remember that a developed agricultural sector plays a crucial role in a country's economic development, as demonstrated by the experiences of the USA, Israel, and other countries. Therefore, there is an urgent need for the agricultural sector in Nigeria to be reformed and repositioned through higher budgetary allocation, loans and aid to local farmers, and legislative instruments from the Nigerian government to promote farming in the nation. This is essential to Nigeria's economic growth.

Industrialization as a Means of Development

Nigeria's economy must industrialize in order for it to reach complete economic development. This is true in that it has been noted that "developed countries are more highly industrialized; they are not only richer than the less developed ones." According to Edwin Dolan, the percentage of individuals working in the industrial sector in industrialized nations ranges from one-fifth to one-quarter, whereas in less developed nations, the figure is probably closer to ten percent or less. Therefore, it is evident that in terms of industrial development, Nigeria and other LDCs are woefully behind and lacking. Since industrialization is the most reliable way to grow a country's economy, this issue requires immediate response. from a nation that simply produces basic items to one that produces completed goods. As a result, the Nigerian government ought to develop industries in key areas of the nation where the raw resources required for those industries are generated. In order to help the

country stop importing finished crude oil products and paying subsidies to petroleum marketers in Nigeria, which has posed a significant threat to the country's economic development recently, the government must also build more refineries in the oil-producing regions of the nation and increase the capacity of the ones that already exist. Thus, a sizable portion of Nigeria's income is used to pay subsidies to a select few members of the population. Despite the fact that Nigeria has already been industrialized, But they're not sustained and far too small. In the past, the Nigerian government made significant investments in the steel industry. At Ajaokuta in Kogi State, the government developed a steel mill with aid from the Soviet Union. This was a positive step that had been put on hold. The growth of Nigeria's road transportation infrastructure and the installation of additional railway lines were required by the establishment of the Steel Mill in Ajaokuta.

Therefore, it is reasonable to argue that Nigeria's industry is essential to the nation's infrastructure development. However, due to inadequate execution of the economic policies that gave rise to the plant and a lack of policy continuance in the nation, the Ajaokuta Steel Mill is currently in a state of near-complete shutdown. The Nigerian economy would become less dependent on the importation of commodities from abroad as a result of industrialization, which would accelerate the nation's economic growth. In the long run, this will help Nigeria's balance of payments imbalance, increase export revenue, and lower foreign borrowing and debt to US and European banks. Elbert Bowden noted in 1973 that: The total deficit of all LDCs totaled almost \$3 billion. After that, it was close to \$10 billion in 1974 and up to \$37 billion in 1975. And ever since, the deficits have continued to rise..

Therefore, it is evident that the prevalence of debt burden in Nigeria is a result of the economy's import-oriented structure. Therefore, it can be concluded that industrialization is a reliable way to help Nigeria reduce its debt load and set the nation up for long-term economic growth and development.

Human Capacity Building and Development

The most populous nation in Africa is Nigeria. She has an abundance of human resources, but the majority of them, particularly in Central and Northern Nigeria, lack literacy and are therefore unable to contribute significantly to the nation's economic growth. This is demonstrated by the fact that the majority of the states in these regions are categorized as Educationally Less Developed states and by the fact that "Almajiris," or impoverished, illiterate beggars, predominate in this area of Nigeria. Therefore, Nigeria's

human resources urgently need to be improved, trained again, and developed if the country is to benefit economically from its vast population. Some people lack basic technology knowledge even in Southern Nigeria, where there is a large number of literate people; and Most members of the literate class have not been effectively utilized for economic growth. Building human capability is essential to Nigeria's economic development because labor is a key component of industry. Exploiting Nigeria's easily accessible, rich, and fertile lands requires human labor, which is a fixed factor of production. In order to produce raw materials, semi-finished goods, and final goods, it is also necessary to harness all other production forces. Therefore, labor is probably the most important factor of production in a civilization. Therefore, developing human potential and providing personnel training are essential and essential steps towards Nigeria's economic development. enhancing human potential and The following strategies could be used to bring about growth in Nigeria.

Enhanced Education

Nigeria's education system need restructuring and improvement. In order to counteract the overabundance of traditional schools, particularly in rural regions, the Nigerian government must build more technical schools and update the curricula of its elementary, secondary, and university institutions. Legislation must be enacted to unify and strengthen government educational policies and initiatives like Universal Basic Education (UBE). The focus of the Nigerian educational system should be shifted from theoretical instruction to more technical and vocational instruction. The goal of improving Nigeria's educational system is to cease generating graduates who are primarily looking for white-collar employment rather than jobs creators and labor employers. In this approach, A.U. Inegbenebor depicts the trend: recent grads of postsecondary universities eagerly anticipate the day when they will begin a career in business or public service with one of the established organizations. Their aspiration is to open their own business after they retire. Due to the existence of jobs in government agencies and multinational corporations, this way of thinking was feasible until the 1980s. The creation of labor capable of operating in vast organizations was the focus of educational institutions. Government and private investment are still required, nevertheless, in order to expand the employment options available to Nigeria's burgeoning workforce. This might be accomplished through direct investments in industrialization and agriculture, as this report has already noted.

Skill Acquisition and Entrepreneurship

Today, wasteful labor and unemployment are two of the biggest obstacles to Nigeria's economic progress. This is the case, in that the employment oasis that Nigerian graduates had previously experienced has disappeared. According to Egbenbor, Nigeria saw significant social and economic transformation in the late eighties and early nineties. Not only did employment prospects in government and big corporate firms decline, but many people also lost their jobs as a result of significant restructuring or reorganizations of these institutions. Since graduates frequently had to wait a long time before finding their first positions, the unemployment of trained manpower became a conspicuous concern in the economy. ⁶⁵ Thus, the best course of action in light of this financial situation is to pursue entrepreneurship, skill development, and training. The vast number of jobless people Nigerian graduates must be prepared and encouraged to use their creative abilities to identify market possibilities and launch businesses that would allow them to become self-sufficient, gain employment, serve as labor employers, and support Nigeria's economic growth.

In order to achieve this, all tiers of the Nigerian government must create and fund skill acquisition centers where young people can receive training in a variety of trades and skills, including tailoring, hairdressing, soap-making, bead-making, barbering, carpentry, painting, and catering. These centers should be partnered with private professionals and both domestic and foreign investors. This will largely enable Nigerian young to participate actively in the informal sector and make their fair share of contributions to the nation's overall economic growth. The emergence of the middle class in Nigeria as a result of this growth was crucial for the economic advancement of both European and American societies during the eighteenth and nineteenth centuries. ⁶⁶ Additionally, it will centralize the development process. Nigeria is based on its people, not its leaders, who serve as both the means and the goals of growth.

Endowment of Loan and Grants

Around the world, capital is the lifeblood of all businesses in modern civilizations. Thus, sufficient money is absolutely necessary for Nigeria's economic progress. Therefore, the Nigerian government ought to provide financial empowerment to the populace by offering loans and grants so that they can establish and run their own enterprises. Through the Ministry of Labor, Merchant banks, Development banks, Commercial banks, and even Micro-finance banks, the government can directly or indirectly provide these loans and incentives to young entrepreneurs. Young entrepreneurs should be encouraged to apply for these loans by offering them at extremely low interest rates. Furthermore, the stock exchange market, banking institutions, and other financial institutions must be strengthened and repositioned immediately.

insurance firms operating there to aid in trade, business, and Nigeria's economic growth. Government grants and loans should be awarded to young entrepreneurs who meet the eligibility requirements in an open and equitable manner, without regard to their membership in or allegiance to political parties, and with flexible payback terms.

Economic Diversification

In the end, a mono-economy that produces only one commodity for sale on the global market is the route to economic prosperity in Nigeria. It is found in the Nigerian economy's deliberate and quick diversification. To maintain and expand the Nigerian economy, there should be a move away from a preponderance of one industry. This is demonstrated by the volatile and ever-changing price of crude oil, Nigeria's primary export good on the global market, as well as the effects it has on the country's economy. In addition, one should remember the economic disaster that Nigeria went through in the 1980s following a brief time of oil price rise. Therefore, the Nigerian government ought to develop and invest in every sector at the same time. of the economy of Nigeria. In order to increase the GDP and per capita income of the populace, the nation needs investigate new economic areas. Numerous natural and mineral resources are available in Nigeria; they have not yet been fully investigated and utilized for the country's advancement. Therefore, government ministries and ministers should become proactive and effective agents of economic development in Nigeria rather than being just salary earners, reliant on resource allocation, ignorant, and non-contributors to the country's economic progress. Regarding solid minerals, the relevant ministry and minister ought to investigate and fully utilize the resources they were designated to oversee – the majority of which are now underutilized or laying dormant – in order to generate income for the nation. The expansion of Without a doubt, the Nigerian economy and the identification of fresh revenue-generating opportunities for the country would quicken the pace of economic activity and advance Nigeria's economic development.

Prospect of Nigerian Economic Development

What lies ahead for the Nigerian economy is the important question to address at this point. Nigeria's enormous population and enormous economic potential have earned her the moniker "Giant of Africa." It is safe to say that there is optimism for the Nigerian economy given its economic potential and examination of her plentiful mineral and people resources. With an average annual economic growth rate of 7.4%, Nigeria has one of the greatest rates of economic growth in the world, according to the World Bank's July 2014 Nigerian economic report. This aptly illustrates the promising future of the Nigerian economy. Nigeria's nominal GDP of over \$500 billion made it the world's 20th largest economy in 2015. and \$1 trillion when considering parity in

purchasing power. As a result, Nigeria's economy has surpassed South Africa's as the largest in Africa. The World Bank has also referred to Nigeria as an emerging market. Nigeria is therefore a desirable location for international investors and multibillion dollar enterprises.

Nigeria's economy is one of the "Next Eleven" that is predicted to grow to be the largest in the world. Based on the aforementioned, one may conclude that Nigeria's economy is gradually recovering and achieving parity with developed nations. Therefore, the Nigerian economy needs to be carefully rethought, planned for, and restructured. The Nigerian economy's development conundrum is only momentary. Deliberate and coordinated action is desperately needed to improve the country's economic situation. Reviewing their approaches, plans, and techniques for managing the Nigerian economy is necessary for both the government and economic think tanks in that country. Nigerian policymakers must immediately turn inside while developing their economic strategies. models and programs tailored to Nigeria. The specific needs of the Nigerian people and environment should inform economic decisions. Before being adopted, foreign economic concepts and procedures should be thoroughly reviewed to determine their applicability and usefulness in the Nigerian context and economy. Furthermore, the mixed economy continues to be the most practical and viable option for Nigeria's economic development given its unique economic circumstances and reality. But the principles of capitalism and socialism should be properly combined and applied in accordance with the national economic and environmental requirements. Stated differently, Nigeria's economic growth can only originate from within the nation, not from outside; as the A policy, program, or economic package's success in one nation does not ensure that it will be successful in another.

As a result, from the beginning of time, the environment has been a key factor in determining both the economic activities of a civilization and its rate of economic development. The fundamental economic issues of each society are typically conditioned by the environment: What to produce? How can one make? And who should I produce for? Therefore, the only people who can effectively identify and map out a visible path out of their economic troubles are those who now reside in that environment. Thus, in post-colonial Nigeria, if the environment is completely investigated and utilized, if plans and policies for economic growth are domesticated and created internally, if people are given the authority to participate in Nigeria can overcome its economic obstacles and catch up to other nations on the global economic scene if it participates meaningfully in economic activity.

CONCLUSION

Nigeria's political and economic landscape was significantly altered by British occupation of the country from 1900 until 1960. It explained the rise of contemporary Nigeria and expanded the range of Nigerian economic endeavors. The nation was exposed to fresh ideas and viewpoints on development as a result of its interactions with Western civilization. As a result, the pre-colonial economic progress that the Nigerian people achieved is out of place in the modern, globalized world. Their immediate neighbors and economic equals were no longer the competitors—autonomous communities. Today, among others, the Europeans, Americans, and Asians who have achieved a high degree of economic growth and development and created sophisticated lifestyles are the neighbors of the Nigerian people. Thus, in contrast to her new neighbors, contemporary Nigeria may be called undeveloped. Therefore, it has been claimed in this study that Nigeria is facing an economic development conundrum. This goes beyond the conundrum of adopting Western models of economic development; it also covers how to create policies and programs for economic development domestically that are in line with the nation's environmental requirements and how to combine, adapt, and implement foreign models of development in line with Nigeria's unique economic realities and needs. Because economic development is necessary for states to fulfill their obligations to their citizens, as this article argues, all contemporary states in the international system have no choice but to do so. Nigeria is not an exemption either. Nonetheless, this study has demonstrated that even though the People bear the majority of the responsibility for Nigeria's economic development, and the government has a significant role to play in that regard. People serve as both the means and the goals of growth in that sense. Consequently, the report demanded that Nigeria's economy be deregulated, privatized, and diversified. Also, for the empowerment and development of Nigerian labor force to enable them to lead the country's economic affairs toward economic growth and development as well as national self-sufficiency, putting Nigeria on par with her peers in the global village.

FURTHER STUDY

This research still has limitations, so further research needs to be carried out regarding the topic of the Role of the State in Economic System Development. to perfect this research and increase insight for readers.

REFERENCES

- Acemoglu Daron and Robinson James A., *Why Nations Fail*. London: Profile Book Ltd, 2013, p.45-69.
- Adeboye T.O., "A General Survey of the Economy" in M.O. Kayode and Y.B. Usman (ed.). *Nigeria Since Independence: The First Twenty-Five Years*. Ibadan: Heinemann Educational Books Ltd, 1989, P.4.
- Bashiru Salawu et al, "Neglecting Development Plans and its Implications for Democracy" <http://www.unilorin.edu.ng/publications/neglecting.htm> Accessed 20/4/2016
- Bowden Elbert V., *Economics: The Science of Common Sense*. Ohio: South-Western Publishing Co., 1986, 694.
- Dolan Edwin G., *Economics* (4th ed.). New York: The Dryden Press, 1986 p. 848.
- G.A. Petch, *Economic Development and Modern West Africa*, pp.49-55.
- Gilbert Felix and Large David Clay, *The End of the European Era, 1890 to the Present* (4th ed.). New York: WW. Norton & Company, 1991, p.24.
- Inegbenebor A.U. and Eheduru G.C., "The Nature of the Business Enterprise" in A.U. Inegbenebor and Esosa Bob Osaze (eds.). *Introduction to Business*. Lagos: Malthouse Press Ltd, 1999, p.1.
- Inegbenebor A.U., "Entrepreneurship and the Business Enterprise" in A.U. Egbenebor and Esosa Bob Osaze (eds.) *Introduction to Business*. Lagos: Malt house Press Ltd, 1999, p.191.
- Irukwu J.O., *Nigeria at the Crossroads: A Nation in Transition*. London: Witherby & Co. Ltd 1983, p. 245.
- Jhingan M.L., *Advanced Economic Theory* (13th edition.). New Delhi: Vrinda Publications (P) Ltd 1997, p. 702-703.
- Joseph Richard, *Democracy and Prebendal Politics in Nigeria*. Ibadan: Spectrum Books Ltd, 1991, p. 55.

- M.L. Jhingan et al, History of Economic Thought (3rd ed.), Delhi: Vrinda Publications Ltd., 2011, p.68.
- M.L. Jhingan, The Economics of Development Planning, Delhi: Vrinda Publications Ltd., 1997, p.5.
- Michael P. Todaro and Stephen C. Smith, Economic Development (11th ed.), Harlow: Pearson Education Ltd., 2011, p.5.
- Michael P. Todaro and Stephen C. Smith, pp.56-71.
- Nigeria- Planning- Country-data//www.country-data.com/cgi-bin/query/r-940/.html. Accessed 20/4/2016.
- Nigeria Year Book. A Daily Times Publication, 1985, p. 50.
- Nigeria-Planning-Country-Data//www.country-data.com/cgi-bin/query/r-9401.html; and Nigeria-Planning-CountryListing//www.country-data.com/cgi-bin/query/r-9401.html Accessed October 27, 2016.
- Njoku Onwuka, Economic History of Nigeria: 19th and 20th Centuries. Enugu: Magnet Business Enterprises, 2001. 5.
- Njoku Onwuka, The Economic History of Nigeria, P. 134-149.
- Nzeribe Arthur, Nigeria: The Turning Point; A Charter for Stability. Enugu: Fourth Dimension Publishing Co. Ltd, 1986, p. 93.
- Obadan Mike I., Whither Structural Adjustment in Nigeria? Ibadan: National Centre for Economic Management and Administration, 1993 p.19-34.
- Osagie Joseph I., "Regional Cooperation and Integration in Africa" in Fred I.A. Omu and Leo E. Otoide (eds.), Themes in International Studies and Diplomacy. Benin City: Mindex Publishing, 2002 p. 163.
- Petch G.A., Economic Development and Modern West Africa. London: University of London Press, 1961, p. 45-55.
- Rodney Walter, How Europe Underdeveloped Africa. London: Bogle-L' Overture, 1972, p. 9-12.

S. Tomori and F.O. Fajana, "Development Planning" in F.A. Olaloku et al (ed.) Structure of the Nigerian Economy, London: The Macmillan Press Ltd., 1979, pp131-139.

S. Tomori and F.O. Fajana, "Development Planning", pp.132-133.

S. Tomori and F.O. Fajana, p.132.

Stan Aibieyi, Development Strategies in Nigeria, Benin City: Ethiope Publishing Corporation, 2010, p.1.

Stan Aibieyi, Development Strategies in Nigeria, pp. 12-13.

Stan Aibieyi, Development Strategies in Nigeria, pp.21-24.

Wikipedia the free Online Encyclopedia, "Olusegun Obasanjo". [http://: www.Wikipedia.com](http://www.Wikipedia.com). Accessed May14

Wikipedia the free Online Encyclopedia, "Poverty in Nigeria". <http://: www.wikipedia.com>. Accessed May14, 2016.