CHAPTER NINETEEN

IMPLICATIONS OF CHANGES IN ECONOMIC PLANNING FOR SUSTAINABLE DEVELOPMENT GOALS IN NIGERIA

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Introduction

The Nigerian economy has experienced booms, depressions and stagnation at various times in its history as a nation. Nigeria's economic managers have adopted several economic planning, andmanagement techniques, including the classical, neo-classical, Keynesian and neo-Keynesian principles. Between 1962 and, 1985, Nigeria implemented four National Development Plans, which are woven around some specific objectives, including sectoral and regional balanced development, reduction in the levels of unemployment and underemployment and economic stability.

Most of these objectives were achieved as it was reported by Anyanwu et al., (1997) that inflation rate, unemployment and poverty levels were quite low. But, the-worst- slump which started in early 1980s as a result ofcollapse in world oil market got Nigeria into a deep depression in 1986. The period 1980-1986 was characterized by falling public expenditure; declining, productivity; high rates of inflation, unemployment and deterioration in the balance of payments; drastic decline in provision of social services, including education and health. and loss of confidence in those managing the economy (Ekpo, 1992). Consequently, economic management technique has changed from economic planning of the 1962-1985 to economic recovery. Governments introduced a full blown Structural Adjustment Programme (SAP) in 1986, with the aim of recovering the economy and position it in the path of non-inflationary sustained growth and development within the medium term.

In general, during the 1986 - 1994, the economy remained in a depression as shown by conventional economic indices of performance. Thus, the economy continued its journey in depression. Nonetheless, government continued to try to recover the system. The Abacha's regime dealt a heavy blow on SAP in 1994 by "fixing" theexchange rate of naira to other convertible

currencies, but to no avail (Ekpo, 1992). Consequently, economic management technique has changed again from economic recovery of 1986-1994 to vision. Thus, the Abacha regime had the first vision for Nigeria in 1998, which was tagged "VISION 2010". Meanwhile, between 1994 and 2004, there was no major recovery strategy in Nigeria as Ajidani and Igwo (2007) observed that "most of the SAP policies that were targeted at internal stability were maintained during the post SAP era". While "vision" as a major technique of economic planning was on, a full home grown macroeconomic policy - The National Economic Empowerment and Development Strategies (NEEDS)" - was introduced in March, 2004, basically to recover the economy. The objectives of 'NEEDS' are: wealth creation; employment generation; poverty reduction: and value, re-orientation (National Planning Commission, 2004). Still, the economy has not been recovered. It is also interesting to know that Obasanjo administration in 1999 shifted the Abacha's "Vision 2000" to vision 2010. The basic objectives of the two visions mentioned above include: Education and housing for all by the year (2000) (in the case of Abacha's vision) and 2010 (in the Obasanjo's vision).

In 2007, the President Yar'adua's regime had a greater vision for Nigeria - tagged - "Vision 20-2020". The basic objective of the vision is that by the year 2020, Nigerian economy will be among the twenty most developed in the world. To achieve this, the administration has designed a road map - the seven point agenda in which thegovernment will concentrate its development efforts. It is however disheartening to note that the economy has not been recovered' .after twenty five years of several government's attempts to do so. Unemployment and inflation rates continued to rise, fuel, scarcity and its associated price hike continued; and provision of social services (as contained in· the visions) rather continued to fall.

On historical front, the sustainable development goals (SDGs) were born at the United Nations Conference on Sustainable Development in Rio de Janeiro in 2012. The objective was to produce a set of universal goals that meet the urgent environmental, political, and econ0mic challenges facing the world. The SDGs replaced the Millennium Development Goals (MDGs), which started a global effort in 2000 to tackle the indignity of poverty. Some of the objectives of MDGs include: reducing extreme poverty and hunger; preventing deadly diseases; and expanding primary education to all children; among others (UNDP, 2012).

For about 15 years, the MDGs made some progress in some areas including: reducing income poverty, driving down child mortality, and improving maternal health as well as increasing literacy levels. The SDGs are built on the successes of the MDGs, while including new areas such as climate change, economic inequality, innovation, sustainable production and

consumption, peace and justice, good governance, among other priorities. According to UNDP (2015), the SDGs are an inclusive agenda, and poverty eradication is at the heart of the 2030 agenda, and so is the commitment to include all and sundry to make a positive change for both people and planet. This means that SDGs are of the people, by the people and for the people

It is against this background this study examined the causes and implications of changes in economic planningfor sustainable development goals in Nigeria.

Literature Review

Economic Planning has been recognized in all societies as a popular approach to the management of resources. But, its concept has been blurred by many definitions that have emerged. Therefore, it has become very difficult to encapsulate economic planning into a single definition. Ramsey (1928) in his theory of optimum growth conceived economic planning as the allocation of a country's resources, including income, between production and consumption units in an economy over time. Lewis (1968) and Kundan (1980) looked at economic planning in many ways including: Programmes of public expenditure over a period of time, allocation of the resources of men material and equipment to production units, setting targets by the government for private and/or public enterprises, etc. Agrawal and Kundan (1980) and Thirwall (1982) defined economic planning in terms of the type of economic system a country practice. For instance, under the socialist system in which the public (or state) controls all resources, economic planning is decided by the state.

Osaze (1991), viewed economic planning is the process of policy formulation, establishment of goals, and objectives and the development of strategies with ultimate aim of making futuristic decisions today. In other words, planning covers the whole process of determining what purpose to pursue and means of attaining them as well as the mechanism for monitoring act of gathering relevant' information and making assumptions regarding the future so as to formulate policies necessary to achieve development goals and objectives.

The dynamics in the style of economic planning in Nigeria asmentioned in the introduction can be attributed to several factors, including institutional structures, development characteristics, regime types and historical antecedents of the country.

With regard to institutional structure, Agrawal and .Kundan (1980) and Thirwall (1986) observed that under the socialist structure, the state controls all resources. Hence, all production and consumption levels are decided by the state. Socialist scholars argue that economic variables like price, value, income, etc. have different meanings when applied to different systems like socialism communism and capitalism. They opined that the connection between production

and consumption is blurred by the market system. This is because when market mechanism is in place, money veils the social attributes of production.

With regard to development level and historical antecedents, Nigeria was colonized by Britain during the 1900- 1960. This factor has shaped the structure of production and exchange in the country in line with those of Britain. For instance, Ajidani and Oseshi (2007) observed that with the coming of colonial rulers to Nigeria, the economy was becoming more open than before, and that several crops, such as oil palm, fruits, cocoa, cotton, and other goods and services that were alien to the Nigerian economy were introduced.

In addition, Nigeria faces other problems that affect its development process and thereby the type of economic planning it practiced. One of such problems is resources constraint. Nigeria has low income per- head. Hence, its savings capacity is also low. This leads to a low natural growth rate. Since the public sector has the capacity to mobilize forced savings, active public-sector participation in planningwould assist in raising the savings level.

Other constraints of economic development which necessitate public sector involvement in economic planning include: inadequate infrastructure; capital indivisibility: shortage of capital; shortage of technical skills, etc. Since 1960s, Nigeria has experienced three phases in its development planning namely:

i. First phase, which covered 1962-1985, development planning, as it was called, was practiced in such a way that objectives set were fully achieved.
ii. In the second phase which spanned through 1986-1994, development planning has changed to "economic recovery". The plan placed greater emphasis on the private sector and thus introduced the structural Adjustment programme (SAP).
iii. The third and current phase is the medium–to-long range perspective planning, otherwise called "National Vision" which commenced' in 1998 (with Abacha regime's vision 2000). Between 1998 and 2010, three" perspective planning has been introduced namely: vision 2000, vision, 2010; and vision 20-2020.

It is however disappointing to note that none of the vision's objectives were achieved. This is demonstrated by saying the Abacha's vision for "house for' all by the year 2000" and Obasanjo's education for all by the year 2010", as well as Yar adua's "vision 20-2020 has failed.

Methodology

The literature on economic planning showed that availability and quality of economic resources and how these 'resources are useddetermine economic growth in an economy. In order to show how economic planning, changes over

time in Nigeria, a descriptive statistical method was carried out by the authors. To this end, data related to the various economic planning in Nigeria since 1960s were collected from relevant sources and presented in tabular form and described. Of particular interest are planned expenditure, estimated revenue (and its sources), the distribution of expenditure among items and indices of economic performance were covered. The data that were used for this paper are secondary in nature, and were collected from various sources including Central Bank of Nigeria (CBN); National Bureau of Statistics (NBS) and textbooks, and covered the period 1960 -2015.

Data Presentation and Analysis

The basic objective of economic planning in Nigeria is to accelerate the rate of economic growth and improve the living standard of the people (which is one of the SDGs) as well as increase in some level of control over her own destiny.

The Fourth National Development Plan (1981-1985)

The basic objectives of the Fourth National Development Plan were to promote economic growth and price stability as well as social equity. Thus, targets of 7.2%, less than 10% and 25% annual increase in GDP, inflation and per-capita income were set (Fourth National Development Plan,1981).

Table 4.1: Planned and Actual GDP Growth Rate by Main Economic Sectors under the Fourth NDP (1981-85) at 1984 Constant Prices

S/N		Growth Rate/Annum (GRPA) Planned	Actual
1.	Agriculture, Livestock, Forestry, Fisheries	4.00	3.4
2.	Mining and Quarrying	2.00	-0.1
3.	Manufactured	15.0	-3.8
4.	Utilities (Electricity, and Water)	15.0	-0.3
5.	Construction and Building	5.0	-1.5
6.	Transportation	12.0	-1.5
7.	Communication	15.0	-3.1
8.	.Wholesale and Retail Trade	10.0	-0.6
9.	Housing (Dwelling)	8.0	1.10

10.	Provide and Government	12.0	·0.25
11.	Other Services	10.0	-4.3
	GDP at Factor Cost	7.2	1.25

Source: 4th National Development Plan 1981

The effect of the Fourth National Development Plan showed that the: Average annual growth rate of GDP during the 1981-1985 was 1.25%. Only agriculture, housing, and government services sectors recorded positive growth rate per annum. All other sectors, including mining, manufacturing experienced negative growth rate (see table 4.1). This negative performance of the economy was attributed to several factors including large scale corruption; late feed-back and progress reports; external shocks; non-coherent policies; inappropriate valuation of projects, etc. (Anyanwu et al., 1997);

The Structural Adjustment Era (1986-1994).

To reverse the negative trend in the economy, the government and policy makers change the development planning hitherto practiced to "Economic Recovery". Thus, a foreign imposed macroeconomic programme-the Structural Adjustment Programme (SAP) was introduced in 1986 to restore economy to a path of non-inflationary sustained growth and development within the medium term. The effect of the programme is shown in Table 4.2.

Table 4.2: Government Capital Expenditure and Some Indices of Macroeconomic Performance in Nigeria, 1986-1994.

S/N	Year	Capital Expenditure □BN	% of GDP	Inflation rate (%)	GDP growth rate (%)	Unemployment rate (%)	Capacity utilization rate (%)
1	1986	8.53	6.33	10.2	-8.8	7.0	38.8
2	1987	6.37	3.30	11.3	-10.8	6.2	40.4
3	1988	8.34	3.17	54.5	7.5	5.5	42.4
4	1989	15.03	3.93	50.5	6.5	5.3	43.8

5	1990	24.05	5.09	44.5	12.8	5.6	40.3
6	1991	28.34	5.19	43.0	-0.6	6.8	42.0
7	1992	39.76	4.54	44.6	0.4	7.5	38.1
8	1993	54.50	5.00	57.2	2.1	6.9	37.2
9	1994	70.92	5.07	57.0	0.9	6.1	30.4

Source: Central Bank of Nigeria Statistical Bulletin Volume 26, December 2015

It is disappointing to note that the economy has not performed well during SAP. Inflation rate which stood at 10.2% in 1986 increased to 44.5% in 1990 and about 57.0% in 1994.

Capacity utilization in manufacturing sector continued to decline while GDP growth rate increased marginally by only 2.4% and fall to as low as 0.9% and unemployment rate was' high at 7.5% in 1992. Thus, the Nigerian economy continued its journey in a depression. The period 1995-2004 can be termed "free era" for the economy as it was left alone without any major development strategy, except three-year rolling plans (which were later found to have failed).

The National Economic Empowerment and Development Strategies

Consequently, a home grown National Economic Empowerment and Development Strategies (NEEDS) was introduced in 2004 to recover the economy. The specific objectives of NEEDS are: Wealth creation; Employment generation; Poverty reduction; and Value re-orientation (National Planning Commission, 2004). The commission further reports that the strategy' has three macroeconomic frameworks, namely;

Table 4.3 Government Capital Expenditure and Some Indices of Macroeconomic Performance in Nigeria, 2004-2015.

S/N	Year	Public capital expenditure ₦BN	% of GDP	Inflation rate (%)	GDP growth rate (%)	Unemployment rate (%)	Capacity utilization rate(%)
1	2004	351.25	3.08	24.80	6.2	5.5	55.7
2	2005	519.47	3.56	10.90	6.9	5.1	54.8
3	2006	552.39	2.98	10.80	6.7	4.6	53.3
4	2007	759.28	3.68	7.10	7.3	4.6	53.4
5	2008	960.89	3.95	8.00	7.2	5.8	55.9
6	2009	1152.80	4.65	14.60	8.4	9.3	54.3
7	2010	883.87	1.63	15.60	11.3	9.6	53.8
8	2011	918.55	1.44	11.10	4.9	8.9	53.5
9	2012	874.70	1.20	11.90	4.3	8.1	54.2
11	2013	1,108.39	1.37	9.50	5.4	7.4	55.1
12	2014	783.12	0.87	7.70	6.3	6.2	54.8
13	2015	818.35	0.56	9.50	2.7	5.3	54.7

Sources: Central Bank of Nigeria Statistical Bulletin, Various Issues.

An examination of Table 4.3 above showed that the economy has not performed quite well in the 2004-2015 period. Unemployment compounded with the retrenchment of 33,000 Federal Workers in 2006, in the, face 'of increasing population and number of graduates. Social development is limited. Inflation continued to increase, crime as well as Urbanization rates continued to rise, fuel scarcity and its associated price hike continued. NEEDS has not been able to substantially increase capacity utilization rate. The economy exports mainly crude petroleum and import its products. In general, NEEDS has so far failed to:

generate employment (but rather compounded unemployment); create wealth; reduce poverty and re-orient value as well as failed to achieve the Millennium Development Goals (MDGs).

In general, the economy could not be recovered talk more of developed. Thus, it continued its journey in depression. Meanwhile, government in an attempt to divert people's attention from the real Issues of economic recovery, planning and development decided to adopt a long-term perspective plans, otherwise called Vision. The first vision for the Nigerian economy was seen by General Sani Abacha-led regime in 1998. It was tagged "Vision' 2000". This represent a. major shift in economic management from economy recovery to vision. It is to be noted that none of the vision succeeded since none of them has achieved its objectives.

Discussion of Findings

This paper focused on, the dynamics of economic planning in Nigeria during the 1960 -2013. The paper employed descriptive .method to analyze the causes and impacts of the various strategies of economic planning adopted in Nigeria, and the findings are outline below:

i. It was found that the performance of the Nigerian economy during the period of development planning (1960-1985) was generally impressive .The average GDP growth rate rose from 5.1% during the 1962-68 to 11.2% during the 1970- 74 plans. Such impressive performance was majorly attributed to the emergence of the early fortunes of crude oil production' and sale.

ii. It was found thatthe growth rate of GDP declined from 4.6% in the third plan
to only 1.25% in 1985. With the exception of agriculture, all other sectors recorded negative growth. Unemployment was rising government revenue and expenditure was falling due to glut in international crude oil market.

iii. It was found that the economic recovery efforts of government through the introduction of structural adjustment programme (SAP) in (1986-1994) as well as the National Economic Empowerment 'and Development Strategies (NEEDS) of (2004-2015) have failed to recover the economy.

iv. It was found that the fall in crude oil revenue in the early 1980s due to glut-in international market was the major cause of Nigeria economic downturn of 1980-1985 and drove the economy to a deep depression in 1986.

Conclusion and Recommendations

The review, analyses and comments above showed that over the years, Nigeria has adopted several developmental policies or strategies to manage the national economy with the objectives of ensuring a high and sustained non-inflationary rate of economic growth that would improve the standard of living of the generality of people and hence achieving sustainable development goals.

During the 1960-85, economic policies in Nigeria were largely designedin line with the Keynesian principles of government intervention in economic activities. During the period, several public enterprises were established mainly for the maximization of the welfare of, all the people living in Nigeria. But during the post structural adjustment era (1986- date), classical principles have been adopted as manifested by deregulation of foreign exchange rate and privatization, Quite large number of public enterprises established during the pre and post independence era have been privatized or commercialized,

From the discussion above, it can be concluded that the outcomes of SAP were largely unsatisfactory. Thus, the economy was re- regulated in 1994. Still, the outcome was dismal necessitating the adoption of liberalization in 1995 in the content of guided deregulation. Although the outcome since then is relatively better, in terms of economic growth, other macroeconomic problems of unemployment and inflation remained intractable. Thus, the following recommendations are made:

i. There is need to continue the policy of guided deregulation to avoid the negative effects of both liberalization and control measures.
ii. Prudent management of national resources should be seen as national priority to avoid mismanagement and wastages.
iii. Transparency and accountability on the part of political leaders and appointees in Nigeria is required. This will go a long way in discouraging corruption, making public resources more available for investment for sustainable development in the country. Thus the present fight against corruption should be sustained.
iv. Economic diversification will help to provide alternative sources of revenue and avoid over reliance on petroleum industry.
v. Enforcement of anti-corruption laws by bringing the culprits to book and properly punishing them to serve as deterrents to others will help to reduce corruption in Nigeria.
vi. Nigerian government should increase its expenditure especially on productive sectors. This will enhance gross domestic product for sustainable development in the country.

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