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Historical Documentation of Nigeria's Political Economy: An Overview of 2000-2012

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Abstract:

This paper is aimed at examining the evolution of Nigeria's political economy within the period 2000-2012. The paper presents conceptual clarification of the terms Economic Development and Economic growth. The distinction between economic development and economic growth is presented in the paper. The Nigeria's political economic evolution from 2000 to 2012 is presented in the paper analyzing the challenges within the period under review. In the conclusion, the paper offers some plausible recommendations of which if considered and implemented will indeed improve Nigeria's political economy tremendously.

Keywords: *Economic development, economic growth, economic performance index, gross domestic product, poverty rate, inflation rate*

1. Introduction

The political economy of Nigeria has experienced a number of challenges which is occasioned by pervasive poverty, unemployment, power generation and a host of others. Nigeria has mostly been based on a history of disappointments. Some countries are economically weak but operate sound political policies and this in return leads to healthy economy. It is unfortunate that neither sound economy nor political policies have propelled the country's development agenda. Healthy economic development programmes have therefore become the major preoccupation of Nigerian leaders since independent. The paper mainly focuses on the country's Economic Performance Index (EPI), poverty Rate, external reserve; external and domestic debt and inflation index that have become impediment which deters development trajectory in which successive leaders have attempted several times to overcome.

The paper also conceptualizes the term economic development and examines the distinction between economic development and economic growth. The Nigeria's political economic evolution from 2000 to 2012 is presented in the paper analyzing the challenges within the period under review. In the concluding part, the paper posits some recommendations if considered and implemented will tremendously improve Nigeria's political economy.

2. Understanding Economic Development and the Distinction between Economic Development and Economic Growth

2.1. Economic Development

The concept of economic development has no universal definition. In other words, no single definition of economic development incorporates all of the different strands. Sometimes it is misconceived to be economic growth. It is therefore imperative to establish the distinction between economic development and economic growth. Generally speaking, economic development can be defined as the process embarked upon by the policy makers or leaders in order to improve and sustain the general living standard of its people to live a qualitative and quantitative life. Amartya, (1983) refers economic development as the sustained, concerted actions of policymakers and communities that promote the living and economic health of a specific area. Economic development can also be referred to as the quantitative and qualitative changes in the economy. Such actions can involve multiple areas including development of human capital, critical infrastructure, regional competitiveness, environmental sustainability, social inclusion, health, safety, literacy, and other initiatives. Amartya, (1983) also clarifies the distinction between economic development and economic growth as thus: economic development differs from economic growth. Whereas economic development is a policy intervention endeavor with aims of economic and social well-being of people, economic growth is a phenomenon of market productivity and rise in GDP. Consequently, as economist Amartya Sen points out: 'economic growth is one aspect of the process of economic development.

In the widest sense of the concept, economic development encompasses three key areas. These are as follows:

- Policies that government undertakes for the purpose of meeting or responding to the broad economic objectives including inflation control, high employment, poverty reduction and sustainable growth.

- Policies and programmes of the government to provide services delivery projects especially in the areas of infrastructural provisions including building highways, managing parks, good roads, sound and qualitative education and providing medical access to the disadvantaged.
- Policies and programmes of the government essentially directed at improving the business climate through specific efforts, such as foreign investment, promotes international trade, encourages business finance, marketing, neighborhood development, business retention and expansion, technology transfer, real estate development and a host of others.

From the above, it is very clear that the main thrust of economic development therefore is to improve the economic well-being of a country through concerted efforts by the constituted authority resulting into job creation, job retention, tax base enhancements and above all, good quality of life. Sampson, (2011) posits that, as there is no single definition for economic development, there is no single strategy, policy or programme for achieving successful economic development. Communities differ in their geographic and political strengths and weaknesses. Each community therefore, will have a unique set of challenges for economic development. The approach of the Nigerian government to reposition her economic predicaments certainly cannot be the same with the strategy or policy of another country.

Nigerian Economic Sectors	% of GDP (2006)
Agriculture*	41.73%
Oil & Gas	21.85%
Distributive Trade	14.95%
Telecomm/ Postal Services	1.83%
Solid Minerals*	0.28%
Manufacturing*	3.91%
Finance and Insurance	3.9%
Building/Construction*	1.62%
Others	9.92%

Table 1: Nigerian Economic Sectors (2006)

Source: CBN, Abuja, 2010, Annual Economic Report

2.2. The Evolution of Nigeria

Nigeria, the most populous country in Africa, with an estimated population of over 170 million, is located on the Gulf of Guinea in western Africa. Nigeria gained independence on 1st October 1960 from British colonial rule. From 1960 to 2012 Nigeria has experienced 15 different national leaders. Frequent change of government has undermined political stability, economic development and has also dented Nigeria and Nigerian's image internationally. It is quite unfortunate that out of the 52 years of Nigeria's political history, the military has had too much stay in power (28 years) while the civilians have had 24 years. This scenario is a contradiction of democratic principles. Nigeria, since the restoration of democracy in 1999, after a long military rule, did not yield a proper institutionalization of democratic principles. There have been cries against anti- and undemocratic practices of the 13-year old civilian government in Nigeria, 1999-2012.

However, since the restoration of democracy in 1999 to 2012, economic development has experienced serious setbacks. Nigeria is considered to be a developing country although its economy is the second largest after South Africa in Africa. As of 2006, its GDP was estimated at US\$191.4 billion (CIA, 2008). Its main industry is the Petroleum industry which in fact has become of overwhelming importance to the local economy, accounting for a large part of the federal and foreign exchange earnings.

Nigeria's debt profile within and outside is not impressive. For instance, Nigeria's total public debt as at 2009 stood at about US\$32.5 billion representing 16.8% of the country's Gross Domestic Product (GDP). A brief detail of the country's debt profile is highlighted as follows:

About US\$ 28 billion or 86% of this is owed domestically, while the balance of about US\$4.5 billion or 14% is owed to foreign multilateral creditors. The rising public debt stock has been a major concern. However, the Director General of the Debt Management Unit of the Ministry of Finance in Nigeria maintains that 16.8% debt-to-GDP ratio is well within the recommended ceiling of between 14 and 25 %Nigeria wants to become one of the world's top 20 economies by 2020. To achieve this goal the authorities, plan to build a globally competitive economy that is much less reliant on the oil and gas sector to generate employment and reduce poverty. This calls for enhancing competitiveness through structural reforms and investment in critical infrastructure particularly power generation and transmission, energy, transportation, and railways.

2.3. The Economic History of Nigeria

Over 550 years of International Trade, known as long distance trade, has affected the Economic Development of Nigeria. It first started with the trade of goods and services that later transformed into the Slave Trade (trade in human beings). The huge impact the Slave Trade had on Economic growth in Nigeria was negative and immoral. However, some gained from this trade; it also meant that through people being enslaved, farmland went uncultivated. With the Slave Trade declared illegal Nigeria sought other resources which could be sold to Europe to further increase Economic Development (Metz, 1991).

During the period of scramble for and petition of Africa, Nigeria became a British colony. The entire economy of the colonized states was regulated by their respective colonial masters. The economy of Nigeria was therefore linked to

the rules and regulations given by the British. Nigeria, like any other colony in Africa used the trade circle started with the export of raw materials which was in high demand in England following the industrial revolution in Europe. These raw materials were exported to Britain which later sold the finished products back to Nigeria at a higher price with a higher margin of profit. Over the years the British started to transform the infrastructure of the country to facilitate easy conveyance of raw materials from the country and a smooth route for importation of the finished goods back to the country. In a way, this helped domestic manufacturers to gain a little dominant position over imported products, making Nigeria a net exporter. Although the majority of Nigerians were still working in the agricultural sector, or rather in substantive economic activities, that is, in an economy where they earned just enough to survive, Nigeria was able to benefit from the globalization of industry brought to them by the British (Ekundare, 1976).

In 1914 the Northern and Southern protectorates were amalgamated by the British Government to form the country known as Nigeria today. Few years later there was the great world economic depression. The great depression affected the Economic Development of Nigeria, and this economic circle ended only with the end of World War II and the world wide increased demand for supplies. Even if Nigeria remained an agricultural country it started to build modern industries. With the discovery of oil in the last years of British rule and with a stabilized economy and political situation, Nigeria stepped into independence with the hope to soon become a country of minor wealth for everybody (Ibid). However, this hope was short lived. Sooner or later what was perceived to be an oil boom became oil doom. The politics and crisis of oil in Nigeria have drawn the country very far more in a retrogressive mode.

2.4. The Oil Sector

Oil was discovered in Nigeria in 1958, a few years before the country gained her political independence, by the Shell Group of companies. Subsequent to the oil discovery, the entire economic activities began to shift from Agriculture, the main strength of the country's economy to oil. Oil became the number one product for Nigeria's economic growth and development. Khan, (1994) posits that: in the beginning, Nigeria was not benefiting from the oil production but this changed in the late 1970s when the Nigerian National Petroleum Corporation (NNPC) was established to control the seven major multinational petroleum exploration and production companies. The Shell Petroleum Development Company (SPDC) - better known as 'Shell' - is the largest and oldest oil company in Nigeria; others include Mobil Producing Nigeria Unlimited, Chevron Nigeria, Elf Petroleum Nigeria and the Nigerian Agip Oil Company, NAOC & Affiliate, Agip Energy and Natural Resources, AENR. This creation gave the Government the potential to receive over 90% of the profits from a barrel of oil.

In 2004, Nigeria became the largest oil producer in the Sub-Saharan area, the sixth exporter of crude oil in Africa and one of the biggest oil exporting countries in the world. Besides oil, the country is also blessed with abundant gas deposits, a new discovery after long years of oil exportation. It is estimated that the oil is produced in the Niger Delta, a wetland of 70,000 sq. km where around 20% of the Nigerian population lives. The oil industry is providing approximately 93% of the foreign exchange earnings and 80% of the federal revenue, making it not only valuable for foreign MNCs but also for Governments from all over the world.

'If U.S. troops go to Africa,' G. Pascal Zachary wrote, 'it won't be for a humanitarian intervention; it will be to protect American oil interests in the troubled Niger Delta' (Khan, 1994; Omoweh 2005). The greatest dismay in Nigeria is that, with the entire abundant human and natural resources, the country and its people lagged behind in basic needs of life such as food, shelter, road and security, not to mention a sound economy, qualitative education and good health facilities.

2.5. The Nigerian Economic Performance Index (EPI): An Overview

The current global economic and financial crises no doubt have serious consequences for the performance of the Nigerian economy. The present administration is however making some concerted efforts to tackle the present economic reality, but very little has been achieved. For instance, the country's economic managers have shown little efforts to lay a solid foundation to improve in the areas of agriculture, manufacturing and revenue base of the country. The failure in this direction could be attributed to energy supply in the country and corruption. The country appears not to be making real progress in the area of power generation that is the backbone to sustainable growth and development of any economy the world over. Nigerian Economic Performance Index (EPI) therefore can be discussed under the following sub-headings: poverty Rate, external reserve, external and domestic debt, and GDP and inflation index during the period under review.

Figure 1: Map of Nigeria Showing Different Economic Potentials
Source: MOA, 2001

2.6. The Economy of Nigeria

The economy of Nigeria is described as a mixed economy. This is a combination of elements of capitalist and socialist systems where both the government and private sectors have control of the resources of the state. The picture of the Nigerian economy has not been very impressive over the years. In 2009 Nigeria was ranked 31st in the world in terms of the country's GDP. By implication, the country was said to be producing a large proportion of goods and services for the West African countries.

Figure 2: Map of Nigeria Showing Economic Activity
Source: Annual Report: Federal Ministry Of Agriculture, 1999

The economic reforms introduced in the past decade have yet to put Nigeria back on track towards achieving its full economic growth and development despite the years of mismanagement. As a result of these reform agendas, the GDP using the country purchasing power parity doubled from US\$170.7 billion in 2005 to US\$374.3 billion in 2010. It is estimated that GDP per capita rose to about US\$3,500 per person. Nigeria therefore became one of the largest economies in the West Africa, and to be specific, the 3rd largest economy in Africa after South Africa and Egypt. By further extension, it would be right to say that, Nigeria is on the right track to becoming one of the top 30 economies in the world in the later part of 2011.

African countries in the global community are defined by the belief that the continent is an indispensable resources base, which has served all humanity for many centuries, (Olasode, 1994:13). He argued that, 'these resources can be broken down into the following sub-marginal headings, such as:

- The rich complex of minerals oil and gas deposits; it provides the flora and fauna, and its unexploited natural habitat which provide the basis for mining, agriculture, tourism and industrial development.
- The ecological lung provided by the continent's rainforests, and the minimal presence of emissions and effluents that are harmful to the environment. These are beneficial to all mankind.
- The pole ontological and the archeological sites containing evidences of the evolution of the earth, life and the human species, and
- The benevolence of Africa's culture and its contribution to the variety of the cultures of the global community (Olasode, 1994:13).

The first components are the rich complex of minerals, oil and gas deposits, with which the world is most familiar. The second component is a new development, as humanity came to understand the critical importance of environmental matters. The third component is also coming into its own, as a matter of concern not only to a narrow field of science or of interest only to museums and their curators. The fourth component shows the creativity of African people, which in many

important ways remains underexploited. Africa plays an important role with regard to the critical issue of protecting the environment, (Olasode, 1994:13). African natural resources include rainforests, the virtually carbon dioxide free atmosphere above the continent and the minimal presence of toxic deposits in the rivers and soils that interact with the Atlantic and Indian Oceans and the Mediterranean and Red Seas.

All the features of the African economy enumerated above are equally a manifestation of the economy of Nigeria too. The growth and development of the Nigerian economy is indeed the growth and development of the African economy, because Nigeria is the gate way to Africa in all ramifications. Nigeria's crude oil production is very prominent in the Organization of Petroleum Exporting Countries (OPEC). Nigeria produces about 3.3% of the total world's supply of crude and ranked 15th in production at 4.2 million barrels per day. It is therefore estimated that Nigeria's oil revenue base from petroleum is about US\$72.2 billion. This figure accounts for less than 14% of official GDP figures in the country. Although crude is very vital in shaping the economy of Nigeria, it has remained insignificant in transforming the living standard of the people due to high rate of corruption that has infected the oil industry in recent times in the country. The greatest dismay is that, agriculture, which used to be the main drive of the Nigerian economy in the 70s and 80s have been neglected and reduced to the background following the emergence of the oil boom in the country. The poverty and unemployment rate in Nigeria from this study does not reflect or show the benevolence of the natural endowment abundant in the country.

Economic crimes which remain the prominent aspect of corruption are indicated as 419 scams, Bank fraud, money laundering, pipeline vandalization, fraud in the petroleum sector, inflation of contracts, cyber fraud, bribery, extortion, misappropriation of funds, kickbacks and diversion of public funds to private accounts.

2.6.1. The External Reserves

The external reserves of every country shape her economic strength. The CBN report on the country's external reserves shows that Nigeria's reserves figure as at July 03, 2009 stood at US\$43.19bn, compared to US\$53bn as at end of December 2008. From this it is very glaring that there is a decline in the country's external reserves. The CBN however attributed the decline to the downward drift in international crude oil prices. The CBN asserted, that the decline is temporary and that following anticipated rise in crude oil because of the recent information that there would be relative improvement in the recovery prospects in the US and other developed countries. If this happens the country's external reserves are expected to pick up thereby repositioning the Nigerian economy.

2.6.2. The Gross Domestic Product (GDP)

Economic development of any country is measured by both the GDP as well as GNP. An economy with a higher GDP and GNP is considered as a healthy economy. It is based on this assertion that the World Bank defined the economy of most third World nations as poor and underdeveloped. The slow economic development in Nigeria is determined by the country's low GDP per capital growth. Provisional data from the National Bureau of Statistics (NBS) however indicated that Nigeria's Gross Domestic Product (GDP) grew by 4.85% in the first quarter of 2009, as against the growth rate of 5.8% in Q1 2008 and 5.2% in Q2 2008. It is estimated to grow by 5.13% in the second quarter of 2009, compared with 5.2% in the corresponding period of 2008. If the above assessment is correct, it would have translated practically in the life of the people-thus improved living standard. The non-oil sector, such as agriculture, manufacturing, trade and industries is estimated to grow. The country is yet to see that. Generally, it has been estimated that the non-oil sectors would grow by 8.03% in the second quarter of 2009, mainly as a result of the performance of agriculture (2.84%), wholesale and retail trade (2.2%); and services (2.28%). This prediction has no direct bearing on the generality of the people. The NBS forecast showed a lower growth of 5.75% in overall real GDP for 2009, compared with 6.42% in 2008, notwithstanding the projected weak performance of the global economy.

2.6.3. The External Debt

Nigeria is said to be one of the high indebted countries in Africa. The country's debt profile has gone so bad that the former president, Olusegun Obasanjo went on a debt-forgiveness trip to Europe and America. Available data from the Debt Management Office (DMO) reveals that the total external debt stock as at March 31, 2009 stood at US\$3,627.50mn. The figures have increased considerable in 2011. The breakdown of the debt showed that 85.27% was owed to World Bank Group, International Fund for Agricultural Development (IFAD), African Development Bank Group and Economic Development Fund (EDF). The balance of 14.73% was owed to Non-Paris Group of creditors. During the year, the actual external debt service payments (January to March, 2009) amounted to US\$93.05mn. The debt profile of Nigeria is conditioned by non-payment or non-servicing thereby leading to unprecedented increased year by year. The huge accumulation of debt is not healthy for the country's economic growth and development. In the same vein, the domestic debt profile of Nigeria is nothing is far from encouraging. The country's economic position within and outside the country has experienced key major setbacks over the years. This has hampered the growth and development of the country's economy.

2.6.4. The Inflation Rate

The rate of inflation in Nigeria as at February, this year 2012 was put at 11.9%. The National Bureau of Statistics (NBS), showed that inflation rate in Nigeria dipped to 11.2% from 13.2% recorded in the month of May, 2009. Economically speaking, Inflation rate refers to a general rise in prices measured against a standard level of purchasing power; it is a situation where there is too much money in circulation chasing too few goods. The amount of money at hand is not concomitant with goods and services that money can offer. The government has lost control over market prices. The

most well-known measures of Inflation are the *Consumer Price Index (CPI)* which measures consumer prices, and the GDP deflator, which measures inflation in the whole of the domestic economy. On monthly bases, the country witnessed an unprecedented increase in the rate of inflation. If this trend continues, the growth and development of the Nigeria economy can only be a mirage.

2.7. Agriculture and Other Economic Sectors

Nigeria ranks 25th worldwide and first in Africa in terms of Agricultural produce. The country is blessed with abundant fertile farm land, good for the production of different kinds of crops, both domestic and cash crops. However, over the years agriculture has suffered a great setback due to mismanagement, insufficient supply of modern farming tools, inconsistent and poorly conceived government plan of action to boost agricultural activity, neglect and the lack of basic infrastructure.

Before independence in 1960, agriculture was the most important sector or rather the main strength of the Nigerian economy. It was estimated to account for more than 50% of the country's GDP and 75% of export earnings in Nigeria. Consequently, following the discovery of petroleum, agricultural activity was neglected by the policy makers in the country. As a result, the sector entered a drastic decline.

Staples	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Maize ('000)	6931	5667	5254	5127	5476	4107	4620	4934	5150	5150
Millet ('000)	5563	5881	5902	5956	5960	6105	5530	6100	6100	6100
Sorghum ('000)	6997	7084	7297	7516	7520	7711	7081	7704	8100	8100
Rice ('000)	2920	3122	3268	3275	3277	3298	2752	3192	4952	4952
Wheat ('000)	44	47	66	98	101	73	51	77	73	73
Cassava ('000)	31404	31418	32050	32695	32697	32010	32586	34476	33379	33379
Yam ('000)	22818	23201	23972	24768	25873	26201	26374	26849	27000	27000
Cocoyam ('000)	1182	1195	1832	3823	3835	3886	3910	3929	3500	35000
Sweet potato ('000)	1168	1478	1493	1560	2451	2468	2473	2503	2150	2150
Potato ('000)	95	99	103	107	573	599	599	629	600	600
Plantain ('000)	1632	1687	1744	1803	1902	1969	1999	2058	2110	2110
Other crops										
Groundnut ('000)	1579	2278	2531	2534	2894	2901	2683	2699	2700	2700
Soyabeans ('000)	287	322	361	403	410	429	436	437	484	484
Melon ('000)	287	317	330	330	338	345	348	347	347	347
Tomatoes ('000)	569	569100	650	810	879	879	879	889	889	889
Chilli/peppers ('000)	612	633	745	709	715	715	715	720	720	720
Onions ('000)	500	550	567	580	596	600	600	600	615	615
Pineapples ('000)	800	800	830	857	881	881	881	889	889	889
Mangoes ('000)	631	656	689	731	729	730	730	730	730	730
Papaya ('000)	648	662	675	751	748	748	748	755	755	755
Okra ('000)	630	650	612	638	719	719	719	730	730	730
Green corn ('000)	575	575	575	575	575	575	575	576	576	576
Carrots ('000)	198	203	210	225	231	231	231	235	235	235
Coconut ('000)	149	151	152	152	158	160	161	161	161	161
Kolanut ('000)	95	85	82	82	82	82	82	85	85	85
Cashew nut ('000)	95	110	125	152	176	184	185	186	186	186
Tobacco leaves ('000)	9200	9200	9200	9200	9200	9200	9200	9200	9200	9200

Table 2: Production Statistics of Some Major Staple Foods (MT)

Source: FAOSTAT Data 2005. (Accessed June 26, 2005)

Crops	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Oil palm fruit ('000)	7800	7750	7750	7800	8000	8220	8500	8500	8600	8700
Palm kernels ('000)	543	548	545	545	562	577	579	608	610	610
Palm oil ('000)	860	776	810	845	896	899	903	908	910	910
Cocoa beans ('000)	203	323	318	370	225	338	340	340	361	366
Coffee	3090	3780	3700	3700	3750	3830	3850	3910	3320	3520
Rubber ('000)	125	130	120	120	107	107	108	112	142	142
Seed cotton ('000)	251	301	341	348	381	399	402	403	397	417
Cotton lint ('000)	95	116	130	135	145	147	148	150	140	140
Cotton seed ('000)	153	183	208	212	236	247	248	250	250	250
Sugar cane ('000)	589	615	675	675	682	695	705	747	739	776

Table 3: Major Cash Crops Production Outputs (1 000 Tons)

Source: FAOSTAT Data 2005. (Accessed June 26, 2005)

Despite all the setbacks, the sector can still account for at least 26.8% of the country's GDP and has also provided employment opportunities to two-thirds of Nigerians because the majority are rural dwellers. What is particularly sad about the growth and development of agriculture in the country is that, Nigeria that used to be a major exporter of cocoa, groundnuts (peanuts), rubber, and palm oil cannot produce enough for domestic consumption let alone export to other countries. The study revealed that, cocoa, rubber, and palm oil production, are stagnated.

The situation in Nigeria is not different from the developments at the continental level of Africa. African countries seem to be less developed compared to Asia. China, Japan and Korea are developed economically and technologically. Even the Third World Countries- such as the famed 'Asian Tigers' have transformed from very poor and underdeveloped countries to the rank of developed countries. (Yaqub, 2008) argued that it is not just by stealing and/or copying technological skills that these countries successfully transformed themselves; they also embarked on internal measures, such as land distribution, huge investment in human capital and a host of others. Externally, too, they were aided in their development by the access they had to the global capitalist market, both for the sale of their commodities, the purchase of necessary inputs into their production activities and, most importantly, the attraction of foreign capital in-flows.

Import conditionality is yet a major constraint that limits the activity of many agricultural and food processing units in the country. Such units include, poultry farming, animal husbandry, fisheries and other sectors. These sectors are poorly managed and supported by the government at all levels.

The land tenure system of the government does not favour agricultural boost in Nigeria. This is very critical for the future of agricultural development in the country, hence undermining long-term investment in the agricultural sector. Furthermore, the traditional farming methods also deter agricultural development in Nigeria. This has affected the overall production of the agricultural produce in the country. Modern technology which has revolutionized the agricultural sector in other parts of the world has not been fully supported by the government. The study also discovered that over the years, agriculture has failed to keep pace with the country's rapid growth in population. A country that used to be an exporter of cash and food crops today relies highly on importation of food crops to sustain itself. The kind of food crop imported into Nigeria has also affected the health condition of the people, since the country has turned to be a dumping-ground.

3. Nigeria's Natural Endowments

3.1. The Inland Waterways

An inland waterway is an important means of transportation in Nigeria given the abundance of water in the country. It has been estimated that Inland waterways in the country totaling 8,575 kilometers (5,329 miles) and consisting of the Niger and Benue Rivers and added to the smaller rivers and creeks, provide Nigeria's third internal transportation network. Water transportation as a means of conveying of goods and services using boats and canoes is essential and common in riverine areas of Nigeria where road construction or transportation is practically difficult. In the 1980s the government invested funds in building river ports, hoping that increased passenger traffic on the nation's inland waterways would relieve the strained highway system. A major problem involves the fluctuations in the water level during the dry season, which hinder the movement of canoes. However, the present government has awarded a contract to dredge River Niger, from south to north, in order to facilitate water transportation of goods and services into the Inland Waterways.

3.2. The Ports

As a result of the abundance of water, Nigeria has a number of ports, which provide both facilities for exports and imports. For instance, Lagos Port is concerned with the majority of cargo coming in and out of the country by ship. In addition, the country is blessed with other important ports including Port Harcourt, Calabar, and the delta port complex of Warri, Sapele, Koko, and Alesa Eleme. It is important to note that, to these port complexes, two specialized tanker terminals at Bonny, near Port Harcourt, and Burutu, near Warri, handle crude oil exports. All the ports in the country are strategically located facilitating both Inland waterway and road transportation system, hence improving economic growth and development in Nigeria.

3.3. The Air Travel

Although the country's aircrafts are not fully in operation, Nigeria International airports are of International standard. Nigeria has 72 (1998 estimate) airports, 36 of which have paved runways. Five major international airports - Murtala Muhammad International at Lagos, Aminu Kano International at Kano, Innamadi Azikiwe International at Abuja, Enugu International at Enugu and another at Port Harcourt - offer regular schedules for international flights. Nigeria Airport Authority (NAA) manages and regulates the airports. Nigeria Airways provides domestic services between the international airports and other Nigerian cities. On 26 August 2000, Nigeria and the United States signed an 'Open Skies Agreement' to expand and enhance the overall aviation partnership between the two countries. Among others, the agreement provides for a direct flight between Lagos and John F. Kennedy Airport in New York. This agreement has experienced some setbacks in the past. The disagreements have been resolved by the present regime and operations have since resumed. It is hoped that the direct flight will boost Nigeria's tourism sector and developed Lagos as a gateway to Africa.

3.4. The Electrical Power

Electrical power for industrial and household purposes is supplied by Nigeria's National Electric Power Authority (NEPA), now called Power Holdings Company (PHLC.) This is the country-owned corporation. But due to the inefficiency of the corporation in service delivery, NEPA has been nicknamed 'Never Expect Power Always' by Nigerians. Daily power shortages and blackouts are very common in the country. In 1998 its production of 14.75 billion kilowatts from fossil fuel (61.69%) and hydropower (38.31%) was highly inadequate to meet the nation's industrial and household needs. This estimate has since then drastically dropped, affecting both economic and commercial activities in the country. As a consequence, businesses and manufacturers operate well below capacity, while thousands of Nigerians in urban centers and rural areas buy their own power generators. International investors are not keen to invest in the country due to constant power shortages and blackouts.

4. Nigeria Political Economic Trajectory: The Journey So Far

This study has discovered that the situation in other sectors of the economy in Nigeria is not impressive at all. For instance, industries that used to be booming in the early 70s and late 80s have completely collapsed due to low capacity in power energy generation sector. By extension, sectors such as services, transport, labour force and human capital are grossly affected. Human capital development is the foundation for the wealth of any country. In fact, the overall production and development of any nation is determined or shaped by its human capital development, hence, a productive population is a strong factor.

The high level of poverty in Nigeria has become a great concern to well-meaning Nigerians as well as policy makers. The United Nations Development Programme (UNDP, 2001) reports revealed that, poverty in Nigeria has not only increased from 27. 2% in 1980 to 54.4% in 2004 but it is estimated to be rising by 10% in every 3 years. In addition, despite several efforts by the government, non-governmental organizations, and international donor agencies to combat the menace, the nation's poverty situation remained unabated judging by different indices.

Ogboru, (2000) observed that, Nigeria's wealth has been estimated to be the world's seventh largest exporter of oil, sixth largest producer in OPEC, Africa's largest oil exporter and the fifth biggest source of United States oil imports. This is a good potential for effective reduction and possibly eradication of poverty in the country (National Planning Commission, 2004; Oil Statistics, n.d.; Thomas and Canagarajah, 2002). Yet, Nigeria is not only one of the poorest countries in the world but also in Africa and indeed in Sub Saharan Africa despite its abundant resources.

The failure of Poverty Reduction Strategy (PRS) in Nigeria can be attributed to corruption and implementation bottlenecks conditioned by bad governance. This is responsible for the present situation where in the words of NPC (NPC, 1995), (Onibokun and Kumuyi, 1996) have not only aggravated the level of mass poverty in Nigeria but that poverty has been continuous and worsening. This is affirmed by data from the Federal Office of Statistics (FOS, 1999). According to (Ogboru and Abimiku, 2000), 'The data revealed that while no State in Nigeria had more than half of its population categorized as poor in 1980, by 1996, only one state (Rivers) had less than half of its population categorized as poor'.

Over the years, successive governments in Nigeria have attempted to tackle the problem of poverty through various programmes having identified poverty as the main obstacle to development in the country (Egware, 1997 and Ekong, 1997). Such programmes include: The Agricultural Development Projects, an integrated rural development strategy proposed by the United Nations, Operation Feed the Nation in 1976 and later the Green Revolution in 1979, and then the Agricultural Credit Guarantee Scheme Fund among others. Others are the River Basin Development Authorities (RBDA), the National Agricultural Land Development Authority (NALDA) and the Directorate of Food, Roads and Rural Infrastructures (DFRRI). In addition, the National Directorate of Employment (NDE), Family Support Programme (FSP) which was later replaced by Better Life Programme and finally changed to Family Economic Advancement Programme (FEAP) was introduced. The government also introduced the People's Bank, Community Banks, rural health schemes and the Expanded Programme on Immunization and National Orientation Agency whose purpose is to mobilize and encourage the participation of rural people in development.

Other bodies introduced to reduce poverty were: The Action Programme for Poverty Alleviation (CAPPA), the Universal Basic Education (UBE), the Poverty Alleviation Programme (PAP) and the National Poverty Eradication Programme (NAPEP) (National Planning Commission 1994; Ogwumike 2001; Obadan 2001; Ali- Akpajiak and Pyke 2003).

Corruption and bad governance have also been identified as major impediments responsible for the pervasive and persistent poverty in Nigeria. No country worldwide can grow and develop if its citizens are corrupt. Corruption has

become a common phenomenon in the country. With all the large sums of money committed to poverty reduction strategies (PRSS) in Nigeria, the nation's general picture depicts a relative continuous rise in poverty level.

4.1. Poverty Rate

Available records reveal that, despite both abundant human and natural resources in Nigeria, 70% of its population are estimated to be living below US\$1 per day (Odion, 2009). This is a clear indication that poverty is widespread in the country. At independence in 1960, only 15% of Nigerians were living in poverty. This percentage gradually increased to 28% in 1980 and by 1996 the figure had gone up to 66%. The current poverty level in Nigeria is at 70% (CIA, 2010). The United Nations Human Development Index (HDI) ranked Nigeria as the 142nd nation out of 169 (UNDP, 2010). As noted by the United Nations (UN, 1998), Poverty has become one of the major problems hampering the growth and development of Nigeria. In fact, poverty has become a serious issue in Nigeria, that the country fall towards the bottom of any list measuring small size economic activity, such as income per capita or GDP per capita, despite a wealth of natural resources. Nigeria with a population of about 160 million, Gross Domestic Product (GDP) of US\$207.116 billion and per capita income of US\$1,401, is ranked 158 in the Human Development Index, (UNDP, 2009).

Year	Total GDP	Oil GDP	Non-Oil GDP	Agriculture	Manufacturing	Tele comm.	Educ. Serv.	Other Buss. Services
1982	-2.7	-10.5	1.6	2.3	12.9	1.9	2.3	0.5
1983	-7.1	-9.0	-6.1	2.9	29.4	35.4	2.3	13.6
1984	-1.1	12.5	-7.5	-4.5	11.2	46.5	2.2	7.7
1985	9.5	7.9	10.5	24.0	19.8	20.5	2.2	16.2
1986	2.5	-1.9	4.9	11.3	3.9	0.7	2.1	8.0
1987	-0.6	-2.5	0.5	-4.0	5.1	1.0	2.1	1.2
1988	7.4	2.6	9.8	10.8	12.8	1.0	2.0	1.0
1989	7.7	12.0	5.6	5.0	1.6	2.0	2.0	1.5
1990	13.0	26.4	6.3	4.4	7.6	20	2.0	2.0
1991	-0.8	-8.9	4.0	4.5	9.3	2.0	1.1	1.5
1992	2.3	2.5	2.1	3.0	4.8	3.5	2.9	2.0
1993	1.3	0.2	1.8	2.9	4.1	3.5	2.9	4.0
1994	0.2	-2.6	1.7	3.0	0.9	1.0	1.4	3.5
1995	2.2	2.4	2.1	3.4	5.5	5.0	0.1	3.7
1996	4.4	7.2	3.0	3.8	1.0	5.0	2.9	3.6
1997	2.8	1.5	3.5	4.3	0.3	5.0	1.7	3.5
1998	2.9	2.2	3.3	3.9	3.9	5.0	1.7	5.0

Table 4: Real Growth Rates (1982-98)

Source: CBN Statistical Bulletin Vol. 14, December 2003

World Bank data show that the percentage of the population living in households with consumption or income per person below the poverty line has decreased in each region of the world since 1990.

This study revealed that Nigeria is facing a great threat in its Human Capacity Development programme. Most of the skilled labour is moving out of the country for greener pasture in overseas. This is a common trend in most African countries. The movement of skilled human capital from Africa to Europe and America – known as 'brain drain' – has increased in the last four decades. This exodus has affected the capacity of African countries to deliver public services effectively and efficiently and contribute to the skill-pool requirements of the private sector. Hope, (2006) is of the view that while people should be free to choose where they wish to live and work legally, the flow of skilled human capital with respect to Africa is primarily outward to Europe and North America. The exact number of skilled human capital leaving Africa has not been carefully monitored and documented. However, the African Capacity Building Foundation (ACBF) has estimated that Africa loses an average of 20 000 skilled personnel a year to developed countries, excluding students who leave to study abroad (CFA 2005).

In countries such as the Gambia, Cape Verde, Sierra Leone, Ghana, and Mozambique, for example, it exceeded 45%. The number of highly-skilled Africans in the OECD countries in 2000 exceeded two million (Docquier & Marfouk 2006). What is particularly sad is that, most of these professionals, serving outside Africa have no intention to return to the continent due to 'Push and Pull' factors. Who will then develop Africa? How would the problems of emigration be solved in Africa? This is food for thought, for all Africans leaders indeed, Nigeria included.

4.2. Way Forward

Given the scenarios discussed so far, a new paradigm shift is urgently required to reposition Nigeria political economy. The country needs to organize itself for a political economy that will promote development. Development theorists such as Schultz (1961) agreed that the extent to which a nation grows is determined by the quality of human capital. Human Capital Development therefore is one of the solutions to improve Nigeria political economy.

Human Capital Development is the key to the success and of any society. The transformation of any society is the responsibility of both the leader and the led. Their roles are complementary. No society can develop beyond its human

capabilities, thus there is the need to initiate programmes that will contribute towards enhancing human capital development in Nigeria. This cannot be achieved without investment in Education. Most nations that excelled today invested highly in educating their Citizens

Education has the capability of reducing poverty because once the majority of the people in the country are educated, they are likely to get jobs, earn living and the ability to provide the basic needs for their families. This is the strength and uniqueness of education in producing an excellent Human Capital for national development and economy.

4.2.1. Promote Entrepreneurship Development

Across the world, entrepreneurship has been seen as an effective means of stimulating economic growth and generating greater employment opportunities. With entrepreneurial skills across the country, States as well as Local Governments can equip men and women to take their destinies into their own hands hence, establishing and running their own businesses thereby improving economic wellbeing of the citizens. In other words, skilled labor is a necessary factor for modern growth and development. It is therefore imperative for government to manage and develop skilled labour for the overall economic development of the country.

4.2.2. Capital Punishment the Best Option to Combat Corruption

The major cause of Nigeria Political and economic problem can be attributed to corruption. Corruption has become an institutionalized phenomenon in the country. This has affected both economic growth and development in Nigeria, thereby leading or resulting to the persistence and pervasive poverty in the country. All efforts made by the successive governments to address the country's economic problems failed mainly because of the endemic nature of corruption in Nigeria. The trend is always on the increase daily and remains unabated. In view of that, it is imperative to promulgate or enact a law to the effect that once a public office holder is found guilty of corruption; he/she should be made to face capital punishment irrespective of the person social status.

The death penalty option has successfully worked and still working in China and Vietnam. Just one good example is better than one thousand moral lessons. It is unfortunate that, despite the enormous resources and huge potentialities in Nigeria, the country remains grossly undeveloped and poor presenting political instability, abject poverty, acute youth unemployment, heightened crime rate, poor health prospects and widespread malnourishment. All of these were influenced as a result of the deep-rooted corruption which remains unabated. Capital punishment therefore is the only way to go.

4.2.3. Need to Establish Rice Harvest and Processing Plants

Modernize rice processing facilities and to ensure the local production of high-quality processed rice resulting in higher income of farmers by constructing the modern integrated rice processing and milling complex (RPC) equipped with efficient and affordable drying, milling and processing facilities of rice in Nigeria. The rice subsector is one of the important components of the agricultural sector of Nigeria. Rice has grown to become a food security and cash commodity crop in Nigeria and its demand in the country have grown over the years. Nigeria is the largest producer, importer and consumer of rice in the continent of Africa. Although the country produces 2.7 million MT annually, with annual consumption of 7 million Metric Tones that leaves a gap of 4.3 million MT to be cushioned by importing it into the country, the quality is of poorer grade than imported rice owing to the presence of broken and damaged grains, stones, and other impurities. The construction of the processing complex and rice processing plants across the country is urgently required.

4.2.4. Need for Public Financial Reforms (PFR)

Over the years the public sector in Nigeria has suffered a lot of financial leakages creating heavy toll on government budget and expenditure. It is no exaggeration that lack of transparency in the management of government finances has continued to retard economic development in Nigeria. If the leakages are not checked and reduced at all government levels, Federal, States and Local governments, the country's political and economic development would be a mirage. In this regard, governments at States and Local levels need to cue into the Federal Government's new accounting model, Treasury Single Account (TSA).

4.2.5. Need to Reposition the Security Architecture

The present situation in Nigeria in terms of insecurity is better imagined than described. At the moment, there are three key problems that are compromising the peace and security of Nigeria. These are: Boko Haram, Ethno-religious conflicts, and general insecurity in the country. Nasir, (2011) asserts that, the wish of the present administration to be amongst the 20 biggest economies in the world in 2020 would not be achieved until a basic form of security and protection of lives and property of the citizens is granted. It is the responsibility of the government to provide a secure and conflict-free society. The present situation in the country does not require politics or trading blames of any kind.

If government cannot provide Nigerians with good roads, better health infrastructure, stable electricity, and functional schools, the very least it can do is to give a sense of security to its citizens. The security situation in the country is evidently getting worse day by day.

5. Conclusion

Political economic development is the fundamental tool in transforming any society. It is the objective of every society to improve the standard of living of its people by providing sound health facilities, human capital development, security, qualitative education, dynamic economy, political stability and a host of others. In this paper, attempt is made to

conceptualize economic development as well as economic growth. The historical evolution of Nigeria political economy is presented within the confine of Economic Performance Index, Poverty Rate, External reserve; external and domestic debt as well as inflation index. The paper posits that despite abundant human and natural resources in Nigeria, the rate of poverty is very high.

Attention was also drawn to the widespread of corruption in the public sector, factors that have continued to impinge on the Nigeria political economic development. Finally, plausible recommendations were presented. It is only when these recommendations are implemented Nigeria political economy can improve.

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