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EMPIRICAL ANALYSIS OF THE IMPACT OF POPULATION INCREASE ON THE ECONOMIC GROWTH OF AFRICA'S MOST POPULOUS COUNTRY

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Abstract. *The concern about population growth in many developing countries has become a burning issue in the literature. Furthermore, many divergent views exist on whether increasing population is useful or harmful to growth in the economy. This study therefore, analysed the impact of population increase on economic growth in Nigeria, as an Africa's most populous country. The study employed time series data from 1985–2018 using the framework of the Autoregressive Distributed Lag (ARDL) Model. The findings of this study revealed that the population growth of the economy supports economic growth both in the short and long term. However, it may become explosive in the long run if vital measures are not taken to control it. Since population increase has a huge impact on economic growth, the government should take steps to ensure that the population continues to increase the country's growth trajectory by equipping the workforce with the appropriate skills. Therefore, to enhance sustainable development, the study proposes to formulate an effective government policy in order to ensure the growing labour force with jobs and modern qualification skills in accordance with the requirements of the labor market and increasing the country's GDP. Also, there is need to formulate effective financial policies and support competitive interest rates in order to improve the economy's savings rate. Effective monitoring of the economy's capital-output ratio should ensure its increase in GDP, and the prohibition of effective state policy should be enacted to maintain stable and non-escalating population growth rate.*

Keywords: *population; growth; labour force; economic growth; ARDL; Nigeria; Africa.*

поддержке конкурентных процентных ставок с целью повышения уровня сбережений в экономике. Эффективный мониторинг соотношения капитала и роста в экономике должен обеспечить его увеличение в ВВП, а внедрение эффективной государственной политики позволит поддерживать стабильные и не эскалационные темпы прироста населения.

Ключевые слова: *население; прирост; рабочая сила; экономический рост; ARDL; Нигерия; Африка.*

JEL classification: *E600; F430; J100; O400; Q560*

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1. Introduction and motivation of the study

Sustaining economic growth is an important objective in every economy. It is a macroeconomic objective which every nation wishes to achieve. Economic growth is an increase in the real per-capita income of any nation over a successive period of time. Growth occurs when an economy produces additional goods and services as a result of its increased productive capacity. It talks about the ability of a nation to generate and sustain annual change in its Gross National Product at a rate between 5–7% (Ogunjiri, 2012).

However, economic growth is said to be mainly affected by population of a nation. Rapid population growth in most developing nations have been said to either be boosting or thwarting government efforts to sustain economic growth. One of such theories that explain the negative effect on population growth is known as the Malthusian Theory which postulates that an increase in population growth thwarts the economic growth of a nation which is quite glaring in developing countries. It was a theory created by Thomas Malthus in his book "An Essay on the Principles of Population" published in 1798. The Endogenous growth theory, on the other hand, believes that population growth would lead to economic growth on the condition that the government develops its human capital. An increase in population of an economy has its pros and cons. An increase in population means an increase in the demand for goods and services which therefore translates to an increase in the economy's GDP. It also implies an increase in labour force of an economy. It would also lead to an increase in dependency ratio as the working section of the population would have to cater for the needs of the dependent (or non-working) part of the population. Also, it could lead to a decrease in per capita income as more individuals reduce the income. It could lead also to a change in the production pattern as producers would shift into the production of those goods and services that would fit the population structure.

Population growth can be seen as the change in the population of an economy. It could be a negative or a positive change. It is negative when there is a decrease in the number of the population while it is seen as positive when there is an increase. The change in this population could also have either a positive or a negative effect on the nation's GDP. A nation's GDP may be experiencing a slower increase even if the population increases significantly while the GDP of another nation might be on the increase even with a lesser increase in its population. This could be because of the human capital development of that country. For the context of this study, we will be focusing on an increase in population.