

RETURN TO PLANNING – PANACEA FOR THE DOWNTURN IN THE NIGERIAN ECONOMY

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Introduction

As with most underdeveloped economies, the need for planning in the Nigerian economy cannot be overemphasised. Thus, from 1960 economic planning became the cornerstone of economic policy in the country. Consequently, the first two decades of independence witnessed the meticulous planning and execution of the economy at both the regional and federal levels. This resulted in the provision of basic infrastructure – both capital and social overhead, throughout the country. Both the second and the third development plans also set the pace for the modernisation of agriculture and industry in the Nigerian economy.

By the end of the third plan in 1980 the zeal and enthusiasm which characterise planning in the past had waned. As such, economic planning became more of a routine activity devoid of seriousness of purpose and disciplined coordination which was demonstrated in the past. Consequently, in the period 1982 – 86, a once booming and dynamic economy witnessed a dramatic downturn resulting in the introduction of the Structural Adjustment Programme in June, 1986. SAP which was designed to address the grave distortions in the economy, could not achieve the set objectives.

Following the SAP, a number of policy instruments including the three-year Rolling Plan (1990 – 1997), Perspective plan (1997 – 2010) and Vision (2010) Document were also with little or no success.

Since the return to civil rule in 1999, Government has made pronouncements about its intention to continue to use planning as a major instrument of economic policy. In practice however, real economic planning is being hindered by the activities of various government agencies, including members of the National Assembly, Federal Executive Council members, State Governments and their Parastatals, etc. Consequently, the machinery and process of planning located in the National Planning Commission has been seriously weakened. The commission has thus become less active in terms of carrying out real planning for the country.

The absence of a properly coordinated approach in the national economy is evident in the continuous dislocation and stagnation in the national economy. While there may be nothing wrong with the methodology of planning in Nigeria, the machinery and process of planning in the last two decades or so, has been seriously undermined and thereby weakening the process. As a result, economic planning has not achieved its true goal.

In view of the above, this paper suggests the need for us to strengthen the machinery and process of planning and go back to real and purposeful planning so that Nigeria can achieve its full economic potential.

Meaning and Values of Development

Development implies change and it is described by the process of economic, political and social transformation within a country. The process often follows a well-ordered sequence and exhibits common characteristics across countries. Usually it is economic growth plus social and political transformation which result in economic development.

Therefore, development is concerned with changes, not only in the material wellbeing of the individuals but also in their social and political status. This is in line with the new perception on development as espoused by Amartya Sen, Dudley Seers and others (see Todaro and Smith, 1989). For example the position of the common man changed considerably in England (after the industrial revolution of 19th century) in Japan (after the Meiji restoration of 1868) in Russia (after the October, 1917 revolution). The same could not be said of the common man in Nigeria in spite of the phenomenal in-flow of funds into the economy during the oil boom era of late 1970s. The cause of the difference can be traced to the allocation of resources in the aftermath of socio-economic changes which took place in those countries. While in England, Japan and Russia, massive investment were made in productive activities as well as in establishment of infrastructural and educational facilities with long-term positive effects on the economy, the situation in Nigeria was quite different. Here, more money was spent on the importation of consumer goods than on productive ventures. Thus while it brought immediate and temporary benefit to the people, in the long-term it contributed significantly to the structural imbalances in the economy. This situation, in turn, can be blamed on lack of effective planning. If there was effective planning, the unprecedented foreign exchange income generated in the 1970s could have been invested to yield long-term gains for the economy.

This paper therefore examines planning as a tool of economic management, both in theory and practice, with particular reference to the grassroots level. Thus, while section one discusses the theory of planning and its applicability to under-developed economies, section two traces the history of planning in Nigeria from the time of independence to date. The third section discusses the machinery and process of planning in Nigeria, its shortcomings and negative impact on the economy. In section four, we present the conclusions and recommendations.

Section One

Developed economies are concerned with those economic and political processes which combine to bring about structural and institutional transformation of the society so as to achieve an improvement in the wellbeing of the largest proportion of people. It is also designed to bring about social equality and the elimination of poverty.

Economic planning can thus be described as a conscious effort by the government to co-ordinate policies and administrative interventions with the aim of achieving specific socio-economic goals. According to Todaro (1989), it is a deliberate attempt by the Government to co-ordinate

economic decision-making and also to control the growth of major economic variables in the national economy.

Rationale for Economic Planning

One of the principal objectives of planning in underdeveloped countries is to increase the rate of economic growth and development. Planning for economic development implies external direction or regulation of economic activity by the planning authority which is usually an agency of the State Government. Faced with mass poverty, low level of employment, low savings and allied problems characterised by the vicious circles of poverty, the less developed countries of Africa have no other option than to mobilise resources for capital formation. This is the job of the planning authorities and a major objective of economic planning. Thus, Dickson defines economic planning as the making of major economic decisions, what and how much to produce; how, when and where it is to be produced; to whom it is to be allocated, by the conscious decision of a determinate authority on the basis of a comprehensive survey of the economic system as a whole, (Jhingan, 1997). The experience of economic planning in Nigeria has spanned over three decades, details of these and their activities undertaken in the cause of planning are as explained below.

Section Two

First National Development Plan (1962 – 1968)

In recognition of the peculiarities of a young agricultural economy, the first plan sought to mobilise resources for increased agricultural production and lay the basis for manufacturing activities. At the same time it recognised the need for the development of basic infrastructure such as roads, electricity, pipe borne water and rural development.

Specifically, the major goals outlined in the plan include:

- Achieving a minimum of 4% (four percent) annual growth rate,
- To achieve a saving of 15% of GDP for future investment,
- To achieve rapid development in education, health, employment opportunities and modernisation of the economy.

For the plan, a total capital expenditure of N2.2 billion was estimated. This proposed expenditure could not be met due to overdependence on foreign finance. There was thus an underfunding of capital expenditure by 20.7%. The situation was further compounded by a series of political crises in the country resulting in the first military coup of 1966 and the civil war which commenced a year to the end of the plan, in 1967. In spite of its shortcomings however, the first plan did produce some remarkable projects. The first hydro – electric dam in Nigeria, the Kainji Dam was constructed and commissioned during the plan period. At the same time, some other infrastructural projects including roads, bridges, educational and primary health facilities were also provided in different parts of the country under the plan. A number of these projects still exist today to attest to the effort made in the 1962 -1968 development plan (see table 1)

Second National Development Plan (1970 – 1974)

This plan, whose commencement coincides with the end of the 30 month civil war, was titled “a plan for Reconciliation, Rehabilitation and Reconstruction” and true to its title saw to the rehabilitation of damaged and construction of many new roads, bridges and other infrastructural projects (see table 1). As a matter of fact the second national development plan recorded a sustained and rising growth in the building, construction, transportation and communication industries. It is equally remarkable to note that out of the N3.2 billion estimated for the plan, only 19.4% of the total estimate was expected from foreign sources. Furthermore, the economy was projected to grow at the rate of 6.6% per annum.

Third Development Plan (1975 – 1980)

This programme was different from earlier plans because at this time Nigeria had plenty of money for its plan and so the third plan was fifteen times the first plan and ten times the second plan, in terms of respective costs. Of greater significance is the fact that Nigerian economic planners had already acquired more experience and therefore, the plan was drawn up strictly by professionals drawn from the; the Central Planning Office of the Federal Ministry of Economic Development and Reconstruction. Also the plan benefited from extensive consultations with the private sector at the various stages of its preparations. The National Economic Advisory Council which was created in 1972 was also widely consulted.

Fourth National Development Plan (1981 – 1985)

The 4th National Development plan (1981 – 1985) which was launched by president Shehu Shagari, was conceived under the military Government of General Olusegun Obasanjo. The plan estimated at N82.2 billion, set a target growth rate of 7.2% per annum for the GDP. The specified objectives included the following:

- ❖ Increase in real income of citizens;
- ❖ More even distribution of income among individuals and socio-economic groups
- ❖ Reduction in the level of unemployment;
- ❖ Balanced development, both in terms of different sectors as well as geographic areas;
- ❖ Dependence of the indigenisation programme with respect to the ownership and management of the productive enterprise, etc

At the end of the plan period only about N17.2 billion out of a total planned expenditure of N82.2 billion was made by the public sector, such a serious short fall in development plan expenditure cannot but have a dampening effect on economic output in the national economy. Thus by the end of the plan period of 1984 – 1985, recession had set in and the calls by the international financial institution such as World Bank, IMF and others for economic stabilize measures had become louder and the worsening socio-economic and political circumstances heralded a new military regime. The Babangida administration which came into power after General Buhari later succumbed to the demands of the western powers by introducing economic stabilisation measures titled “Structural Adjustment Programme (SAP)”. This was put in place of national development planning which hitherto served as a tool of economic development strategy. A new regime of market mechanism was introduced under the SAP, to address the problem of structural imbalance in the economy and remove distortions that had adversely affected the productive sectors of the economy.

From 1985 to date several changes have taken place in Nigeria's political landscape. The military have been replaced by civilian governments and civilian administrations have assumed control of the country. However, market mechanism remains the dominant force in regulating the Nigeria economy, while real economic planning is taking the back burner. This, according to many writers on economic planning in Nigeria is due to the perceived limitations in the outcome of planning in the country. Among many reasons have been given for this are the following:

- ✓ The top-down approach widely adopted in project identification and selection;
- ✓ Poor quality of micro-economic frame work;
- ✓ Strong reliance on foreign input as a mode of financing projects;
- ✓ Faulty plan formulation and implementation;
- ✓ Duplication of projects across geographical regions owing to unhealthy regional competition;
- ✓ Revenue instability due more to the mono-cultural nature of the economy;
- ✓ Political interference both under military and civilian leadership resulting in distortion of plans and expenditure;
- ✓ Lack of proper coordination resulting in inconsistencies, discontinues and other problems

Most of the reasons highlighted above points at a serious weakness in the machinery and process of planning in Nigeria. We therefore need to examine these weaknesses so as to be able to effect necessary changes and thereby make planning work for the benefit of the Nigerian economy. While the machinery is represented by the institutions and agencies responsible for planning such as the Ministry of Finance, Ministry of Economic Development and Reconstruction as well as National Planning Commission, the process is the interaction of different forces and factors that came into play and how these affect the result of planning.

Strengthening the Machinery and Process of Planning

The planning machinery has seen many changes over the years. In the first republic it was centred in the then Ministry of Economic Development and Planning. Later, the Ministry of Economic Development and Reconstruction was created and saddled with the planning responsibility. It was much later that the National Planning Commission was established. However, by the middle of the eighties which saw a serious reversal of fortunes in the Nigeria economy, economic stabilisation programmes were already introduced and planning put in the back burner. Consequently, the Planning Commission was no longer functioning as in the past and the Federal Ministry of Finance which was responsible for the medium – term macro – economic framework had taken centre-stage. This situation remained until the end of military rule in 1999.

Currently, the planning machinery has improved and the National Planning Commission has a large number of highly trained personnel. However, the planning process still has serious shortcomings. While mention has been made elsewhere (see Obadan [2001], Ajakaiye [2001], etc) of various issues including the fact that the overriding framework of objective priorities and strategies are not well grounded in social realities, also that the macro-economic framework of the Nigerian planning system is remains unduly simplistic etc, this paper is of the view that apart from these economic factors, social and political factors represent the major stumbling blocks

that hinder the process of economic planning in Nigeria and thereby prevented the people from enjoying the real benefits of economic planning. These factors emanate from:

- ✚ Lack of political will by leaders;
- ✚ Political interference by military and civilian leaders;
- ✚ Predominance of personal-selfish and sectional interests over the interest of the nation, and;
- ✚ Wide spread corruption

Lack of political will

Effective economic planning in any country calls for total commitment to the principles and sacrifices required by planning on the part of political leadership in the country. This is more so in underdeveloped society where the need to mobilise resources for raising capital formation, demands special sacrifice from all and sundry. This is one element that is missing in the Nigerian experience. Over the years the leadership has not shown the will to pursue vigorously the goals and objectives of economic planning. Rather there has often been cases of political interference, which have often contribute to the derailment of economic pursuit by the state. Examples abound of actions taken by Nigerian leadership which have had negative effects on the capability of bureaucracy to perform its function optimally. Whereas in the first republic and up to the termination of the Yakubu Gowon regime in 1975, civil servants were given a free reign in the performance of their duties, since that time to date the story is different. First, the Muritala Muhammed purge of the civil service in 1975 was directed at top civil servants who were alleged to have been too powerful. It was this officer who participated in the preparation and execution of the first and the second nation development plans (1960 – 1974). The more relatively successful development plans in Nigeria so far.

Second, the Lagos metroline project, the preparation which was originated by the same crop of people and construction commenced in 1981, was later to be cancelled by General Muhammadu Buhari, allegedly because there was no money for it*.

This cancellation later resulted in heavy debt to be paid by the government who had already entered into agreements with foreign firms and consultants for the delivery of needed inputs for the construction of the project.

** Chief Philip Asiodu, one of the senior Permanent Secretaries at the time attested to this severally in his public speeches.*

*The losses suffered by Lagos State Government and the country as a whole cannot be imagined. Apart from the loss in foreign exchange payment arising from the debt incurred due to cancellation of the project, Nigeria lost a good opportunity to acquire knowledge in the technology of metroline execution. Thousands of jobs that would have been created in the operation of such a project is also lost. Chief Asiodu has also informed us that as at 1981 when the still-birth project was commissioned, Egypt was commencing preparation for the Cairo metroline. Today 31 years later the Egyptian effort has yielded fruit and Cairo metro is one of the best in Africa, while Nigeria is still yearning for one. What an irony. It is also relevant to know that if the metroline project succeeded, Lagos would have been spared the pains it had suffered

so far with the coming of “Molues” and “Okadas” bringing with them the negative socio-political impacts.

During the almost one decade of Babangida regime, economic planning suffered a similar fate. The failure of the structural adjustment programme (SAP) plus 3 years rolling plan and vision 2010 plan, all introduced by him had more to do with the political Gerry-mendearing of the “military president”. The administration was characterised by several extra – budgetary spending, many of which were based on the spur of the moment decisions of Mr. President. In this way, hundreds of millions of naira was spent on the better life for rural women project of the First Lady. Similar amount were spent on the construction of political party offices for the two political parties created by the president for the country. Two of such offices were sited in each constituency throughout the federation, each at staggeringly high costs. All these demonstrate lack of political will to commit themselves to the objectives of economic planning as set out in the respective development plans over the years.

When all these are considered along with the cases of fraudulent practices of politician-contractor who fail to deliver after collecting mobilisation fees for contracts awarded to them, as well as what is spent on the “constituency projects” many of which are often shabbily executed then the reason for the failure of projects and economic planning as a whole would be better understood. The need for the adoption of a more responsive and relevant form of planning would be deeply appreciated.

What Type Of Planning For Nigeria

Nigeria needs a new structure of planning which recognises that in a truly Federal system, States/Regional, Governments should have more say in decision – making over the production of goods and services that affect the lives of residents in their respective jurisdictions. While the federal government will be responsible for providing policy guidelines for planning generally in the country, its involvement in direct funding would be limited mainly to areas of security, judiciary, ecology, power and social infrastructure, State governments should plan for the economic development of their respective states. In this regard, the federal government through the National Economic Council (NEC) should be able to consider guidelines and policies which indicate the macro-economy orientation of the country from which the states and local governments would take a bearing for the formulation of their own programmes and projects (Obadan, 2001). The bottom-up approach, rather than the top-down one in which project identification is left only to the top echelons of the bureaucracy and politicians, should be adopted. In this regard, meetings specifically designed for planning purposes should be summoned and opinions of people sought before deciding on projects and programmes to be included in development plans. Such meetings should be in the form of categories like village square gatherings, Town – hall meetings, constituency meetings, local government area meetings, up to the highest level of representation. Contributions from the organised private sector, labour unions, student unions and other civil society organisations should also be considered. It would be possible, through a proper collation of contributions from these various quarters to ascertain the wishes of the people. The planning organs at the various tiers of government can then synthesize, coordinate and rationalise all the input in order to derive policies, goals and plans that will improve the economic welfare, social conditions and physical environment of the country.

Conclusion and Suggestions

In recognition of the crucial role economic planning can play as an instrument of economic management in a less developed economy, Nigeria should accord economic planning a central place in order to develop the nation's economy. In view of this, the following suggestions are being made:

- i. Appropriate legislation should be adopted not only to institutionalise planning agencies in the country but also to insulate planning agencies from political interference at both federal, state and local government levels;
- ii. Economic planning matters should remain on the current list in the Nigerian constitution and responsibilities to be shared between the various tiers of government as follows:
 - a. The federal government is to concentrate on defining policy guidelines in all areas and be involved only, jointly with state governments, in the funding for the provision of social overheads, power, security, judiciary and ecology;
 - b. State governments, in conjunction with the private sector, to be responsible for the formulation and implementation of plans for development in education, health, social and economic activities in various states of the country;
 - c. Local governments, with concurrence of the respective state governments shall be responsible for the development of primary education, primary health care and environment in their respective areas;
- iii. Legislations should be enacted to enforce the provision of appropriate funding not only for the procurement of necessary tools and equipment but also for proper training of personnel in the planning cadre in all tiers of government. This should be designed to ensure relevant training and satisfactory conditions of service for all concerned.

Table 1: Major Projects Executed in the Four Development Plan Periods

First Development Plan (1962 – 1968)	<ul style="list-style-type: none"> → Completion and commissioning of the Kainji Dam, near Jebba. → Establishment of new tertiary institutions (Ahmadu Bello University, Zaria; Obafemi Awolowo University Ile-Ife; University of Nigeria, Nsukka; → Liberty stadium, Ibadan; → First Television broadcasting Station in Africa, Ibadan.
Second Development Plan (1970 - 1974)	<ul style="list-style-type: none"> → Completion of Tiga Dam, Kano; → Bagauda Artificial Lake, Kano; → Rehabilitation of Niger Bridge, Onitsha; → Construction of new roads and bridges in different parts of the country;
Third Development Plan (1975 – 1980)	<ul style="list-style-type: none"> → Completion of works on the Warri and Kaduna Refineries, and the Eleme Petro-chemical industries; → Completion of work on the Onne Port; → Completion of Aladja, Katsina and Oshogbo Rolling mills → Completion of works at the Ilorin, Ibadan and airports → Completion of works on the Shiroro Dam, Minna
Fourth Development Plan (1980 – 1985)	<ul style="list-style-type: none"> → Not much to show for economic planning.
1985 – Date	

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