

Trade Protectionism And Economic Growth: The Nigerian Experience

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Abstract

This work assessed the impact of trade protectionism on the economic growth of Nigeria from 1990 -2022. The objectives were; to examine the impact of trade protectionism on the economic growth of Nigeria, and to examine the relationship between trade protectionism and economic growth of Nigeria. The ARDL Bounds Test technique was used to analyze the impact of trade protectionism and economic growth in Nigeria. Trade protectionism was proxied as Tariff Rate and Trade Openness while Economic Growth was proxied as Gross Domestic Product. The study revealed a positive and significant impact of trade protectionism on the economic growth of Nigeria. A long-run relationship was found between trade protectionism and economic growth in Nigeria as validated by the ARDL Bounds test. The Error Correction Model revealed that 1.426% of short-run distortions in economic growth are corrected annually to meet the long-run equilibrium. It is therefore recommended that the government should increase its tariff rate, especially on all imported goods and services as this will protect domestic industries and outputs. Also, the Openness of Nigerian trade with the rest of the world should only be encouraged majorly in the short run to supplement the scarce raw materials needed by the domestic industries; in the long run, the openness of Nigerian trade should be discouraged to boost domestic production for export earnings. The Nigerian government was advised to take the security of lives and property in the country seriously because security is a major determinant of economic growth in the country.

Keywords: Trade Protectionism, Tariff Rate and Trade Openness

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I. Introduction

Trade protectionism, the practice of imposing restrictions on imports and promoting domestic industries, has been a topic of much debate in the context of Nigeria's economic growth. While protectionist measures are often implemented to shield local industries from foreign competition and stimulate domestic production, their impact on the overall economy of any country is multifaceted. As posited by Okere and Iheanacho (2016) protectionism consists of managing the international exchanges of goods and services between national and regional economies. This falls into the regulation of imports and the management of exports, which itself is divided into export promotion and import controls. Trade protectionist policies can have both positive and negative impacts on the economic growth of a country. Evenett (2019) maintained that the move towards protectionism started in the wake of the 2008 financial crisis, with many economically developed governments enacting populist policies and measures encouraging the local sourcing of supplies to protect their local industries and jobs.

Implementing trade barriers such as tariffs and quotas can help protect domestic industries from foreign competition, potentially fostering growth in those industries. This can lead to job creation and increased production within the country. Recent studies have documented that trade restrictions are designed to protect domestic interests threatened by foreign competition. As a result, national governments have resorted to a growing range of measures aimed at supporting both small and large exporting companies, whether through technical assistance, or trade incentives. This, however, has generated a lot of debate in the academic arena on whether trade protectionism policy promotes local industry and at the same time spurs economic growth. Notable empirical studies in this debate are Grossman and Helpman (1991); Matsuyama (1992); Walde and Wood (2004); Rodriguez and Rodrik (2001); Yannikkaya (2003) and most of these studies involve trade measures regarding export and

import volumes or shares, trade policies regarding tariffs or custom barriers, and related measures of trade openness. Indeed, little or no attention has been given to the trade protectionism policy in developing countries like Nigeria.

Furthermore, trade protectionism can result in higher prices for imported goods, which can lead to inflation and reduced purchasing power for a country's consumers. This could dampen domestic demand and hinder overall economic growth. However, trade protectionist policies can also have negative consequences on a country's economic growth. By limiting imports through protectionist measures, the country may face retaliation from its trading partners, leading to reduced export opportunities for goods and services. This can harm industries that rely on foreign markets for growth and could ultimately slow down the overall economy. While trade protectionist policies can provide some short-term benefits for specific industries, the long-term impact on economic growth may be negative due to limited export opportunities, reduced consumer purchasing power, and potential trade conflicts with other countries. It is essential for countries, Nigeria in particular, to carefully consider the potential consequences of such policies and find a balance that fosters competitiveness while also maintaining healthy trade relations with its partners. This paper examines the effects of trade protectionism on the economic growth of Nigeria, exploring both the potential benefits and drawbacks that such policies can bring. By examining the implications of trade protectionism on key sectors and the broader economic landscape of Nigeria using time series of 1990-2022, the country can gain a deeper understanding of the complexities involved in navigating trade policy for sustainable growth.

Therefore, the objectives of this study are; to assess the impact of trade protectionism on the economic growth of Nigeria; to examine the relationship existing between trade protectionism and economic growth in Nigeria

II. Literature Review

Theoretical Review

Several economic theories help us understand the rationale behind trade protectionism and economic growth. Some of the key theories include:

Infant Industry Argument: This theory suggests that emerging industries in developing countries need protection from international competition in their initial stages. By providing temporary trade barriers such as tariffs or quotas, these industries can grow and become competitive before facing global market forces

National Security Argument: Trade protectionism may be justified on national security grounds. Countries might impose restrictions on certain imports to safeguard critical industries that are essential for national defense or security.

Strategic Trade Policy: According to this theory, governments can use trade policies such as subsidies or export incentives to support key industries and improve their competitiveness in the global market. This approach aims to create a strategic advantage for domestic firms in specific sectors.

Terms of Trade Argument: Trade protectionism can be used to improve a country's terms of trade by reducing import dependency and promoting exports. By limiting imports through tariffs or quotas, a country can negotiate better trade terms and enhance its economic position in the international market.

Balance of Payments Argument: In cases where a country is facing persistent trade deficits, protectionist policies can be employed to reduce reliance on imports and improve the balance of payments. By restricting imports, a country can mitigate trade imbalances and stabilize its economy.

Harrod - Domar Growth Model: Harrod - Domar growth focuses on the explanation of economic growth in terms of its level of saving and capital. The theory is based on the assertion that there is no natural reason for an economy to have balanced growth without saving and capital. According to the Harrod-Domar Model, there are three types of growth, namely: warranted growth, actual growth and natural rate of growth. The warranted growth rate is the rate at which the economy does not experience or go into recession. The actual growth rate is measured on a country's Gross Domestic Product (GDP). The natural growth rate is the rate an economy requires to maintain full employment. For example, natural growth stipulates that if the labour force in a country grows at ten percent (10%) each year, to maintain full employment, the economy's annual growth rate must complement the growth in the same proportion by ten percent (10%).

Keynesian Theory: Keynesian theory emphasizes on government spending in economy in order to increase demand so as to boost economic growth. Keynesians believe that consumer demand is the primary driving force in an economy. The theory supports expansionary fiscal policy. Keynesian also argued that government intervention is necessary through fiscal policies (investment and taxes) which if employed will have impacts on employment, productivity and outputs. Keynes considers public spending as an exogenous factor that can be used to increase performance as a policy instrument. In his work, Keynes observed that public spending in economy especially on its production capacity will definitely result in multiple output rises, as the multiplier of government spending in any economy. Algebraically, Keynes's observations on the essence of government spending in an economy can be expressed as follows:

$$Y = C + I + G(X - M)$$

Equation 1

Where; Y = Output, C = Consumption, I = Investment, G = Government Expenditure, X-M = Net Export (Export minus Import)

Empirical Review

Studies on the impact of protectionism on economic growth and in particular, export and import have enjoyed patronage in the advanced and emerging economies. At the forefront of this study are Dollar (1992), Ben-David (1993), Sachs and Warner (1995), Edwards (1998), Frankel and Romer (1999) are well-known studies that find a negative relationship between trade barriers (protectionism) and growth. Studies that fail to find a negative relationship between trade protectionism and economic growth are the studies of Harrison and Hanson (1999), Rodrik (1999), Irwin (2002), Yanikkaya (2003), and, to some extent, Vamvakidis (2002). Harrison (1996). The recent endogenous growth literature has reoriented the argument as to how openness enhances growth from focusing on exports to emphasizing imports of knowledge. Romer (1990) argues that imports give domestic producers access to a wider variety of capital goods, thus effectively enlarging the efficiency of production. The theories described in Grossman and Helpman (1991) suggest that the quality of intermediate products positively influences the efficiency of production. The new technology embodied in imported intermediate products renders imported products more productive and, therefore, increases labour productivity and total factor productivity (TFP). As a consequence, favourable trade protectionism will enhance growth only to the extent that a country trades with research-intensive economies.

Zahoor, Wu, Khan and Khan (2023) conducted a study on the impact of international trade protectionism on the reconfigurations of the global value chains (GVCs), and performed a historical content analysis on 174 articles from 2016 to 2020. Their findings suggested that international trade protectionism had altered the landscape of GVCs by causing widespread disruption to their functioning, thus making them prone to future external policy risks. Such disruption, according to them, would have a varying impact on various industries, whereby would cause greater harm to those industries that are more global and thus rely on global suppliers.

Barro and Sala-Martin (1995) considered a two-country world, where the technologically less advanced country taps into the knowledge of the technologically more advanced country. Provided that the costs of imitation are lower than the costs of innovation, the less advanced country will catch up to the more advanced country. Although most theories predict that growth is impeded by trade barriers, some models predict that, under certain circumstances, trade barriers may be good for growth (Rodrik, 2000). Okere and Iheanacho (2016) studied the impact of Trade Protectionist Policy on the Economic Growth of Nigeria and applied the bounds test (ARDL) approach to cointegration over the period 1990 to 2013. Trade protectionism was in three approaches namely; real exchange rate, subsidy, and trade openness and the indirect effect on economic growth was captured through unemployment and industrial production. The results found for Nigeria were generalized and compared to other developing countries which share a common experience in managing the international exchanges of goods and services between national and regional economies.

Summary of Literature Reviewed

In addressing the existing gaps in the research landscape, this study takes a significant step forward by finding the connection between trade protectionism and economic growth, a relationship that has been notably absent in previous works. While past researchers have independently explored the impact of international trade on the economic growth of Nigeria, the interplay between these crucial aspects of protectionism has not been thoroughly examined. By delving into this relationship, the study aims to provide a holistic understanding of how trade protection policies or strategies in Nigeria directly or indirectly impact its economic growth. Moreover, the study extends the time series data up to 2022, surpassing the temporal scope of prior research endeavours which concluded in 2019. By incorporating updated analytical data, this study ensures a relevant analysis, capturing recent trends, developments, and challenges in the international trade sector.

III. Methodology

Research Design

The study employs an ex post facto research design, a methodological approach that allows for the examination of relationships between dependent and independent variables after events have occurred. The primary objective of this research is to unravel the intricate factors that significantly influence trade protectionism in Nigeria by employing data from the period 1990 to 2022.

Model Specification

The models of this work are specified based on the objectives it set to achieve.

$$GDP = f(TP)$$

Equation 2

$$GDP_t = \beta_0 + \beta_1 TOP_t + \beta_2 TARF_t + \beta_3 INFR_t + \beta_4 INS_t + \beta_5 GFCF_t + \beta_6 LFPR_t + \beta_7 LR_t + \beta_8 LTECN_t + \mu_t$$

Equation 3

- Where: GDP = Gross Domestic Product (a proxy for economic growth)
 TOP = Trade Openness (proxy for trade protection policy of government)
 TARF = Tariff Rate (proxy for trade protection policy of government)
 INFR = Inflation Rate
 GEXS = Government Expenditure on Security as a ratio of GDP
 LABFC = Labour Force Participation Rate
 LR = Literacy Rate
 FDI = Foreign Direct Investment
 TECHN = Level of improvement in Technology and Innovation (Proxied as Professional, Scientific and Technical Services)
 Bi = parameters to be estimated
 t = time series of the estimated variables
 μ = error term

A priori Expectation

B₁>0; B₂<0; B₃<0; B₄>0; B₅>0; B₆>0; B₇>0 and B₈>0

The sign (> 0 or <0) associated with the B’s represents the a priori expectation of each explanatory variable used in this study. An explanatory variable with a B > 0 (positive parameter) is expected to have a positive impact on the independent variable and vice versa.

Nature and Sources of Data

The data used in this work are secondary data. They are annual time series from the period of 1990 to 2022. Data used were obtained from the Central Bank of Nigeria Statistical Bulletin (CBN) and the World Bank.

Analytical Techniques

The analytical techniques employed in this study are based on the objectives earlier stated in section one of this work. To achieve the objectives of this study, all variables used would be subjected to the Unit Root Test for test of stationarity. For the stationarity test, the study employed the Augmented Dickey-Fuller (ADF) unit root test. The ADF test consists of estimating the following equation:

$$\Delta Y_t = \beta_1 + \beta_2 t + \delta Y_{t-1} + \alpha_i \Delta Y_{t-1} + \xi_t$$

Equation 4

Where ξ_t is a pure white noise error term; t is time trend; Y_t is the variable of interest; β₁, β₂, δ and α_i are parameters to be estimated; and Δ is the difference operator. In the ADF approach, we test.

Error Correction Mechanism

The existence of co-integration often propels the use of the error correction mechanism to reflect how the short-run disequilibrium is corrected annually. The model for the error correction mechanism is specified as follows:

For the Model

$$\Delta GDP_t = \varphi_0 + \sum_{i=0}^p \varphi_1 \Delta TOP_{t-i} + \sum_{i=1}^q \varphi_2 \Delta TARF_{t-i} + \sum_{i=1}^q \varphi_3 \Delta INFR_{t=i} + \sum_{i=1}^q \varphi_4 \Delta INS_{t=i} + \sum_{i=1}^q \varphi_5 \Delta GFCF_{t-i} + \sum_{i=1}^q \pi_6 \Delta LFPR_{t-i} + \sum_{i=1}^q \varphi_7 \Delta LR_{t=i} + \sum_{i=1}^q \pi_8 \Delta LTECN_{t=i} + \theta ECM_{t=1}$$

IV. Data Analysis And Discussion Of Findings

Table 1: Correlation Matrix Test Result among Variables in the Model

	GDP	GFCF	INFR	INS	LFPR	LR	LTECN	TAFR	TOP
GDP	1								
GFCF	-0.059	1							
INFR	0.012	0.428	1						
INS	0.037	0.195	0.392	1					
LFPR	-0.073	0.234	0.261	0.224	1				
LR	-0.235	0.132	-0.044	0.159	0.222	1			
LTECN	0.0561	-0.079	-0.082	0.028	0.494	0.209	1		
TAFR	-0.060	0.336	0.720	0.093	0.372	0.027	-0.038	1	
TOP	0.0656	-0.052	-0.228	0.112	0.511	0.204	0.296	-0.097	1

Source: Author’s computation 2024

From table 1, it can be observed that all the matrix elements outside the leading diagonal are less than 0.8 which confirms the absence of multi-collinearity, according to Cooper and Schindler (2008).

Unit Root Test

Table 2: Augmented Dickey-Fuller Test Results for Variables in the Model

Variables	Level	1st Difference	2nd Difference	Order of Integration
GDP	-6.739(0.000)**	-----		1(0)
GFCF	-4.716(0.000)**	-----		1(0)
INFR	-2.129(0.235)**	-4.605(0.000)**		1(1)
INS	-5.894(0.000)**	-----		1(0)
LFPR	-0.734(0.823)**	-3.634(0.017)**		1(1)
LR	-2.506(0.123)**	-5.929(0.000)**		1(1)
LTECN	-3.159(0.032)**	-----		1(0)
TAFR	-4.283(0.002)**	-----		1(0)
TOP	-2.675(0.089)**	-6.735(0.000)**		1(1)

Source: Author's computation 2024

Note: ** ADF probability values at 5% level of significance

The augmented Dickey-Fuller test (ADF) unit root test for the variables used in model 1 is presented in Table 2. The unit root test results for variables in the model are in a mixed order of integrations (levels and first difference). Gross Domestic Product, Gross Capital Formation, Internal Security, Level of improvement in Technology and Innovation, and Tariff Rate were all stationary at the level with the application of ADF; while Inflation Rate, Labour Force Participation Rate and Trade Openness were stationary at first difference with the application of ADF. The outcome of the result of the unit root as presented in Table 2 necessitates the test for long-run relationship (i.e., a cointegration test), so it becomes appropriate to adopt the ARDL Bounds test.

Table 3: ARDL Optimal Lag Length Selection Criteria for the Model

Dependent	Regressor	The total number of variables significant	Dependent	Regressor	The total number of variables significant
1	1	3	2	2	7

Source: Author's computation 2024

The optimal lag lengths for model 2:2

Table 4: ARDL Bonds Test Result for the model

Model		F-Statistic = 7.114	
GDP= f(TOP, TAFR, INFR, INS, LTECN, LR, LFPR and GFCF)		K = 10	
Critical Values	Lower Bound		Upper Bound
10%	1.85		2.85
5%	2.11		3.15

Source: Author's computation 2024

Similarly, the F-statistic (7.114) is greater than the value of the lower and upper bound at 5% level (2.11 and 3.15), therefore, the null hypothesis of no long-run relationship is rejected and concludes that there is level long-run relationship existing among dependent and independence variables.

Table 5: ARDL Error Correction Regression Estimate of the Short-Run Coefficients
Dependent Variable: GDP

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(GFCF(-1))	-1.943	1.699	-1.143	0.275
D(INFR(-1))	-7.505	2.880	-2.605	0.023**
D(INS)	4.165	1.611	2.584	0.003**
D(LFPR)	2 8.567	11.458	0.713	0.078*
D(LR(-1))	6.189	2.187	-2.829	0.015**
D(LTECN)	4.232	5.251	-0.806	0.435
D(TAFR)	4.050	2.135	1.897	0.082*
D(TOP)	734.168	267.973	2.739	0.017**
ECM _{t-1}	-1.426	0.137	-10.128	0.000**

Source: Author's Computation

** indicates level of significant at 5%

*significant level at 10%

R²= 0.877 (87.7%)

Adj. R²= 0.825(82.5%)

F-Statistic = 50.007
 Prob(F-statistic) = 0.000
 Akaike info criterion = 7.358
 Schwarz criterion = 7.663
 Durbin-Watson stat = 2.098

The result of the short-run error correction regression for the model, in Table 5 illustrates the effect of the short-run coefficient of the variables on economic growth. The Error Correction coefficient (ECM) has the correct sign and is significant. This confirms the evidence of the long-run relationship among the variables and thus implies that, in the case of any disequilibrium, economic growth in Nigeria will correct itself from the short-run towards reaching long-run equilibrium at the speed rate of 1.42%. Furthermore, Table 5 also indicates the model has a good fit with R² value (0.877), showing that, variation in economic growth is explained by its variables at 87.7%. The remaining 12.3% are attributed to the stochastic error term in the model. According to Gujarati (2009) if the R² is greater than the Durbin Watson Statistic, then the estimated regression model will produce spurious results. Therefore, given that the Durbin Watson (DW) value of 2.098 (approximately 2) is less than the R² of 87.7, it implies that the result is not spurious and further suggests that, the model is free from autocorrelation.

The ECM result in Table 5 shows that some of the variables employed in the study conformed to the already stated apriori expectation while others did not. Gross fixed capital formation shows a negative relationship with economic growth in the short-run not as expected. The inflation rate shows a negative relationship with economic growth in Nigeria in the short run in support of a priori expectations. Internal security shows a positive relationship with economic growth in Nigeria in support of a-priori expatriation. Also, the Labour force participation rate in Nigeria shows a positive relationship with economic growth as expected; Literacy in Nigeria reveals a positive-negative relationship with economic growth against a-priori expectation, Level of improvement in technology and innovation shows a positive relationship with economic growth in support a-priori statement; Tariff rate shows a positive relationship with economic growth in Nigeria against a-priori expectation and Trade openness shows a positive relationship with economic growth in support of a-priori expectation.

From the result in Table 5, the coefficient of gross fixed capital formation is (-1.943), showing that a unit increase in gross capital formation exerts a negative and insignificant impact of 1.9 units on economic growth in Nigeria. The coefficient of the inflation rate is (-7.505), indicating that a unit increase in the inflation rate in the short-run in Nigeria exerts a negative and significant impact of (7.5) units on economic growth. Also, the coefficient of the labour force participation rate is (8.567), showing that a unit increase in the labour force participation rate exerts a positive and significant impact of (8.6) units on the economic growth rate in Nigeria. The coefficient of literacy rate is (6.189), showing that, a unit increase in literacy rate exerts positive and significant impact of (23.9) units on economic growth in Nigeria. The coefficient of the level of improvement in technology and innovation is (4.232) showing that a unit increase in technology and innovation exerts positive and insignificant impact of (4.2) units on economic growth in Nigeria. The Coefficient of tariff rate is (4.0) indicating that unit increase in tariff rate in Nigeria exerts positive and significant impact on economic growth by (4.0) units. Also, trade openness coefficient is (734.168), showing that a unit increase in trade openness in Nigeria exerts positive and significant impact of (734.2) units on economic growth in the short-run.

Table 6: Estimate of the Long-Run Coefficients for the Model
Dependent Variable: GDP

Variable	Coefficient	Std. Error	t-Statistic	Prob.
GFCF	-1.362	1.207	-1.128	0.281
INFR	-5.261	1.967	-2.673	0.0203**
INS	2.919	1.170	2.495	0.028**
LFPR	5.727	8.216	0.697	0.4991
LR	-4.338	1.381	-3.141	0.008**
LTECN	2.966	3.722	-0.796	0.440
TAFR	2.839	1.386	2.047	0.063*
TOP	-133.585	224.550	-0.594	0.563
CONSTANT	560.855	430.431	1.303	0.2170

Source: Author's Computation 2024

** indicates level of significant at 5%

*significant level at 10%

From the estimates of the long-run results as indicated on table 6, the coefficient of gross fixed capital formation shows negative and insignificant relationship with economic growth in Nigeria. With the coefficient of -1.362 units, it means that, a unit increase in gross fixed capital formation will significantly lead to 1.4 units decrease in economic growth in Nigeria. The coefficient of inflation rate also shows negative and significant

influence on economic growth in Nigeria, showing that, a unit increase in inflation rate brings about -5.261 units on economic growth in Nigeria in the long-run. Internal security shows positive and significant long-run impact on economic growth with the coefficient of 2.919 units. This implies that, a unit increase in internal security in the long-run affects economic growth in Nigeria positively and significantly. Labour Force Participation Rate long-run coefficient shows positive and significant impact on economic growth in Nigeria. With the long-run coefficient of 1.725 units thus implying that, labour force affects economic growth in Nigeria positively and significantly in the long-run. The coefficient of Level of Technology and Innovation shows positive and insignificant impact of 0.311 unit on economic growth, meaning that, a unit increase in technology and innovation level in Nigeria will exert 0.3 positive impact on economic growth in the long-run.

Also, Literacy rate in the long-run reveals positive and significant impact on economic growth with the coefficient of 4.338 units, showing that, a unit long-run increase in literacy rate will impact economic growth in Nigeria by 4.3 units, and the impact will be positive and significant. Tariff rate coefficient shows 2.839 meaning that in the long-run, a unit increase in tariff rate will bring about 2.8 units increase in economic growth in Nigeria in the long-run. Trade openness coefficient is -133.585 indicating that, in the long-run a unit increase in trade openness will impact economic growth of Nigeria by 133.6 units and it will be negative and insignificant.

**Table 7: Summary of Diagnostics Test Result for Model
Dependent Variable: Economic Prosperity**

Test	Null Hypothesis	F-Statistics	Probability Value
Normality Test	No Normal Distribution	0.771	0.812
LM Test	No Serial Auto-Correlation	0.370	0.964
ARCH	No Heteroscedasticity	0.634	0.431
Ramsey Reset Test	No Misspecification	2.098	0.655

Source: Author's computation 2024

From table 7, it can be observed that the value of histogram normal distribution is not statistically significant at 5% level of significance, given that its p-value is 0.812. This implies that the error term is normally distributed as required. The F-Statistic value for the Serial Auto-Correlation (0.370) is statistically insignificant at 5% level of significance given that its p-value is 0.964. Thus, the null hypothesis of no serial correlation is accepted, showing that the model was free from auto-correlation. In the heteroscedasticity test, the F-Statistic (0.634) is not statistically significant given that the p-value is 0.431. Thus, the null hypothesis of no heteroscedasticity cannot be rejected. This therefore implies that, there is homoscedasticity in the regression result-constant variance. In the Ramsey RESET test for misspecification, the F-Statistic value of (2.098) is not statistically significant at 5% level of significance with the p-value of 0.655. The null hypothesis of no misspecification is therefore accepted.

V. Conclusion And Recommendations

Conclusion

This study has discovered that trade protectionism is a vital economic growth enhancement method in the Nigerian economy. The trade protectionism approach which was proxied as tariff rate and trade openness, the result showed that tariffs both in the short-run and long-run rate positively and significantly impacted the economic growth of Nigeria while trade openness showed a positive and significant impact on the economic growth of Nigeria in the short-run but in the long-run, trade openness showed negative and insignificant impact on economic growth in Nigeria. This finding shows that trade protectionist policies such as tariffs on imported goods and services is a good economic growth enhancement approach in protecting the domestic economy of Nigeria. On the other hand, trade openness in Nigeria is only a short-run trade protection policy which can only impact economic growth only in the short-run but in the long run trade openness deters economic Nigeria's economic growth. Other control variables used in explaining economic growth in Nigeria such as gross fixed capital formation, and inflation rate showed a negative relationship with economic growth in Nigeria both in the long-run and short-run while internal security, labour force participation rate, literacy rate, tariff rate, level of technology and innovation improvement, and trade openness both in short-run and long-run showed on a positive relationship on economic growth in Nigeria.

Recommendations

Based on the findings of this work, the following recommendations are proffered:

1. Governments should increase tariffs, especially on all imported goods and services. This will serve as a better policy for protecting domestic industries and production. Openness of Nigeria's trade with the rest of the world should only be encouraged in the short-run just to supplement the scarce raw materials needed by the domestic industries; but in the long run, openness of Nigerian trade should be discouraged so as to boost domestic production for export earnings.

2. There should adequate and formidable fiscal and monetary framework put in place by the Nigerian government to control and monitor the inflation rate in the country so that economic growth is not suppressed. The security of lives and property in the country should be taken seriously by the government because security is a major determinant of the economic growth of the country.

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