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THE IMPACT OF INFLATION ON UNEMPLOYMENT IN NIGERIA (2001-2013)

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ABSTRACT

The Impact of Inflation on Unemployment in Nigeria (2001-2013). The study set three major objectives which include determine the relationship between economic growth, inflation and unemployment, analyses the effects of inflation in Nigeria and assess the effects of unemployment in Nigeria. Secondary data obtained from National Bureau of Statistics, Central Bank of Nigeria and Federal Ministry of Labour and Employment was used for the paper. The study used a model in which inflation and unemployment were the dependent variable and independent variables. The analytical technique used includes Ordinary least square (OLS) technique, F-test. The paper showed that monetary and fiscal policy were effective in the control of the inflation and unemployment since the coefficient of determination ($R^2 = 0.50$ or 50% was significant. This was re-confirmed by the F-test value (4.91). The paper recommends a policy redirection to improve output; this will occur by making efforts to increase productivity, which will lead to reduction in unemployment and inflation. To curb the surging rate of unemployment, efforts must be put in place to achieve a labour intensive method of production instead of concentrating on the capital intensive method which will take away jobs that individuals can do. Furthermore, there must be concrete efforts to ensure our porous borders are well managed to forestall leakages, which is very pivotal for the reduction of unemployment and inflation; thereby improving the level of local production.

Keywords: Inflation, Unemployment, Development, Nigeria

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