NIGERIA'S THIRD NATIONAL DEVELOPMENT PLAN, 1975–80: AN APPRAISAL OF OBJECTIVES AND POLICY FRAME

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NIGERIA'S National Development Plan, 1975–80 is the third in the series of national development plans drawn up for Nigeria since the early 1960s. It is the biggest and the most ambitious which the country has launched. Whilst the First National Plan involved a capital expenditure of N2.2 billion[1] and the Second National Plan an expenditure of N3.0 billion, the Third National Plan proposes a capital expenditure of N30.0 billion. Whilst the former two plans proposed growth rates of 4 per cent and 6.6 per cent per annum in real terms, respectively, the current plan is proposing a growth rate of over 9 per cent per annum [8, p. 10]. That the third plan has the "propensity to dazzle"[2] is beyond doubt. Apart from its big and ambitious investment program, the plan is replete with various projects, output targets, and macroeconomic projections. The plan document itself runs into two volumes of about one thousand pages. A comprehensive appraisal of such a formidable document might be an overambitious task to undertake in one single paper. Our aim in this paper is to undertake a critical evaluation of the plan's objectives and policy frame.

I. PLAN'S OBJECTIVES

As with many developing countries in Africa, the objectives specified in the plan are socialist in character. The objectives in the third plan were taken from the second plan [7, chapter 4] and are as follows: To establish Nigeria firmly as

(a) a united, strong, and self-reliant nation;
(b) a great and dynamic economy;
(c) a just and egalitarian society;
(d) a land of bright and full opportunities for all citizens; and
(e) a free and democratic society [8, p. 29].

Recognizing that these "five national objectives" are not operational magnitudes against which the success of the plan could be unambiguously measured, the planners considered that the objectives however provide "a broad view of the ultimate aspirations of the society" [8, p. 29]. Unlike the second plan, the third plan gave the specific short-term objectives which will be used to facilitate the ultimate realization of the national objectives as:

[1] One naira (N)=U.S.$1.5998.

[2] Phrase used by Sir Arthur Lewis, see *Development Planning—The Essentials of Economic Policy* (London: George Allen and Unwin, 1966).

(a) increase in per capital income,
(b) more even distribution of income,
(c) reduction in the level of unemployment,
(d) increase in the supply of high level manpower,
(e) diversification of economy,
(f) balanced development, and
(g) indigenization of economic activity [8, p. 29].

The sectoral distribution of public sector and private sector investments which will lead to the realization of these objectives is shown in Table I.

We would like to believe that these objectives are not more rhetoric—that there is instead a serious intention to realize the objectives and it is in this frame of mind that what follows is written.

To many people, the objectives will be regarded as desirable. By emphasizing the need to reduce social and economic inequality, the objectives draw attention to the point that development should not be concerned with just one statistic —high rate of growth of the economy—but should also be concerned with securing an overall improvement in standard of living and well-being of the masses.[3] The objectives go a long way to giving "soul" to planning and in appealing to the nationalist sentiments of many Nigerians. To the extent that the objectives are found acceptable by a cross-section of the Nigerian people, they can generate some enthusiasm for implementing the plan. But objectives however noble, like the plan documents themselves, remain words on paper until they are realized. For the realization of the objectives one needs appropriate policies. But appropriate policies can only be framed if the objectives are well conceived, clear, and meaningful in operational terms.

One of the difficulties which we found with the plan is that it is difficult to give concrete meanings to some of the objectives. Certain of the objectives are not only nebulous, but also are not related to any specific time period, apart from being difficult to quantify and reduce to operational magnitudes. Besides, some objectives are contradictory, and we found no evidence of any attempt being made at reconciliation. In the implementation of objectives, quantification and time phasing become important in the sense that they enable society to gauge the progress being made, as development proceeds, toward achievement of stated objectives, and they give early warning signals of the need to take remedial measures. Also it would appear that in the attempt to make the objectives as noble and soul-inspiring as possible, the planners seem to have overloaded the objectives. For instance, the objective of making Nigeria a united, free, and democratic society is essentially a political objective. Is it seriously being suggested that the achievement of a rapid rate of economic growth under planning is a necessary and sufficient condition to turn Nigeria into a free, united, and democratic society? True, to some, planning is from start to finish a political activity [16, p. 42]. But it is doubtful if this is justification for overloading an economic plan with political objectives which cannot be achieved through de-

[3] See, for instance, [12].

velopment planning. Could this not introduce some cynicism into the planning exercise itself?

Let us clarify the points made by taking a closer look at some of the objectives. The objective of self-reliant development is one which is becoming popular among developing countries. But the concept of self-reliance is not unambiguous —it could be given different interpretations.[4] Self-reliance to the planners would seem to imply a situation in which Nigeria with little or no reliance on external aid can generate enough resources to sustain economic growth [7, p. 33]. We looked in vain through the plan document for a clear articulation of this concept with particular reference to the Nigerian situation and for a reference to a specific time period during which Nigeria would become self-reliant. It is possible for many countries to be self-reliant immediately, provided they are ready to pay the price in terms of slow or negative growth rates of their economies. But self-reliance on an empty stomach is not what many people in the developing countries want, especially where external aid, if carefully utilized, can help in building up the economic and industrial resources which can be used to sustain economic growth in the future. Given the emphasis which Nigeria places on high rates of growth of per capita national income, self-reliance will make sense in Nigeria only in the context of sustained rapid growth of the economy. Now, thanks to the booming petroleum industry, Nigeria is in a position where she can generate enough resources—savings, investments, exports, etc.—for sustained rapid growth of the economy without undue recourse to external aid.

It is known, however, that oil on which this happy situation depends will not flow forever. Indeed, sooner or later, probably sooner than many people expect, the market for oil, like that for other primary products, will collapse. What happens then? Will Nigeria still be able to maintain the momentum of high growth rates without recourse to external aid? The answer will depend on how successfully the country has meanwhile built up its capacity for self-reliance. In the course of doing this, emphasis must be placed on the use of locally available resources, and on building up the productive capacities in the other sectors of the economy in such a way that the country's economic and industrial structure is raised to the point where it is not only sustained, but carried forward, on the basis of the country's own internal resources, including earned foreign exchange.

What is being suggested, therefore, is that for practical purposes self-reliant development is a non-issue now. It is already temporarily within the attainment of the country. But it could become a serious issue in the future after the oil market collapses. The only way to prevent it becoming a serious issue then is if the country starts building up now its capacity for self-reliance. If this is not done, then the country may be faced with the awkward task of having to decide on whether to receive external aid so that the momentum of high growth rates may be maintained, or to refuse foreign aid and be content with a slower growth rate, or even to decide on the minimum level of external aid which is com-

[4] See, for instance, [13].

patible with the country's political independence and the realization of its goals and objectives.

The vagueness about the objective of a more even or equitable distribution of income, which is at the heart of the socialist character of the country's goals and objectives, also needs clarification. The planners have nowhere in the plan specified the level of inequality in income distribution which is tolerable. What exactly are the planners aiming at—is it a reduction in the *absolute* or *relative* gap in income distribution between the rich and the poor, or both, and what is the magnitude of the reduction being aimed at? Let us illustrate the type of pitfalls which one may unwittingly run into on this issue of equitable distribution of income by making use of the recommendations of the Public Service Review Commission headed by Chief Jerome Udoji and set up by the federal military government. The commission talked approvingly of the need for the country to move in the direction of an egalitarian society and expressed its belief that narrowing the gap between the highest and lowest salaries in the public service is one way of doing this [9, p.159]. Following from its recommendations, the highest annual salary in the public service was fixed at about N16,000 and the lowest at about N800. Before its recommendations, the highest salary was about N8,000 and the lowest was about N370 per annum.

The pre-Udoji and post-Udoji absolute and relative gaps are as follows:

	Absolute Gap	Relative Gap
Pre-Udoji	N7,630	22:1
Post-Udoji	N15,200	20:1

The commission can claim that it had "succeeded" in achieving a more equitable distribution of income by reducing the relative gap. The absolute gap however has considerably widened. Without doubt, the lowest salary earners are comparatively worse off. The command of the highest salary earners over goods and services has increased by about N8,000 whereas that by the lowest salary earners has gone up by only N430 per annum. If marginal utilities do not differ radically, it seems that total utility will widen in favor of the highest salary earners. The only way to prevent this type of situation, which tends to worsen the relative position of the poor, is to make the objective of equitable distribution of income more specific and clearer—in particular there is need for quantification. The country needs at least to be told the target levels of income for various family sizes and/or minimum consumption standard, and the period over which those targets should be achieved.

Another area where more articulation is needed is in the objective of balanced development. Balanced development is used with reference to the development of all the states and the rural and urban areas. The plan claims that "a situation where some parts of the country are experiencing rapid economic growth whilst others are lagging behind can no longer be tolerated" [8, p. 30]. But what exactly is balanced development supposed to mean? Is it that all the component states of the country should grow at the same rate? Or is it that the poorer states should be made to grow at a faster rate so that the absolute and relative gaps between them and the richer states should be narrowed, if not bridged? Or again could it mean just ensuring that all states achieve some sort of growth, however small? Each of these interpretations of "balanced development" has different implications for the allocation of resources and the overall rate of growth of the economy. But it seems that it is the second interpretation which can ensure that some states do not continue to lag behind the states which are experiencing rapid economic growth. The statement by the planners that the plan "is. . .structured to generate growth simultaneously in all geographical areas of the country" [8, p. 30] is not specific enough since it can be made to cover a number of situations. For instance it can embrace a situation where the richer states continue to grow at a faster rate as long as the poorer states simultaneously achieve some sort of growth. This will still mean that the poorer states continue to lag behind.

The planners claim that all the objectives are interrelated and will be pursued simultaneously during the plan period [8, p. 30]. It is difficult to see how all the objectives can be pursued with the same intensity since some are in conflict with others. For instance, equitable distribution of income and balanced development are in conflict with the achievement of a high rate of growth of per capita national income. The rate of growth of national income will ceteris paribus depend on the rate of investment and the effectiveness of investment. If in the interest of balanced development, investment, say in manufacturing industries, was directed to the backward areas which are deficient in social amenities and basic physical infrastructural facilities, this could not only reduce the effectiveness of investment but could also put a strain on executive capacity through the attempt to reduce the handicaps of the backward areas. With reference to equitable income distribution we can do no better than quote the words of the second plan: "The 'national cake' must first be baked before it is shared; and the bigger the cake, the more it can go round at each succeeding round of the sharing game" [7, p. 33]. The fact that some social objectives conflict with the growth objective should not, however, mean that society cannot strive to achieve them if society is convinced that all the objectives are in its overall interest. Whilst the efficient use of capital resources cannot be disputed as an important condition for growth in the long run, there may be overriding considerations which make it imperative for one to take a broader view of the whole issue. Refusing to meet the claims of the poor masses and backward areas for an equitable distribution of income and wealth may lead to an increase in social tensions; the poor and the backward areas may find it difficult to identify their interests with those of the nation and the task of mobilizing the nation's available resources for development will be made difficult if not impossible. Indeed, recent researches into the relationship between economic growth and social growth have shown inter alia, that there are positive productivity effects of social factors, and that countries with favorable social profiles are better placed to achieve more rapid rates of economic growth [12, p. 236]. In this connection, it is instructive to draw attention to the view of Tarlok Singh: "In balancing short-term and long-term considerations in growth and development, criteria for efficient investment serve, less as absolute guides, than as means for judging between alternative courses of action within the framework of concepts and valuation which a community accepts as being in its total interest" [13, p. 392].

This reconciliation does not appear to have been done. What the planners have done is to say that in general "the objective of generating a high growth rate in real terms can be regarded as the primary objective of the plan in the exception that such a growth rate will, with appropriate policy measures, largely facilitate the achievement of the other specified objectives" [8, p. 30]. Having thus treated the nation to an enunciation of lofty ideals, the planners when faced with the difficult task of reconciling the seeming conflict in the objectives have, as in the past, taken the easy way out by emphasizing the achievement of high rates of growth and reducing the other crucial social objectives to permissive subsidiary objectives.

II. POLICY FRAMEWORK

In this section we shall deal with the plan's policy measures. It is not our intention to deal with all policy measures but those we consider to be crucial.

A. *Equitable Distribution of Income and Wealth*

For many years, many people have been worried by the possible repercussions of the increasing inequality in the distribution of income in Nigeria. In 1973, for instance, in a presidential address delivered at the Thirteenth Annual Conference of the Nigerian Economic Society, Mr. A. A. Ayida, the current head of the Federal Civil Service, claimed:

> The next crisis to the continued existence of Nigeria will not come from the East (Biafra). The next crisis is most likely to have its origins in basic economic issues and social conflicts—the equitable allocation and proper management of the increased disposable resources of the Federation and the familiar class conflict between the haves and have-nots.[5]

Statistics of income and wealth distribution are difficult to come by in Nigeria. Apart from figures of wages and salaries in the public sector and the organized section of the private sector, all of which point to high income inequalities[6] there are no systematic figures. But an impressionist idea of the real situation can be obtained from the following views of F. O. Okediji:

> ...an impressionistic analysis of contemporary Nigerian society suggests that the distribution of privileges takes a pyramidal form. The highly privileged elite group, whose membership is very small in number, constitutes the superior class at the

[5] A. A. Ayida, *The Nigerian Revolution, 1966–76* (Ibadan: Nigerian Economic Society, 1975). The East refers to the Eastern Region (Biafra) whose attempted secession led to the civil war of 1967–70.

[6] See, for instance, [4]; and Nigeria, Federal Ministry of Information, *The Public Service of Nigeria: Government Views on the Report of the Public Service Review Commission* (Lagos: Federal Government Printer, 1974).

peak of the pyramid; whilst the remaining part of the pyramid comprises the large percentage of clerks, artisans, craftsmen and peasants. Many members of the elite group live in high quality residential areas at subsidized rents. They have access to superior diet, medical facilities, and other welfare services. On the other hand, a large percentage of the Nigerian population in the overcrowded urban areas and rural communities live in abject poverty. They have very little access to the opportunity structures in the Nigerian society; and it is extremely doubtful whether any significant improvement in their style of life will be achieved for many years to come. [10, p. 287]

As we have seen, the approach adopted by the planners to tackling this critical social problem is to try and force the pace of economic growth and hope that with appropriate policy measures, the poor along with the rest of society will pulled up. The basic policy measures proposed can be divided as between the rural areas and urban areas. For the rural areas, reliance is being placed on the revised marketing board system which deals only with export crops to pay "reasonably high prices" to farmers. The subsidy element in the prices of such agricultural inputs as fertilizers, chemicals, pesticides, seeds, and seedlings, will be increased. Finally, social and basic physical infrastructural facilities like education, electricity, water, dispensaries, etc., will be provided in the rural areas. It is hoped that these measures "will go a long way to increase the real incomes and well-being of the rural population" [8, p. 35]. For the urban areas reliance is being placed on the use of fiscal measures, such as progressive taxation to reduce existing inequalities in income distribution, the recommendations of the Public Service Review Commission and the provision of low-rent accommodation.

These measures, at best, merely scratch the problem on the surface and are likely in the end to prove ineffective. The price incentives which the planners talk about will only apply to farmers producing export crops. Crops produced primarily for export form less than 20 per cent of total agricultural production in the country [11, p. 39], and are produced by a small percentage of the farmers. The subsidized farming inputs are not likely to reach the myriads of small peasant farmers working in remote areas, who lack information about the availability of such subsidized inputs. Most of the social and basic physical infrastructural facilities are, as in the past, to be established *not* in the rural areas where the bulk of the people live but in the urban and smaller sub-urban areas. Indeed, it seems that the measures proposed for the rural areas will lead to strengthening the emergence of a small elite group in the rural areas who will have access to subsidized inputs and the social and infrasrtuctural facilities, as well as dominate the export crop production. In the case of the urban areas, we have already commented on the type of "equitable income distribution" which the Public Service Review Commission and the government white paper on it has generated. About 20–25 per cent of the incomes of the urban workers go into paying rent for accommodation. The proposal to provide low-rent accommodation as part of the Government Housing Programme is in principle good. Serious doubts are raised in one's mind, however, when one considers the method of allocation proposed. The houses/flats are to be allocated according to annual incomes as follows [2, p. 3]:

Annual Income (Naira)	Type of Accommodation
720–1,499	One-bedroom unit
1,500–2,399	Two-bedroom unit
2,400–4,999	Three-bedroom unit
5,000 and above	Four-bedroom unit

A family with one breadwinner who earns less than N720 per annum will not be eligible for any of the houses. It is worth remembering that the per capita income is less than N300 per annum. A family of six with one breadwinner earning about N800 per annum will be crowded into a one-bedroom unit, while another family of three earning over N5,000 will enjoy the comfort of a four-bedroom unit. The basis of allocation would appear to be ability to pay the rent rather than need. In this type of situation the poor are placed at a disadvantage.

It is worth mentioning at this stage that the policy measures are silent on the size of wealth which each member in society can legitimately hold. The Nigerian economy, largely as a result of governmental development activities, is creating vast opportunities which a small number of men—business tycoons, professionals, etc.—are exploiting to make huge sums of money, out of proportion to any efforts they might have put in. In the case of business ventures, the plan commented as follows: "...in the Nigerian economy which is characterized by a highly oligopolistic market and other structural defects, profits can and do rise out of proportion to any effort which the entrepreneur or business promoter might have put in. During the civil war for example,...profits soared to unprecedented levels" [8, p. 36]. What are the planners proposing for dealing with this situation which has explosive implications for income distribution. The solution is elimination of barriers to competition. "The most effective device for regulating the level of profits in the context of incomes policy is a systematic elimination of the existing barrier to competition" [8, p. 36]. It is not very clear how the planners will effectively eliminate barriers to competition and collusion among enterprises in the type of capitalist economic system which the country is operating. But the elimination of barriers to competition cannot by itself solve the problem of limiting the size of the wealth which anybody can have. The planners want in addition to rely on progressive income taxation. It is a well-known fact that in an economy like Nigeria, income taxation, however progressive, can only have a limited impact on income distribution. In the first place, only a few people, mainly those who pay tax under the PAYE system are effectively covered by personal income tax. Secondly, people resort to all sorts of legal ways of avoidance and illegal evasions with a view to getting round the tax laws. There is little the tax authorities can do since tax administration is largely weak and inefficient.

On the positive side, the program for providing free and compulsory primary education throughout the country is good. Education is important in at least two respects. It inculcates in the recipients the skills which they can use for gainful occupation. It also creates an awareness of the increasing opportunities which a developing economy like Nigeria generates. But primary education is not enough—without the benefit of higher education, primary school graduates are occupationally equipped only to do menial jobs. If the lot of the vast majority of Nigerians is to be radically transformed for the better, then steps should be taken to ensure that education at all levels is made accessible to all Nigerians. As H. Lydall claims "societies in which education is more unequally distributed will exhibit a wider dispersion of earnings than those in which it is more equally distributed" [6, p. 257]. It is also necessary for other aspects of social services to be made accessible to all. In this way, the Nigerian society will at least start moving in the direction in which equal opportunities will be provided for all.

The policy measures enunciated in the plan contain very little that can reassure us that the problem of equitable distribution of income is being effectively tackled and that there is hope for an early amelioration of the conditions of the poor majority. It is indeed worth nothing that either consciously or unconsciously the plan, like its predecessors, is loaded with many projects which are geared to securing a further improvement in the standard of living of the rich and the not-so-poor. The many financial institutions set up or revitalized with a view to liberalizing credits will serve the interest of the elites—nothing seems to have been done to make them accessible to the vast poor majority. The Nigerian Building Society has been granted N150 million to enable it to operate as a mortgage bank and to grant housing loans at low interest rates. The conditions under which loans are granted, e.g., down-payments, make the society inaccessible to the poor. Low density houses are to be built in government reservation areas with public funds and given at subsidized rents to the upper income groups. Land is to be acquired and developed at public expense and then sold or leased at uneconomic rents to the elites. Color television transmission is to be provided as a social service for the elites as are cultural centers, amusement parks, theaters, etc., for the use of which the economic price will never be charged. All in all, therefore, rather than removing inequality in the distribution of income and the nation's resources the plan would tend to have the effect of intensifying the existing inequality and therefore laying the basis for still greater inequalities in the coming years.

B. *Policy for Agricultural Development*

For many years the agricultural sector has been the mainstay of the Nigerian economy. Even with the rapid expansion of the petroleum industry, the importance of agriculture to the overall social and economic development of the country cannot be gainsaid. For instance, it has been estimated that the unemployment problem in the country cannot be solved unless 50 to 60 per cent of the youths take up employment in agriculture [5, pp. 44–45]. A basic ingredient in the solution of the roaring inflation now gripping the country is a substantial increase in the supply of food. Also agriculture, especially in terms of a strategy of self-reliance, has to produce material inputs for manufacturing industries. Finally, the role of agriculture as a source of foreign exchange earning is still of some importance. Indeed, the opportunities existing for agricultural development in Nigeria are considerable. They include existence of growing markets, abundance of land and human resources whose diverse productive capacities are currently underutilized and the availability of improved technology which, if introduced into Nigerian agriculture, could substantially raise agricultural productivity.[7] Despite these favorable prospects, agriculture has for the past few years remained the stagnant sector of the Nigerian economy. The rapid growth rate in the economy in the recent past has been made possible largely by the large growth rates achieved by mining, particularly petroleum mining, and manufacturing industry.

In order to get the agricultural sector revitalized and moving again, the plan proposes a battery of policy measures, the essential elements of which are as follows:[8]

(a) price and tax incentives,
(b) subsidized inputs,
(c) agricultural credit,
(d) processing and marketing,
(e) extension service, and
(f) rehabilitation and new planting schemes.

The price and tax incentives apply mainly to producers of export crops—the aim is to fix producer prices with no trading surpluses in view and to cancel the two-tier system of produce taxation, export duty, and produce sales tax. For other agricultural crops the aim of the plan is that two companies—the National Grain Production Company and the National Root Crop Production Company—be set up to provide storage facilities for grains and root crops which will be held as strategic reserves and used for price stabilization.

What the proposals boil down to is that the planners want to retain the present farming organization, mainly peasant farmers each cultivating small acres of farmlands, and to use incentives, etc.—price, input subsidies, and credit—to get farmers to increase their production.

We consider that the policy measures in the plan are based on an insufficient appreciation of the problems confronting the agricultural sector. In many rural areas of Nigeria today, there is a large migration of the virile labor force, usually in the age group fifteen–forty-five, to the urban areas. In consequence, there is a scarcity of labor, since those who are left behind are the rather young and old workers whose capacity for work is limited. It is this large-scale rural-urban migration which compounds the unemployment problem in the urban areas. This large rural-urban migration has usually been attributed to economic factors —that is, it is claimed that it is the large gap in urban-rural real incomes and the prospects of employment which pull people from rural to urban areas. While this factor might have played an important part in the past, it is now realized that another factor is also at work—the sociocultural disorganization and poverty

[7] Confer [4, p. 77] and [8, p. 65].

[8] For details, see [8, pp. 70–72].

of the rural areas create "push" factors which also tend to force people out of the rural areas. O. Imoagene puts the matter this: "[The] exodus, first of labour migrants and later of psycho-social migrants which resulted in the first instance from the clash of civilisations, causes further disorganisation and poverty which in turn constitute push factors from rural to urban areas" [3, p. 3].

Agricultural production cannot be revitalized and the problem of urban unemployment solved until the virile labor force as defined can be induced to stay on the land. Offering price and tax incentives with a view to ensuring that farmers have an enhanced income is a necessary but not a sufficient condition, since it is based on the premise that it is the relatively low agricultural incomes which stimulate rural-urban migration and retard agricultural production. In fact, the prices of food crops in Nigeria have been increasing for about a decade now without there being any significant increase in the supply of these items. The increase in the producer prices of agricultural export crops has not led to an increase in supply—the latest estimate is that the overall performance of the agricultural export sector since the introduction of the new prices was not encouraging [1]. Normally, especially under perfect competition, increases in prices provide signals for producers to increase supply and vice versa. The agricultural sector in Nigeria, especially the sector producing food crops, does not seem in recent years to conform to this behavioral pattern. The reason seems to be that most of those remaining on the farms are just incapable of organizing the efforts which will stimulate increased production.

It seems therefore that a new approach to agricultural development is now necessary. The development of agriculture has to be seen as part of overall rural development, in the course of which social services and basic physical infrastructural facilities have to be provided *in the rural areas.* There is need to reverse the present trend of concentrating amenities only in the urban and sub-urban areas. Balanced development vis-à-vis the rural and urban areas has to be effectuated and not made a permissive subsidiary to the fetish of rapid growth rates of national income. Agriculture is still a substantial sector of the Nigerian economy—if it stagnates it is bound to reduce the overall rate of growth of the economy. It is the booming petroleum industry which seems now to make Nigerians oblivious of the important role of agriculture in the nation's development.

As part of rural development, concerted efforts need to be made to get industries, especially agro-allied industries, to the rural areas, taking industries to the people and not vice versa. Finally, there is need for a change in the form of farming organization away from the myriads of peasant farmers toiling alone on small farms. W. A. Lewis claims that "it is not necessary to base policy essentially on substituting new large scale institutions. . .for the existing millions of farmers. What they need are incentives and access to new knowledge" [5, p. 53]. Undoubtedly the millions of peasant farmers with their small farms have done well in the past, but they now seem incapable of coping with the changing situation and the needs of the country. Nigeria needs larger-sized farms where the use of modern farming techniques and implements become economic. Farmers need to be persuaded to pull their resources together into cooperative ventures. Both the federal and state governments also need to establish a network of state farms and plantations. It is on these types of farms that modern farming techniques can be used and farming can cease to be a life of ill-requited drudgery. We would suggest that it is by proceeding on these lines that the country can get the young labor force to return and stay on the land, and thereby help in bringing about the "green revolution" which the country so desperately needs if it is to solve the increasing problem of unemployment, arrest soaring inflation and achieve a more equitable distribution of income, not only as between persons but also as between the rural and urban areas.

C. *Regulatory Framework for Private Sector*

One noticeable feature of the plan is the virtual absence of a regulatory framework for the effective control of the economy. The policy measures which have economy-wide application and repercussions are resolvable into three groups: fiscal policy, monetary policy, and incomes policy. These policies are framed to ensure that the private sector which is dominant in agriculture, mining, manufacturing, commerce, etc., act in consonance with the objectives and priorities of the plan.

The planners argue that in the light of the improvements in both domestic revenues and foreign exchange earnings, and given the projected rapid growth in aggregate incomes and expenditures, it is desirable that fiscal policy should seek mainly to reduce inflationary pressures. To this end, the plan proposes that import liberalization policy should be carried further by relaxing all administrative controls, removing all non-tariff barriers to trade, and considerably reducing import and excise duties where these are still significant. In addition, reasonable tariff protection to bona fide infant industries on a selective basis will be granted. The National Supply Company, set up as a bulk purchasing unit, is to be strengthened and reorganized so that it can perform its anti-inflationary role through massive importation of essential commodities.

Monetary policy is also to be geared to controlling inflation by keeping careful watch on the growth of money supply and using credit guidelines to control the granting of credit. Income policy is designed, in a way yet to be clearly articulated, to assist in the achievement of an equitable income distribution.

At the micro-level, specific control measures are proposed. In the case of financial institutions—commercial banks and insurance companies—the plan is that the government should participate more actively in their development through acquiring equity shares in the foreign-owned ones and establishing new ones. It is hoped that the federal government's participation in foreign-owned banks will be used to influence the lending policies of these banks, especially as regards the making of more loans available to indigenous enterprises.

With regard to manufacturing industries, the private sector is banned from investing in defence industries and security printing. The federal government must also have majority interest in the basic petroleum industry, including crude mining, gas gathering, liquefaction, but not necessarily in downstream petrochemical industries. Apart from these restrictions, the private sector is free to invest in any industry of its choice, though in the case of foreign enterprises indigenous participation is urged but not always imposed. With a view to further removing any vestiges of direct control over the operation of the private sector in the field of manufacturing industries, restrictions and administrative bottlenecks imposed on the issue of licenses and permits are to be removed. No order of priority has been imposed on the types of industries to be set up by the private sector—it does not appear that the planners consider that particular types of industries are more likely to lead to a realization of the plan objectives than others. In the case of agriculture, the control which the state's marketing boards used to exercise has been virtually eliminated.

All in all, it seems that the planners wanted the Nigerian economy to operate essentially as a laissez faire economy in which fiscal and monetary policy measures, rather than direct physical and administrative control measures, will be used to regulate economic activities and get all decision-makers to operate in accordance with the plan objectives. In this respect the hopes raised by the Second National Plan seemed to have been dashed to the ground:

> Experience through history has shown that a government cannot plan effectively what it does not control. The widespread frustration of planning in contemporary Africa has also demonstrated the futility of partial planning that is restricted to public sector programmes, especially when the typical African public sector is an inferior junior partner in a game dictated by the global strategy of modern international combines....For a minimum, resources such as land, mineral deposits and other natural endowments, must be owned by nationals of the country. But more important than legal ownership is the effective control over the use of such vital resources....Government will, therefore, seek to regulate the use of those resources for the benefit of the community at large as well as to control the essential and growth-sensitive sectors of the country in the fields of commerce, industry, fuel and energy, construction, transport, finance and education. [7, pp. 33–34].

Rather than articulating the measures which can be used to effectively control and regulate the use of resources, the plan seems more to be in a hurry to dismantle the controls that had been used in the past. The ports were thrown open and foreign exchange restrictions relaxed. Nigerians could import almost anything and pay for it with minimum delay. Private sector activities in commerce, industry, agriculture, construction, and road transportation are to be subject to limited or no direct controls.

That this situation was one which was fraught with danger to the economy was demonstrated within a year of the launching of the plan. By throwing the ports open and relaxing foreign exchange restrictions, the country was inundated with all sorts of imports; so much so that there was an unprecedented congestion of the ports. The value of imports increased within a year by more than 100 per cent—importation of miscellaneous manufactured goods increased by 102 per cent, that of machinery and equipment by 155 per cent, food imports increased by 92 per cent and imports of beverages went up by 433 per cent [14]. It became difficult to sort out essential from inessential imports. Ships had to wait for months before they could discharge their cargoes. Payments had been made for imports but the acute port congestion made it impossible to get the imports into the market. The cost of living within a year increased by 40 per cent. Not only that. The trade balance which had shown a handsome surplus of N2.7 billion in 1974/75 turned into a deficit of N125 million largely because of "the unusually high level of imports of consumer goods" [1].

It is indeed surprising that the planners wanted to rely essentially on fiscal and monetary policy measures to control the economy, especially in view of the fact that such measures had not worked in the past. For instance, in the attempt to reduce the prices of some imported and locally produced goods, fiscal concessions had been given to importers and local manufacturers in the hope that such concessions would be passed on to consumers in the form of lower prices, but this had rarely happened. The Federal Commissioner for Finance puts the matter thus: "The fact is that the government gives, but some other interest groups take it away and keep it for themselves. In fact prices are raised on the very goods for which duties and excise taxes are reduced by government" [14]. The use of monetary policy has also not been known to achieve notable success in the past. For a long time, without much success, the government has been trying through various credit guidelines to get the commercial banks to give more credit to agriculture and indigenous businesses in general. Similarly, attempts made to get the banks to direct credit away from consumption imports towards more productive activities have met with notable lack of success, so also have the efforts made to use the banking system to reduce the supply of money in the economy as part of the program for curbing inflation. Banking is so crucial to the smooth functioning of the economic system that we would have expected the government to have extended social ownership and control over the banks. Rather, all the government has done is to acquire 40 per cent equity shares in the leading banks and to rely on some ineffective policy measures for control.

The present almost laissez-faire approach to running the economy has implications for the attainment of some of the objectives of planning. For instance, it is difficult to see how the dispersal of industries in the interest of rural and balanced development can be achieved if private enterprises are left to their own devices. As in the past, private enterprises will be attracted to the more prosperous areas, especially since it is also there that the amenities are concentrated. To get them to the depressed rural areas will require not mere inducements but some direct administrative controls exercised, say, through licensing. As we have argued earlier on, attainment of self-reliant development in the future must mean building up the country's productive capacity for self-reliance now. The present passive attitude of the government to industrial development is working against the attainment of this objective. Private entrepreneurs, by being given a free hand to set up any industries of their choice, are establishing all sorts of consumer goods industries, thus further intensifying the dependence of the country on the imports of capital and intermediate goods. Building up the productive capacity for self-reliance must mean using the resources flowing from the oil wells, before they run dry, to rapidly develop the country's productive capacity for capital goods which can be used to sustain rapid expansion of consumer goods industries in the future. Also self-reliant development must involve getting local industries to use available local raw materials. This may be difficult to do if the ports are thrown open, especially if local industries believe that imported materials are better or slightly cheaper.

D. *Policy on Indigenization of Economic Activity*

The objective of indigenization is to increase the participation of Nigerians in domestic trade, industry, and other economic activities. In the attempt to give effect to this policy, the Nigerian Enterprises Promotion Decree was enacted in 1972. Under the decree, twenty-eight industrial commercial fields were reserved exclusively for Nigerian citizens and associations; such fields included baking, bottling of soft drinks, printing, road haulage, etc. The decree also contained another twenty-five activities in which Nigerians must have an equity participation of not less than 40 per cent. Included in this list are wholesale distribution, beer brewing, and paper conversion. By 1974, in the case of the first category of fields a total of 430 companies had been transferred to Nigerians —the nominal shares of the companies were assessed at about N53 million. In the case of the second category of fields, by 1974, twenty-four companies had transferred a total of 54 million ordinary shares to Nigerians in compliance with the provisions of the decree [8, p. 19].

It is the aim of the plan that the policy enunciated in the decree will be consolidated during 1975–80. Furthermore, Nigerians are to be encouraged "through the provision of information, financial and technical assistance to branch into activities now dominated by foreigners. While foreign enterprise will continue to be welcome, policy will be directed at ensuring that Nigerian entrepreneurship is present and dominant in all sectors of the economy" [8, p. 30]. Three institutions have been set up to implement the indigenization policy— (a) the Nigerian Enterprises Promotion Board which will supervise the transfer of the first category of enterprises in the decree to Nigerians; (b) the Capital Issues Commission which, inter alia, will determine the prices at which shares are to be sold; and (c) the Bank for Commerce and Industry which will provide funds for the operation.

The indigenization of economic activity has serious implications for the creation of an egalitarian society and the achievement of an equitable distribution of income in Nigeria. What seems to have been uppermost in the minds of the policy-makers at the time the decree was being drafted was the achievement of a more equitable distribution of the wealth of Nigeria as between foreigners and Nigerians. The fact that the exercise could in fact affect the equitable distribution of income and wealth among Nigerians did not seem to have been seriously considered.

The way the decree was implemented made it possible for a few highly placed Nigerians to acquire enterprises and shares out of all proportion to any endeavors they might have made. People used their positions and connections to get loans from the financial institutions, including the Bank for Commerce and

Industry, to buy large amounts of shares or buy up existing companies. Therefore, the result so far has been that some foreigners have been dispossessed of their companies and shares, with adequate compensations, but such companies and shares have passed into the hands of a very few Nigerians, thus further aggravating the already extremely uneven distribution of income and wealth.

We looked in vain through the plan document to see what is being done to arrest this situation, which runs counter to the attainment of equitable distribution of income and the creation of an egalitarian society. The planners seemed content with pressing ahead with indigenization, regardless of its implications for the achievement of some of the other objectives of the plan document. We would have thought that in this type of situation the social ownership of the enterprises and shares could have been proposed, or the government could have stipulated the maximum number of shares and enterprises which each individual and/or family could legitimately acquire.

E. *Investment and Growth of Output*

Table I shows the sectoral distribution of the proposed investment. The distribution of the investment between the public and private sectors is in the ratio 67:33. During the second plan period, the realized ratio was 42:58. Public investments and concentrated in the sectors of transport and communications, government services, other services including housing, education, electricity, and water supply. In short, government investments are geared to the provision of social services and basic physical infrastructural facilities. The largest share of investment is provided for transport and communication 20 per cent, followed by manufacturing and crafts 19.4 per cent, other services 10 per cent, government 10 per cent, building and construction 9 per cent, mining and quarrying

TABLE I

SECTORAL DISTRIBUTION OF INVESTMENT, INCREASE IN OUTPUT, AND INCREMENTAL CAPITAL/OUTPUT RATIO

(N million)

Sectors	Public Sector Investment	Private Sector Investment	Total Investment	Increased Value Added	Implied ICOR
Agriculture, etc.	1,300	1,200	2,500	2,084.6	1.2
Mining and quarrying	1,400	1,100	2,500	4,464.1	0.6
Manufacturing and crafts	3,800	2,000	5,800	1,691.1	3.4
Electricity and water	1,000	—	1,000	99.9	10.0
Building and construction	—	2,700	2,700	2,535.8	1.1
Distribution	100	1,400	1,500	1,447.9	1.0
Transport and communication	5,500	500	6,000	694.0	8.6
General: government	3,000	—	3,000	1,159.1	2.6
Education	1,500	—	1,500	623.8	2.4
Health	400	100	500	196.3	2.5
Other services	2,000	1,000	3,000	257.5	11.7
	20,000	10,000	30,000	15,254.1	2.0

Source: [8, p. 53].

TABLE II

AVERAGE ANNUAL GROWTH RATE OF GDP AT 1974/75 FACTOR COST, 1975–80

Sectors	%
Agriculture, etc.	5.0
Mining and quarrying	5.3
Manufacturing and crafts	18.0
Electricity and water supply	21.0
Building and construction	20.1
Distribution	11.3
Transport and communication	17.5
General: government	18.0
Education	21.8
Health	20.0
Other services	9.6
Aggregate annual growth rate	9.5

Source: [8, p. 49].

8.3 per cent, and agriculture 8.3 per cent. As can be seen from Table II, economic growth is expected to be led by the sectors of electricity, education, health, building and construction, manufacturing and crafts, and transport and communication, in almost all of which public sector investment is dominant.

The incremental capital-output ratio used for the economy is 2:1. This appears rather low, but seems to be about the same size as that realized during the second plan period 1970–74. According to the planners, this low ICOR seems to reflect primarily the low ICORs assumed for the sectors of agriculture and mining—see Table I. It is not very clear why the planners used such a relatively low ICOR for the agriculture sector, especially in view of the fact that a large percentage of the investment in the sector is capital-intensive by nature, for example irrigation, soil conservation, anti-drought measures, and storage facilities. Maybe the planners believe that large increases in output will result from such inputs as fertilizers, and improved varieties of seeds. The incremental capital-output ratios for transport, other services, and manufacturing are, according to the planners, higher compared to historical experience, indicating that investment in these sectors, which account for about 50 per cent of total investment, is more capital-intensive than in the past.

The issue of the choice of techniques was not discussed in the plan document, despite the fact that unemployment is a serious problem in Nigeria and its solution is one of the plan objectives. The approach adopted by the plan is that the level of unemployment is to be reduced "through the creation of income earning opportunities resulting from a large investment programme. . . .the bulk of the Plan is made up of construction projects of one type or another which will surely absorb a large amount of labor during implementation" [8, p. 31]. Even for construction projects, we believe it is still possible in many cases to make a choice of techniques depending on the capital intensity of each technique. In the unemployment situation facing Nigeria, one would expect that in choosing techniques of production, labor-saving devices ought not to be employed unless, of course, the nature of the technical task makes this unavoidable. The public sector, especially since it accounts for 67 per cent of the planned capital formation, should give leadership in this respect. It is possible that in selecting projects for inclusion in the public sector program this consideration was taken into account, but there is no way of knowing this from the plan document.

Anyway, the realization of the growth rate postulated in the plan by 1980 would depend in large measure on the extent to which the relatively low ICORs in agriculture, mining and quarrying, building and construction, and distribution are achieved in practice.

III. CONCLUDING REMARKS

We started this paper by saying that the plan's objectives are socialist in character and are by and large desirable. But when subjected to a critical searchlight, especially for the purposes of implementation, we found that a lot still needs to be done in articulating the objectives. It is difficult to give concrete meanings to some of the objectives and reduce them to operational magnitudes. The seeming conflicts in the objectives have not been effectively reconciled; the effect of some objectives on others, for instance, indigenization of the economic activities on equitable distribution of income, has not been properly worked out.

We have also examined the policy measures proposed by the planners. It seems to us that the Nigerian economy is being made to operate essentially as a laissez-faire economy in which the presence of the public sector will be felt in a limited way in some sectors or subsectors and in which indirect fiscal and monetary policy measures, instead of direct physical and administrative control measures, will be used for controlling the economy. We find it difficult to see how the policy measures can lead to the realization of many of the objectives. Rather than achieving a more equitable distribution of income, the policy measures will have the effect of laying the basis for even greater inequalities in the future. Balanced development of the country, especially between urban and rural areas and self-reliant development will also be impossible to achieve under the plan's policy framework.

We earlier stated that we did not want to believe that the objectives are merely rhetorical. Our examination of the way the planners treated the issue of reconciling the conflicts in the objectives and the policy measures proposed would make it difficult for us to adhere to this position. It seems that planning in Nigeria like in the "less-developed world typically involves a rhetorical commitment to socialist objectives, a technical commitment to 'neutral' policy tools, and a practical achievement of capitalist results" [15, p. 111]. For too long, Nigerian planners have tended to lay too much emphasis on efficiency and economic growth, and hence on the economic objectives of economic development, while pushing the social objectives to the background. Of course, economic efficiency and growth cannot be overlooked in the long run, but we maintain that there are overriding considerations which make it imperative to consider equally the claims of social objectives of development. If the social objectives are relegated to the background, it becomes difficult for the generality of the people to identify their interests with those of the nation and to give of their best to the development process—indeed the unity and cohesion which is indispensable for securing greater efforts for development in the long run will be difficult to achieve.

Nigeria in one respect, at least, is fortunate—she has relatively more resources, foreign exchange, manpower, etc., which should make it easier for her to pursue simultaneously the economic and social objectives of development. To be sure, achieving a synthesis of the economic and social objectives of development is difficult. Perhaps the first hurdle that has to be surmounted is to "dethrone," as it were, the use of growth rate as the indicator of development and to substitute development indicators which embrace both economic and noneconomic factors. Fortunately, research has been and is being carried out on identifying such development indicators, as well as on how to achieve a synthesis of economic and social objectives of development.[9] What seems to be needed now is a clarity in thought about the objectives of development, a serious commitment to the achievement of the objectives and a change in the economic organization which will be used as a mechanism of economic development. We believe the point has to be accepted in Nigeria that the achievement of a balanced society in terms of equitable distribution of income and wealth, not only among persons but also among geographic areas, requires the expansion of the public sector and the extension of the social ownership of the means of production. It is when the way of life is led by public sector that we can reasonably expect that important decision-makers in society will be guided by the social and economic objectives of development. We are aware that in recent years people have raised serious doubts about the efficiency of public enterprises. We believe, however, that the solution to this problem of inefficiency is to give more serious thoughts to improving the efficiency of the management of public enterprises, and the continuous training of personnel, as well as the imposition of penalties for inefficiency.

We should add that it is necessary for the government to equip itself with an armoury of coherent policies embracing both direct and indirect control measures. The important point to bear in mind is that these policy measures are to be used as inducements and deterrents in the interest of the achievement of the national goals and objectives. At the moment, emphasis is laid on the offering of inducements which have not always worked in the desired direction. We believe the government should also be ready to impose penalties and deterrents with a view to getting people to act in consonance with society's goals and objectives.

[9] For details, see [12].

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