

## **COURSE GUIDE**

### **ECO 441 ECONOMIC PLANNING I**

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## **INTRODUCTION**

ECO 441 is designed to introduce to you and to teach you the basics and rudiments of Economic Planning. In this course, attention is given to the theories, practices, processes and strategies of economic planning as adopted by Nigeria, some selected developing countries and other selected developed countries for desired economic growth and development. It is basically concerned with the explanations of the theories, processes and strategies involved in economic planning that can be adopted by the central authority to exercise their conscious effort of achieving definite targets and objectives within a specified period of time. In this wise, economic planning incorporates all aspect of human aspirations to accelerate the pace of a country's social, economic and political development. More specifically, it is a study that shows the strategic economic planning theories of deliberate control and direction of the economy, by a central authority through various tools and sub-systems within the main system, for the purpose of achieving definite targets and objectives within a specified period of time.

You will be taught the rudiments and basics of economic planning theories as it relates to the functionality of the economy for desired Economic growth and development by the central planning authority to achieve desired set goals and objectives in Less Developed Countries of which Nigeria is one vis-à-vis the experiences of developed countries like the United States of America, Soviet states, France, China, India, Singapore, and Malaysia .

## **COURSE CONTENT**

This course will expose students to the basics and rudiments of Economic Planning. Topics covered include: meaning, terminologies and contemporary issues, concept and approaches of economic growth and development, economic development planning experience in Nigeria and planning experiences in other countries of the World

## **COURSE AIMS**

There are twelve (12) study units in the course and each unit has its objectives. You should read the objectives of each unit and bear them in mind as you go through the unit. In addition to the objectives of each unit, the overall aims of this course are to:

- (i) introduce you to the meaning, principles, processes, strategies and rationale of Economic Planning.
- (ii) Teach you the relationship that exists between economic development planning and price system.
- (iii) Expose you to the challenges of economic development planning.
- (iv) Give you the detailed analysis of national economic development planning experience in Nigeria.
- (v) Show you the objectives, achievements and shortcomings of various national economic rolling plans in Nigeria.
- (vi) Teach you planning experiences of United States of America, France, China, India, Singapore, and Malaysia.

## **COURSE OBJECTIVES**

To achieve the aims of this course, there are overall objectives which the course is out to achieve though, there are set out objectives for each unit. The unit objectives are included at the beginning of a unit; you should read them before you start working through the unit. You may want to refer to them during your study of the unit to check on your progress. You should always look at the unit objectives after completing a unit. This is to assist the students in accomplishing the tasks entailed in this course. In this way, you can be sure you have done what was required of you by the unit. The objectives serves as study guides, such that student could know if he is able to grab the knowledge of each unit through the sets of objectives in each one

The objectives of this course are to:

- allow students know the various theories, principles, practices, processes and strategies of Economic Planning of less developed and developed countries.
- educate students on different national economic rolling plans embarked upon by different government in Nigeria to target a sustained economic growth and development.
- educate learners on the need to adopt a realistic vision plan and implementation as reflected in the progress of economic growth and development of developed nations.
- allow students draw a comparison between economic development plan of less developed and developed countries.

## **WORKING THROUGH THIS COURSE**

To successfully complete this course, you are required to read the study units, referenced books and other materials on the course.

Each unit contains self-assessment exercises called Student Assessment

Exercises (SAE). At some points in the course, you will be required to submit assignments for assessment purposes. At the end of the course there is a final examination. This course should take about 12 weeks to complete and some components of the course are outlined under the course material subsection.

You have to work through all the study units in the course. There are four modules and twelve study units in all.

## **COURSE MATERIALS**

What you have to do and how you should allocate your time to each unit in order to complete the course successfully on time are listed follows:

1. Course guide
2. Study unit
3. Textbook
4. Assignment file
5. Presentation schedule

## **STUDY UNIT**

There are 12 units in this course which should be studied carefully and diligently.

The breakdown of the four modules and twelve study units are as follows:

### **Module 1: Economic planning: Meaning, Terminologies and Contemporary Issues**

- Unit 1 Meaning of Economic planning
- Unit II: Features and Types of Planning in developing nations
- Unit III: Theories and Models of Economic Planning

### **Module 2: Concept and Approaches of Economic Growth and Development**

- Unit 1: Economic growth and Economic development
- Unit II Sustainable development
- Unit III: The concept of under-development

**Module 3 Economic Development Planning Experience in Nigeria.**

- Unit 1 The concept of national planning in Nigeria; Pre-independence to SAP era
- Unit II National economic plans during and after SAP era
- Unit III Visions and policy statements of economic plans in Nigeria

**Module 4: Planning Experiences in other Countries of the World.**

- Unit 1: Planning experience of selected developed countries
- Unit 2: Planning experience of India and Asian tigers
- Unit 3: Comparisons of economic plan of less developed and developed nations

Each study unit will take at least two hours, and it includes the introduction, objectives, main content, self-assessment exercise, conclusion, summary and references. Other areas border on the Tutor-Marked Assessment (TMA) questions. Some of the self-assessment exercise will necessitate discussion, brainstorming and argument with some of your colleagues. You are advised to do so in order to understand and get acquainted with historical economic event as well as notable periods.

There are also textbooks under the reference and other (on-line and off-line) resources for further reading. They are meant to give you additional information if only you can lay your hands on any of them. You are required to study the materials; practice the self-assessment exercise and tutor-marked assignment (TMA) questions for greater and in-depth understanding of the course. By doing so, the stated learning objectives of the course would have been achieved.

**TEXTBOOK AND REFERENCES**

For further reading and more detailed information about the course, the following materials are recommended:

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Adegboyega, T. (2006, December 10). Reforms: OBJ's sanctimonious sermon. *The Nation*.

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- Jaja, S. (2000). History of budgeting and planning in Nigeria: Lessons for the fourth Republic. In Akpuru-Aja, A. and Emeribe, E (eds) *Policy and contending issues in Nigeria National Development Strategy*. Enugu: John Jacobs Publishers.
- Jhingan, M.L. (2007). *The economics of development and planning* (39th ed.). India: Vrinda Publications.
- Koha, S. (1994). *Nigeria: The political economy of oil*. London: Oxford University Press.
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- Okojie, C. E. (2002). Development planning since independence. In  
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- UNDP (2013). *Human Development Report*. New York: UNDP.
- Ziai, A. (2013). The discourse of development and why the concept should be abandoned. *Development in Practice*, 23(1), 123 – 136.

## **ASSIGNMENT FILE**

Assignment files and marking scheme will be made available to you. This file presents you with details of the work you must submit to your tutor for marking. The marks you obtain from these assignments shall form part of your final mark for this course.

Additional information on assignments will be found in the assignment file and later in this Course Guide in the section on assessment.

There are four assignments in this course. The four course assignments will cover: Assignment 1 - All TMAs' question in Units 1 – 3 (Module 1 )

Assignment 2 - All TMAs' question in Units 4 – 6 (Module 2)

Assignment 3 - All TMAs' question in Units 7 – 9 (Module 3)

Assignment 4 - All TMAs' question in Unit 10 – 12 (Module 4).

## **PRESENTATION SCHEDULE**

The presentation schedule included in your course materials gives you the important dates for this year for the completion of tutor-marked assignments and attending tutorials. Remember, you are required to submit all your assignments by due date. You should guide against falling behind in your work.

## **ASSESSMENT**

There are two types of the assessment of the course. First, are the tutor-marked assignments; second, there is a written examination.

In attempting the assignments, you are expected to apply information, knowledge and techniques gathered during the course. The assignments must be submitted to your tutor for formal assessment in accordance with the deadlines stated in the Presentation Schedule and the Assignments File. The work you submit to your tutor for assessment will count for 30 % of your total course mark.

At the end of the course, you will need to sit for a final written examination of three hours duration. This examination will also count for 70% of your total course mark.

## **TUTOR-MARKED ASSIGNMENTS (TMAS)**

There are four tutor-marked assignments in this course. You will submit all the assignments. You are encouraged to work all the questions thoroughly. The TMAs constitute 30% of the total score.

Assignment questions for the units in this course are contained in the

Assignment File. You will be able to complete your assignments from the information and materials contained in your set books, reading and study units. However, it is desirable that you demonstrate that you have read and researched more widely than the required minimum.

You should use other references to have a broad viewpoint of the subject and also to give you a deeper understanding of the subject.

When you have completed each assignment, send it, together with a TMA form, to your tutor. Make sure that each assignment reaches your tutor on or before the deadline given in the Presentation File. If for any reason, you cannot complete your work on time, contact your tutor before the assignment is due to discuss the possibility of an extension. Extensions will not be granted after the due date unless there are exceptional circumstances.

## FINAL EXAMINATION AND GRADING

The final examination will be of three hours duration and have a value of 70% of the total course grade. The examination will consist of questions which reflect the types of self-assessment practice exercises and tutor-marked problems you have previously encountered. All areas of the course will be assessed. Revise the entire course material using the time between finishing the last unit in the module and that of sitting for the final examination. You might find it useful to review your self-assessment exercises, tutor-marked assignments and comments on them before the examination. The final examination covers information from all parts of the course.

## COURSE MARKING SCHEME

The Table presented below indicates the total marks (100%) allocation.

Assignment	Marks
Assignments (Best three assignments out of four that is marked)	30%
Final Examination	70%
<b>Total</b>	<b>100%</b>

## COURSE OVERVIEW

The Table presented below indicates the units, number of weeks and assignments to be taken by you to successfully complete the course.

Units	Title of Work	Week's Activities	Assessment (end of unit)
	Course Guide		

<b>Module 1 Economic Planning: Meaning, Terminologies and Contemporary issues</b>			
1	Meaning of Economic planning	Week 1	Assignment 1
2	Features and Types of Planning in developing nations	Week 2	Assignment 1
3	Theories and Models of Economic Planning	Week 3	Assignment 1
<b>Module 2 Concept and Approaches of Economic Growth and Development</b>			
1	Economic growth and Economic development	Week 4	Assignment 2
2	Sustainable Development	Week 5	Assignment 2
3	The Concept of Under-development	Week 6	Assignment 2
<b>Module 3 Economic Development Planning Experience in Nigeria</b>			
1	The concept of national planning in Nigeria; Pre- independence to SAP era	Week 7	Assignment 3
2	National economic plans during and after SAP era	Week 8	Assignment 3
3	Visions and policy statements of economic plans in Nigeria	Week 9	Assignment 3
<b>Module 4 Planning Experiences in other Countries of the World</b>			
1	Planning experience of selected developed countries	Week 10	Assignment 4
2	Planning experience of India and Asian Tigers	Week 11	Assignment 4
3	Comparisons of economic plan of less developed and developed nations	Week 12	Assignment 4

## HOW TO GET THE MOST FROM THIS COURSE

In distance learning the study units replace the university lecturer. This is one of the great advantages of distance learning; you can read and work through specially designed study materials at your own pace and at a time and place that suit you best.

Think of it as reading the lecture instead of listening to a lecturer. In the same way that a lecturer might set you some reading to do, the study

units tell you when to read your books or other material, and when to embark on discussion with your colleagues. Just as a lecturer might give you an in-class exercise, your study units provides exercises for you to do at appropriate points.

Each of the study units follows a common format. The first item is an introduction to the subject matter of the unit and how a particular unit is integrated with the other units and the course as a whole. Next is a set of learning objectives. These objectives let you know what you should be able to do by the time you have completed the unit.

You should use these objectives to guide your study. When you have finished the unit you must go back and check whether you have achieved the objectives. If you make a habit of doing this you will significantly improve your chances of passing the course and getting the best grade.

The main body of the unit guides you through the required reading from other sources. This will usually be either from your set books or from a readings section. Some units require you to undertake practical overview of historical events. You will be directed when you need to embark on discussion and guided through the tasks you must do.

The purpose of the practical overview of some certain historical economic issues are in twofold. First, it will enhance your understanding of the material in the unit. Second, it will give you practical experience and skills to evaluate economic arguments, and understand the roles of history in guiding current economic policies and debates outside your studies. In any event, most of the critical thinking skills you will develop during studying are applicable in normal working practice, so it is important that you encounter them during your studies.

Self-assessments are interspersed throughout the units, and answers are given at the ends of the units. Working through these tests will help you to achieve the objectives of the unit and prepare you for the assignments and the examination. You should do each self- assessment exercises as you come to it in the study unit. Also, ensure to master some major historical dates and events during the course of studying the material.

The following is a practical strategy for working through the course. If you run into any trouble, consult your tutor. Remember that your tutor's job is to help you. When you need help, don't hesitate to call and ask your tutor to provide it.

1. Read this Course Guide thoroughly.
2. Organize a study schedule. Refer to the 'Course overview' for more

details. Note the time you are expected to spend on each unit and how the assignments relate to the units. Important information, e.g. details of your tutorials, and the date of the first day of the semester is available from study centre. You need to gather together all this information in one place, such as your diary or a wall calendar. Whatever method you choose to use, you should decide on and write in your own dates for working through each unit.

3. Once you have created your own study schedule, do everything you can to stick to it. The major reason that students fail is that they get behind with their course work. If you get into difficulties with your schedule, please let your tutor know before it is too late for help.
4. Turn to Unit 1 and read the introduction and the objectives for the unit.
5. Assemble the study materials. Information about what you need for a unit is given in the 'Overview' at the beginning of each unit. You will also need both the study unit you are working on and one of your set books on your desk at the same time.
6. Work through the unit. The content of the unit itself has been arranged to provide a sequence for you to follow. As you work through the unit you will be instructed to read sections from your set books or other articles. Use the unit to guide your reading.
7. Up-to-date course information will be continuously delivered to you at the study centre.
8. Work before the relevant due date (about 4 weeks before due dates), get the Assignment File for the next required assignment. Keep in mind that you will learn a lot by doing the assignments carefully. They have been designed to help you meet the objectives of the course and, therefore, will help you pass the exam. Submit all assignments not later than the due date.
9. Review the objectives for each study unit to confirm that you have achieved them.

If you feel unsure about any of the objectives, review the study material or consult your tutor.

10. When you are confident that you have achieved a unit's objectives, you can then start on the next unit. Proceed unit by unit through the course and try to pace your study so that you

keep yourself on schedule.

11. When you have submitted an assignment to your tutor for marking do not wait for it return before starting on the next units. Keep to your schedule. When the assignment is returned, pay particular attention to your tutor's comments, both on the tutor-marked assignment form and also written on the assignment. Consult your tutor as soon as possible if you have any questions or problems.
12. After completing the last unit, review the course and prepare yourself for the final examination. Check that you have achieved the unit objectives (listed at the beginning of each unit) and the course objectives (listed in this Course Guide).

## **TUTORS AND TUTORIALS**

There are some hours of tutorials (2-hours sessions) provided in support of this course. You will be notified of the dates, times and location of these tutorials, together with the name and phone number of your tutor, as soon as you are allocated a tutorial group. Your tutor will mark and comment on your assignments, keep a close watch on your progress and on any difficulties you might encounter, and provide assistance to you during the course. You must mail your tutor-marked assignments to your tutor well before the due date (at least two working days are required). They will be marked by your tutor and returned to you as soon as possible.



Do not hesitate to contact your tutor by telephone, e-mail, or discussion board if you need help. The following might be circumstances in which you would find help necessary. Contact your tutor if:

- You do not understand any part of the study units or the assigned readings
- You have difficulty with the self-assessment exercises
- You have a question or problem with an assignment, with your tutor's comments on an assignment or with the grading of an assignment.
- You should try your best to attend the tutorials. This is the only chance to have face to face contact with your tutor and to ask questions which are answered instantly. You can raise any problem encountered in the course of your study. To gain the maximum benefit from course tutorials, prepare a question list before attending them. You will learn a lot from participating in discussions actively.

## SUMMARY

The course, Economic Planning I (ECO 441), was designed to introduce to you and to teach you the basics and rudiments of Economic Planning. In this course, attention is given to the theories, practices, processes and strategies of economic planning as adopted by Nigeria, some selected developed countries like the United States of America, France, Soviet States, China, India, Singapore, and Malaysia and their planning experiences to target desired Economic growth and development and draw their comparisons to Nigeria's experience. It is basically concerned with the explanations of the theories, processes and strategies involved in Economic planning that can be adopted by the central authority to exercise their conscious effort of achieving definite targets and objectives within a specified period of time. In this wise, Economic planning incorporate all aspect of human development aspirations to accelerate the pace of a country's social, economic and political development. More specifically, it is a study that shows the strategic economic plan theories of deliberate control and direction of the economy, by a central authority through various tools and sub-systems within the main system, for the purpose of achieving definite targets and objectives within a specified period of time bearing in mind the economic development indices of food security, housing, health care, water supply and education.

On successful completion of the course, you would have developed critical thinking skills with the material necessary for proper economic planning. However, to gain a lot from the course please try to apply

anything you learn in the course to term papers writing in other development economics courses which can also help you to cope with the second part, economic planning II, which will be duly served next semester. We wish you success with the course and hope that you will find it interesting, handy and fascinating.

## MAIN COURSE

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**MODULE 1****Economic planning: Meaning, Terminologies and Contemporary issues**

Unit 1: Meaning of Economic Planning

Unit II: Features and Types of Planning in Developing Nations

Unit III: Theories and Models of Economic Planning

UNIT 1: Meaning of Economic Planning.

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**1.0 INTRODUCTION**

You must have read the Course Guide and it is assumed that you have familiarized

yourself with the introductory comments. This unit is the first among the three constituents units of this module. The main thrust of this unit is to introduce you to the meaning of Economic Planning as a concept, show its objectives, and highlight the rationale for planning. This unit is fundamental to the understanding of subsequent units and modules. This is simply because other units and modules will be discussed on the basis of the fundamental concepts explained here, hence, requires your maximum attention and understanding. Planning involves setting of goals, objectives and targets and determining how they will be achieved. As a student of economics, you should know that economic planning is a deliberate governmental attempt to coordinate economic decision making over the long run and to influence, direct, and in some cases even control the level and growth of a nation's principal economic variables to achieve a predetermined set of development objectives.

**2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- ☐ Define in your own words what economic planning is as established by scholars.

- Enumerate the objectives of economic planning available to planners. Identify the rationales for economic planning.

### **3.0 MAIN CONTENT**

#### **3.1 What is Economic planning ?**

Generally, our focus in this course is to understand the meaning of economic planning, its applications and implementation to achieving set economic development targets of a drawn actual economic plan. It is important for you to know that planning is essential in whatever we do, both at micro and macro level of human existence, given the limited resources at our disposal which is of paramount importance to even the planning authorities, that is, the government, for them to meet up with the set targets of developing the economy using available resources. The questions of poverty, high unemployment rate, high inflation rate, high cost and standard of living, decay infrastructural facilities, high exchange rate, low level of savings and investments, inequalities in income distributions etc, to mention but few could be better answered if proper economic development planning is given a priority and drawn to meet up with the set targets. Therefore, planning is essential in anything we do. To start with, it is important for us to examine what planning is all about. This will provide a convenient platform to have a full grasp of the entire course content.

Let us begin our understanding of economic planning by first defining the word planning.

According to Otokiti S.O (1999), planning as understood by economists implies centralized control, conscious and deliberate layout of the national resources with a definite end in view, incorporating all economic aspect which is well coordinated and integrated so as to eliminate duplication and wasteful competition. For example as a lay man, putting up a building requires a knowledge of the requirements like sand, gravel, cement, etc , how much it costs, the time it will take to build it and the number of labourers required. Hence proper planning is needed. In the economy, the macroeconomic decision of answering the basic economic problem questions of evenly distributed resources is the pure responsibility of the government which calls for careful strategic planning.

Therefore, to plan is to act in the light of a definite predetermined objectives by designing and manipulating of factors which govern the achievement of the given targets so as to attain specific goals within the time limit which the planner sets to achieve.

Otokiti (1999), define economic planning as a deliberate control and

direction of the economy , by a central authority through various tools and sub-systems within the main system, for the purpose of achieving definite targets and objectives within a specified period of time.

On the other hand, Todaro and Smith (2011), define economic planning as a deliberate and conscious attempt by the state to formulate decisions on how the factors of production shall be allocated among different users or industries, thereby determining how much of total goods and services shall be produced in one or more ensuing periods. Jhingan (2011), define economic planning as a deliberate control and direction of the economy by a central authority for the purpose of achieving definite targets and objectives within a specified period of time

In the light of the above definitions of economic planning, as economics students, you should understand that there has to be a vision, mission, targets and timing periods for a definite plan to be actualised. Countries like USA, UK, INDIA, MALAYSIA, and SINGAPORE, carefully took their economic planning formulation and implementation seriously which position them in the place they occupy now in the committee of nations in the world. However, this is not the case with the less developed countries of which Nigeria is one. This has contributed to the level of economic backwardness that is visible in their economies. It is also important to state that there are objectives of economic planning that are available to planners.

### **SELF-ASSESSMENT EXERCISE**

Briefly discuss the meaning of the word economic planning.

### **3.2 Objectives of economic planning .**

In this section, we shall look at the objectives of economic planning.

The following are

the objectives of economic planning as outlined by Pooja Mehta.

#### **1. Economic Development:**

The main objective of every economic planning is to achieve the goal of economic

development. Economic development is necessary for less developed countries because they can solve the problems of general poverty, unemployment and backwardness through it. Economic development is concerned with the increase in per capita income and causes behind this increase. In order to calculate the economic development of a country, we should take into consideration, not only increase in its total production capacity and consumption, but also increase in its population. Economic development refers to the raising of the people

from inhuman elements like poverty, unemployment and ill health etc.

## **2. Increase Employment:**

Another objective of economic planning is better utilization of man power resources and increasing employment opportunities. Measures should be taken to provide employment to millions of people during the plans.

## **3. Self-Sufficient:**

It has been the objective of the plans that the country becomes self-sufficient regarding food grains and industrial raw material like iron and steel etc. Also, growth is to be self-sustained for which rates of saving and investment are to be raised. This objective should be to get rid of dependence on foreign aid by increasing export trade and developing internal resources.

## **4. Economic Stability:**

Stability is as important as growth. It implies absence of frequent and excessive occurrence of inflation and deflation. If the price level rises very high or falls very low, many types of structural imbalances are created in the economy. Economic stability has been one of the objectives of every plan in developing countries especially in Nigeria and India. Some rise in prices is inevitable as a result of economic development, but it should not be out of proportions.

## **5. Social Welfare and Services:**

The objective should be to promote labour welfare, economic development of backward classes and social welfare of the poor people. Development of social services like education, health, technical education, scientific advancement etc. should always be the concern of economic planning of any economy.

## **6. Comprehensive Development:**

All round development of the economy is another objective that should be given consideration. Development of all economic activities vis-à-vis, agriculture, industry, transport, power sectors etc. should be sought to be simultaneously achieved. Likewise, other less developed rural regions should be incorporated in the plan for proper development to reduce rural-urban migration in the economy.

## **7. To Reduce Economic Inequalities:**

Every plan is aimed at reducing economic inequalities. Economic inequalities are indicative of exploitation and injustice in the country. It results in making the rich richer and the poor poorer. Several measures have to be taken in a plan to achieve the objectives of economic equality especially by way of progressive taxation and

reservation of jobs  
for the economically backward classes. .

### **8. Social Justice:**

Another objective of every plan is to promote social justice. It is possible in two ways,  
one is to reduce the poverty of the poorest section of the society and the other is to reduce the inequalities of wealth and income and to redistribute it evenly.

### **9. Increase in Standard of Living:**

The other objective of a plan is to increase the standard of living of the people. Standard  
of living depends on many factors such as per capita increase in income, price stability, equal distribution of income etc.  
In view of these objectives, it is pertinent that the central authority, which is the government, is left with no choice than to adopt holistic economic measures and blue  
print plan aimed at achieving sustained economic growth and development in the  
economy. Let us consider the rationales for economic planning.

## **SELF ASSESSMENT EXERCISE**

Enumerate and discuss five objectives of economic planning in less developed countries.

### **3.3 Rationales for planning in less developed countries**

One of the principal objectives of planning in developing countries is to increase the rate  
of economic development. According to Gadgil (2002), planning for development implies external direction or regulation of economic activity by the planning authority which in most cases is identified as the government. LDC's are characterized with low level of savings, low level of income, and therefore what is prevalent in such countries are poverty ridden people. This vicious economic circle can only be broken by planned development. This can be achieved through importing capital from abroad known as foreign direct investment (FDI) and localized forced savings to support the level of industrialization. Therefore, the rationale and the need for planning in such countries are the following.

#### **1. Strengthen the market mechanism**

The market mechanism works imperfectly in LDC's because of the ignorance and lack of  
familiarity with it. This is so because the production factor; money and capital markets are not organized properly, thus the price system fails to



bring about adjustments between aggregate demand and supply of good and services. Therefore, to remove market imperfection, to mobilize and utilize efficiently the available resources, to determine the amount and composition of investment and to overcome structural rigidities, the market mechanism is required to be perfected in LDC's through planning using a workable economic planning blue print.

## **2. The necessity of removing unemployment.**

Unemployment is a situation where resources are not fully utilized. Capital is scarce and labour is in abundance thereby creating the problem of providing gainful employment and resulting in absence of sufficient enterprises and initiatives. This requires an urgent attention by the planning authority in LDC's to immediately adopt an economic planning roadmap that can salvage the situation.

## **3. The development of agricultural and industrial sectors.**

Agricultural sector is known to produce food for household, raw materials for industries and foreign earnings to government when exported abroad. Industrial sector on the other hand utilizes the raw materials from the agricultural sector for the production of further finished goods that can be used for infrastructural development like roads, railways, power stations etc. Therefore there should be a conscious attempt by the LDC's planning authority to have a roadmap planning strategies towards the development of their agricultural and industrial sectors.

## **4. The necessity of removing the nation's poverty.**

The need for reducing inequalities income and wealth raising per-capital income, increasing employment opportunities, all round rapid development and national independence substance requires a careful and conscious idea of planning targeted through a planning model that can achieve this. This was seen in the rapid development and transformation of USSR now Russia, a poor country at that time before target industrial planning was introduced, embraced and adopted.

To sum this up, planning for economic development is undertaken presumably because the pace of direction of development taking place in the absence of external intervention is not considered to be satisfactory and because it is further held that appropriate external intervention will result in increasing considerably the pace of development and directing it properly.

## **SELF ASSESSMENT EXERCISE**

Enumerate and discuss three rationales for planning in less developed countries.

#### 4.0 CONCLUSION

From our discussion so far on the Meaning of Economic Planning, we can infer the following facts:

- Economic planning as understood by the majority of economists implies deliberate control and direction of the economy by a central authority for the purpose of achieving definite targets and objectives within a specified period of time.
- Planning authorities must have clear economic plan objectives with definite time frame of achieving it.
- For a major rational of economic planning to take place, the necessity of removing the nation's poverty should be of priority.

#### 5.0 SUMMARY

In this unit, we have attempted to show various definitions of economic planning from various scholars of repute. Also, from the point of view of harmonization, you have learnt that all the definitions agreed to the fact that economic planning as understood by majority of economists implies deliberate control and direction of the economy by a central authority for the purpose of achieving definite targets and objectives within a specified period of time. It is believed that understanding of this unit has given you a basis for the understanding of the next unit and in fact subsequent modules. It is expected that the reader be anxious of reading more about the features and various types of planning in less developed countries and developed nations which will be duly served in the next unit.

#### 6.0 TUTOR-MARKED ASSIGNMENT

Discuss the meaning of economic planning as defined by various economic scholars.

#### 7.0 REFERENCES/FURTHER READING

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## **UNIT 1I        FEATURES AND TYPES OF PLANNING IN DEVELOPING NATIONS.**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
- 3.1 Types of Planning in less developed countries
- 3.2 The main features of economic planning in developing countries
- 3.3 Relevance of development models to economic planning
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

The reader must have familiarized with the explicit explanations in the first unit of this module which discusses what economic planning is and what it entails. This unit is the second among the three constituents units of this module. The main thrust of this unit is to show the features and various types of economic planning. It will also highlight the relevance of development models to actual economic planning. This unit is also fundamental to the understanding of subsequent units.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- Show the various types of economic planning that can be identified.
- Enumerate the relevance of development models to economic planning .
- Identify the features of economic planning in Less Developed Countries.

### **3.0 MAIN CONTENTS**

#### **3.1 Types of Planning in less developed countries:**

There are various types of planning which are discussed vividly below as pointed out by

Jhingan (2011). Let us now examine them one by one.

**1. Planning by Direction and Planning by Inducement:**

Planning by direction is an integral part of a socialist society. It entails complete absence

of laissez-faire. There is one central authority which plans, directs, and orders the execution of the plan in accordance with pre-determined targets and priorities. Such

planning is comprehensive and encompasses the entire economy.

Planning by inducement is democratic planning. It means planning by manipulating the market. There is no compulsion but persuasion. There is freedom of enterprise, freedom of consumption and freedom of production. But these freedoms are subject to state control and regulation. People are induced to act in a certain way through various monetary and fiscal measures. Thus, planning by inducement is able to achieve the same results as are likely to be achieved in planning by direction but with less sacrifice of individual liberty.

**2. Financial Planning and Physical Planning:**

Financial planning refers to the technique of planning in which resources are allocated in

terms of money. Financial planning is essential in order to remove maladjustments between supplies and demand and for calculating costs and benefits of the various projects. Thus, financial planning is thought to secure a balance between demands and supplies, avoid inflation and bring about economic stability.

Physical planning refers to the allocation of resources in terms of men, materials and machinery. In physical planning, an overall assessment is made of the available real resources such as raw materials, manpower, etc., and how they have to be obtained so that bottlenecks may be eliminated during the plan. Physical planning requires the fixation of physical targets with regard to agricultural and industrial production, socio-cultural and transportation services, consumption levels and in respect of employment, income and investment levels of the economy. Physical planning has to be viewed as an overall long-term planning rather than a short-term piecemeal planning.

**3. Perspective Planning and Annual Planning:**

Perspective planning refers to long-term planning in which long range targets are set in

advance for a period of 15, 20, or 25 years. A perspective plan, however, does not imply one plan for the entire period of 15 or 20 years. In reality, the broader objectives and targets are to be achieved within the

specified period of time by dividing the perspective plan into several short-period plans of 4, 5 or 6 years. Not only this, a five year plan is further broken up into annual plans so that each annual plan fits into the broad framework of the five-year plan. Plans of either kind are further divided into regional and sectoral plans. Regional plans pertain to regions, districts and localities and sectoral plans pertain to plans for agriculture, industry, foreign trade etc. Annual planning can also be incorporated into a budget which is made by a country yearly. For example we shall see this type of planning that Nigeria undertook.

#### **4. Indicative Planning and Imperative Planning:**

This is the French system of planning which is based on the principle of decentralization

in the operation and execution of the national plans. This type of planning is not imperative but flexible. In indicative planning the private sector is neither rigidly controlled nor directed to fulfill the targets and priorities of the plan. Even then, the

private sector is expected to fulfill the targets for the success of the plan. The state

provides all types of facilities to the private sector but does not direct it, rather indicates the areas in which it can help in implementing the plan.

On the other hand, under imperative planning all economic activities and resources of the economy operate under the direction of the state.

There is complete control over the

factors of production by the state. The entire resources of the country are used to the maximum in order to fulfill the targets of the plan. There is no consumers sovereignty in

such planning. Decisions about what and how much to produce are taken by the

managers of firms and factories on the directive of the planning commission or a central

planning authority. Since government policies and decisions are rigid, they cannot be changed easily.

#### **5. Democratic Planning and Totalitarian Planning:**

In totalitarian or authoritarian planning there is central control and direction of all

economic activities in accordance with a single plan. There is planning by direction where consumption, production, exchange, and distribution are all controlled by the state. In totalitarian planning, the planning authority is the supreme body. It decides about the targets, schemes, allocations, methods and procedures of implementation of the plan.

There is absolutely no opposition to the plan. People have to

accept and rigidly implement the plan.

In democratic planning, the philosophy of democratic government is accepted as the ideological basis. People are associated at every step in the formulation and

implementation of the plan. Cooperation of different agencies, and voluntary groups, and

associations plays a major role in the execution of the plan. Democratic planning respects the institution of private property. Price mechanism is allowed to play its due role. The government only seeks to influence economic and investment decisions in the private sector through fiscal and monetary measures. The private sector operates side by side with the public sector. Democratic planning aims at the removal of inequalities of income and wealth through peaceful means by taxation and government spending on social welfare and social security schemes. Individual freedom prevails and people enjoy social, economic and political freedoms.

#### **6. Rolling and Fixed Plans:**

In a rolling plan, every year three new plans are made and acted upon. First, there is a

plan for the current year which includes the annual budget and the foreign exchange budget. Second, there is a plan for a number of years, say three, four or five. Third, a

perspective plan for 10, 15 or 20 or even more years is presented every year in which the

broader goals are stated and the outlines of future development are forecast. The annual one-year plan is fitted into the same year's new three, four or five year plan, and both are framed in the light of the perspective plan.

In contrast to the rolling plan, there is a fixed plan for four, five, six or seven years. A fixed plan lays down definite aims and objectives which are required to be achieved during the plan period. For this purpose, physical targets are fixed along with the total outlay. Physical targets and financial outlays are seldom changed except under emergencies. Planning in India (Five-Year) and Russia (Seven-Year) is of the fixed type. In Nigeria, rolling plan and fixed plan were also considered and used at one point or the other. This will be critically discussed in subsequent module of this course.

#### **7. Centralised and Decentralised Planning:**

Under centralized planning, the entire planning process is under a central planning

authority. The authority formulates a central plan, fixes objectives,

targets, and priorities for every sector of the economy. The principle problems of the economy – what and how much to produce, how and for whom to be produced etc, are decided by this authority.

The entire planning process is based on bureaucratic control and regulation. Naturally,

such planning is rigid. There is no economic freedom and all economic activities are directed from above.

On the other hand, decentralized planning refers to the execution of the plan from the grass roots. Under it, a plan is formulated by the central planning authority in

consultation with the different administrative units of the country. The central plan

incorporates plans under the central schemes, and plans for the states under a federal set- up. The state plans incorporate district and village level plans. Under decentralized planning, prices of goods and services are determined by the market mechanism despite government control and regulation in certain fields of economic activity.

### **SELF ASSESSMENT EXERCISE**

Enumerate and discuss five types of planning in less developed countries.

### **3.2 The main features of economic planning in developing countries.**

By now, the various types of planning available must have been clear to you.

The following are the main features of economic planning in developing countries . In developing countries, we can identify some features of economic planning:

- i. The governments mobilize domestic resources and also raise foreign finance to carry out such projects which are expected to induce productive activities in the private sector. This involves the development of infrastructure and heavy industries. For example Nigeria borrows from foreign creditors like IMF, ADB, Paris club etc. to finance infrastructural projects in the past.
- ii. The governments adopt certain monetary and fiscal policies to stimulate private economic activity and to ensure harmony between the social objectives of the government and the behaviour of the private producers and businessmen.

Let it be known to you that in developing economies, decision making in the economy is also a pointer to the fact that both private business owners and the government contributes to resources mobilization in the economy.



- iii. People enjoy economic, social and religious freedom. People have freedom to conduct such economic activities as consumption, production, exchange, investments etc. in the national interest and social welfare of the community as a whole.
- iv. People's co-operation is sought in the preparation of the plan. There is close relationship between welfare of the people and economic activities.
- v. One of the aims of planning is to co-ordinate the activities of public and private sectors.
- vi. People's co-operation is sought in achieving the targets of the plan by giving them proper incentives.
- vii. Economic activities are conducted both to earn profit and promote social welfare.
- viii. Under democratic planning, both price mechanism and government decisions are important.
- ix. Objectives of public sector and private sector are co-ordinated.
- x. It is quite a flexible planning. There is enough scope to modify the targets of private sector. Targets of Public Sector are subject to change according to changed circumstances.
- xi. It has a tendency of decentralization.
- xii. Its main objective is to raise the standard of living of the people quickly. As such, consumer goods industries are given as much importance as heavy industries.

From the above features of planning in mixed developing economy, it is clear that the market and economic planning are complementary to one another.

### **SELF-ASSESSMENT EXERCISE**

Identify and explain the main features of economic planning in developing countries.

### **3.3 Relevance of development models to economic planning.**

The following are the relevance of development models to planning. We shall critically

discuss this in Economic planning II which is the concluding part of economic planning course material.

- a. It provides a framework for checking of consistency or the optimality of the official plan targets.
- b. It provides a framework for the actual setting of targets.
- c. It provides a framework for the evaluation and selection of projects.

- d. It provides an insight into the structure of the economy and its dynamics to help better policy decisions.
- e. It assists in budget and budgeting control.
- f. It helps the preparation of feasible plan.
- g. It helps the projection and forecasting of measurable changes.
- h. It helps in adjusting competing participants within available time path
- i. It helps the planning authorities to know their objectives, instrument variables and the functional relationship of the variables in the desired plan and how to achieve it.
- j. It gives the planner a clear direction to follow on a projected economic plan.

### **SELF-ASSESSMENT EXERCISE**

Briefly explain five relevance of development models to economic planning of your country.

### **4.0 CONCLUSION**

From our discussion so far on types and features of Economic Planning in developing nations, we can deduce the following facts:

- That types of planning could be fixed, rolling, centralized and decentralized in nature.
- That the government mobilizes domestic resources and also raises foreign finance to carry out such projects which are expected to induce productive activities in the private sector. .
- That development models are relevant to providing a framework for the actual setting of targets in economic planning.

### **5.0 SUMMARY**

In this unit, we have attempted to show the types of Planning in less developed countries, the main features of economic planning in developing countries and the relevance of development models to economic planning. From the point of view of harmonization of all these rationale, you have learnt that all these are a good model road map for a successful economic planning and development. It is believed that your understanding of this unit has given you a basis for the understanding of the next unit and in fact subsequent modules. It is expected that you should be anxious of reading more about theories and models of economic planning which will be duly served in the next unit.

## 6.0 TUTOR-MARKED ASSIGNMENT

Economic planning model are relevant in building up economic plan in Nigeria. Discuss

## 7.0 REFERENCES/FURTHER READING

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**UNIT III: THEORIES AND MODELS OF ECONOMIC PLANNING. CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
- 3.1 What are Economic Planning Models?
- 3.2 Types of Planning models
- 3.3 Classical Theories of Economic Development Planning
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

**1.0 INTRODUCTION**

Our concluding discussion in this module will give us an introductory insight into what

we shall consider in Economic Planning II of this course. This unit is the third and last among the three constituents units of this module. The main thrust of this unit is to

discuss the theories and models of Economic Planning as a concept, show the meaning of

planning models and theories of economic planning. This unit is also fundamental to the understanding of subsequent units and modules. As a student of economics, you should know that a planning model specifies the relationships between endogenous and exogenous variables and aims at ensuring the consistency of the proposed plan for economic development. It is also meant to yield an optimally balanced collection of measures which can help the planning authority in the drawing of an actual plan.

**2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- Define what economic planning models are, as scholarly defined and in your own words.
- Enumerate and discuss types of planning models available to actual development plan making.
- Identify the theories of economic development planning that are available.

**3.0 MAIN CONTENT**

### 3.1 What are Economic planning models?

Generally, our focus in this unit is to understand the meaning of techniques and models of

Economic planning. It is important for you to know that planning is essential in whatever we do both at micro and macro level of human existence. Quantifying what we want to achieve as set targets and how to realize them given the limited resources at our disposal is of paramount importance to even the planning authorities that is the government for them to meet up with the set targets of developing the economy using available resources. This can only be done using quantitative equations which expresses relationships among economic variables to explain and predict past and future events under a set of simplifying assumptions known as Model. Planning models have been increasingly used

in less developed countries of which Nigeria is one, for the drawing up of plans for economic development. To start with, I consider it important for us to examine what Planning models is all about. I believe this will provide a convenient platform for us to have easy assimilations.

Let us begin our understanding of the models of economic planning by first defining the word ‘Models’.

According to Jhingan (2011), a model expresses the relationships among economic variables which explain and predict past and future events under a set of simplifying assumptions. In other words, a model consists of a series of equations each of which represents the association among certain variables.

Planning Model therefore is a series of mathematical equations which help in the drawing up of a plan for economic development. Jhingan M.L (2011).

On the otherhand, Otokiti S.O (1999) views an economic model as an organize set of

relationships, that describes the functioning of an economic entity whether it concerns, the individual, house hold or firm, the local government system, the regional or national economies, or the world economy under a set of simplifying assumptions. He also posits that in the context of planning economic models provide a logically, systematic and internally consistent operational framework, based on structural inter-relationships of sets and participants in the economy under consideration. A planning model, in other words sets out the relationship between the crucial (key) variables in the process of planned economic development within the stipulated time horizon of the plan. You should also know that most planning models belong to the category of what are known as decision or policy models. In these models a set of plan objectives is specified, policy measures to achieve these objectives are

isolated and their interrelationship worked out.

It is imperative to let you know that model may have endogenous and exogenous variables. Endogenous variables are those whose values are determined from within the system, examples of such are national income, consumption, savings, investment etc.

On the other hand, exogenous variable are determined from outside the system, Examples of such are prices, exports, imports, technological changes etc.

Therefore as a student of economics, you should know that a planning model specifies the relationships between endogenous and exogenous variables and aims at ensuring the consistency of the proposed plan for economic development. It is also meant to yield an optimally balanced collection of measures known as Model Targets which can help the planning authority in the drawing of an actual plan. It is also important to let you know that there are types of planning models which we shall consider in the next section of this unit.

### **SELF-ASSESSMENT EXERCISE**

Briefly discuss the meaning of the word economic planning models.

## **3.2 Types of Planning Models**

Having understood what economic planning models are, it is important for us to discuss

the various types of development planning models. Most development plans have traditionally been based initially on some more or less formalized macroeconomic model. Such economy wide planning model can be divided into three basic categories.

1. Aggregate growth, Macroeconomic or Simple Models
2. Multi-Sector Models
3. Decentralised Models

### **3.2.1 Aggregate growth, Macroeconomic or Simple Models**

The first category is the aggregate growth, macroeconomic or simple models which

involves macroeconomics estimate of planned or required changes in principal economic variables. It deals with the entire economy in terms of a limited set of macroeconomic variables deemed most critical to be determined by levels and growth rates of national output; that is savings, investment, capital stock, exports, imports, foreign aid etc. The model provides a convenient method for forecasting output (and perhaps also

employment) growth over a three to five year period. Harrod Domar and two gap models are of this type.

### 3.2.2 Multi-Sector Models

The second category is the multi-sector models. Multi-sector include input-output, social accounting and computable general equilibrium (CGE) models which ascertain among other things, the production, resources, employment and foreign exchange implication of a given set of final demand targets within an internally consistent framework of inter- industry product flows. It is a sophisticated approach to development planning in which the activities of the major industrial sectors of the economy are interrelated by a means of a set of simultaneous algebraic equations expressing the specific production processes or technology of each industry. All industries are viewed both as producers of outputs and users of inputs from other industries. For example, the agricultural sector is both a producer of output e.g. (wheat) and a user of input from the manufacturing sector e.g. (machinery, fertilizer), therefore there is interdependence of industry which could lead to direct and indirect repercussions of planned changes in the demand for the products of any one industry on outputs, employment, and imports of all other industries can be traced throughout the entire economy in an intricate web of economic interdependent. This inter-industry model can be used to determine intermediate material, import, labour and capital requirements with the result that a comprehensive economic plan with mutually consistent production levels and resource requirements can in theory be achieved.

### 3.2.3 Decentralised Models

The third stage or category of planning models is the decentralized models. It is the type that have sector of project level variables which are used to prepare models for individual sectors or projects. This type of models are useful in the early stages of a country's economic development when information is available for only individual sectors or projects, project evaluation or project appraisal and social cost benefit Analysis are techniques that fit into this category. The most important component of plan formulation is the detailed selection of specific investment projects within each sector through the decentralized models. You will be exposed in details to the workings of these models and their co-efficient in economic planning II next semester.

### SELF ASSESSMENT EXERCISE

Discuss the basic models available in economic development planning formulation in less developed countries.

### **3.3 Classical Theories of Economic Development Planning**

We shall be looking at some of the theories of development planning as applied by some economies of the world and its reflections as stated by Dang and Pheng Sui (2015) in their paper — Infrastructure Investments in Developing Economies. It is discussed below. Let us start by comparing the theories as argued out by development economists as follows.

#### **1. The Linear Stages of Growth Theories**

The first generation of economic development models was formulated in the early years after the World War II. These early models focused on the utility of massive injections of capital to achieve rapid GDP growth rates. The two famous models are Rostow's stages of growth model and the Harrod-Domar model (Todaro and Smith, 2009).

Theorists of the 1950s and early 1960s viewed the process of development as a sequence of historical stages. This view was popularized by Rostow (1995). Building on the historical pattern of the then developed countries, Rostow (1960) claimed that the transition from underdevelopment to development would pass through five stages: the traditional society, the preconditions for take-off, the take-off, the drive to maturity and the age of high mass consumption. The decisive stage is the take-off, through which developing countries are expected to transit from an underdeveloped to a developed state. Increasing rate of investments is considered to be necessary to induce per-capita growth. Like Rostow's stages of growth model and the Harrod-Domar model emphasized that the prime mover of the economy is investments. Every country therefore needs capital to generate investments. The principal strategies of development from the stage approach were commonly used by developing countries in the early post-war years.

With a target growth rate, the required saving rate can then be known. If domestic savings were not sufficient, foreign savings would be mobilized.

Every economy is assumed to have the same necessary conditions and would pass through the same phasing, stage by stage. But that economic growth path, which historically had been followed by the more developed countries, is not the only one



pathway. The development process is actually highly nonlinear according to Chenery (1960). Countries may pursue distinct development paths, economies may miss stages, or become locked in one particular stage, or even regress depending on many other complementary factors such as managerial capacities, and the availability of skilled labour for a wide range of development projects (Todaro and Smith, 2009).

## **2. Structural Change Theories**

During most of the 1960s and early 1970s, economists generally described the

development process as structural change by which the reallocation of labour from the agricultural sector to the industrial sector was considered the key source for economic growth. Two well-known representatives of this approach are the two-sector model of

Theories of Economic Development model (Lewis, 1954), and the structural change and

patterns of development (Chenery, 1960).

In Lewis' (1954) two-sector model or theory of surplus labour, labour increasingly moves away from the agricultural sector to the industrial sector. However, with unlimited supply of labour from the traditional sector, these transferred workers continually received only subsistence wages. The excess of modern sector profits over wages and hence investments in the modern sector continued to expand and generate further economic growth on the assumption that all profits would be reinvested. Both labour transfer and modern sector employment growth were in turn brought about by output expansion in that sector. This process of modern sector self-sustaining growth and employment expansion facilitated the structural transformation from a traditional subsistence economy to a more modern developed economy to take place. Like the Harrod–Domar model, the Lewis model considered savings and investments to be the driving forces of economic development but in the context of the less developed countries. However, several Lewis' assumptions are not valid such as those relating to rural surplus labour, and the proportional rate of expansion in capital accumulation in the modern sector (Todaro and Smith, 2009).

Although promoting the roles of savings and investments, the structural change and patterns of development analysis extended in comparison with the Lewis model. The analysis identified that the steady accumulation of physical and human capital is among the conditions necessary for economic growth, apart from savings and investments.

By focusing on the pattern of development rather than theory, the structural change models may mislead policy-makers. Since the reallocation of labour from the agricultural sector to the industrial sector

is considered the engine of economic growth, many developing countries implemented policies that often promote the industry and neglect agriculture. But the negative effects of policies that turned against that vital sector have come to be widely recognized (World Bank, 2000). Criticisms of these models were reinforced by the fact that in many developing countries, poverty was prevalent.

### **3. International Dependence Theories**

The international dependence theory was very popular in the 1970s and early 1980s.

The dependence theorists argued that underdevelopment exists because of the dominance of developed countries and multinational corporations over developing countries. The

theory is considered an extension of Marxist theory (Hein, 1992). The poor countries are

said to be dependent on the developed countries for market and capital. However, developing countries received a very small portion of the benefits that the dependent relationship brought about. The unequal exchange, in terms of trade against poor countries, made free trade a convenient vehicle of —exploitation for the developed countries. Developed countries can exploit national resources of developing countries through getting cheap supply of food and raw materials. Meanwhile, poor countries are unable to control the distribution of the value added to the products traded between themselves and the developed countries. The growth of international capitalism and multinational corporations caused poor countries to be further exploited and more dependent on the developed countries. Poor countries therefore could not expect sustained growth from that dependence. Following the international dependence theory, developing countries should therefore end the dependence by breaking up their relationships with the developed world, as well as by closing their doors on the developed countries (Elkan 1995; Ghatak 2003; Ferraro 2008).

The models gained increasing support among the developing countries because of the limited results of the stages and structural change models. However, the failures of the model were clearly reflected in the developing countries that followed the autarky policy. These countries often experienced stagnant growth and finally decided to open their economies once again such as China, Tanzania and India (Ferraro 2008; Todaro and Smith, 2009). Meanwhile, the experience of the newly industrialized economies of East Asia, namely Hong Kong, Singapore, Malaysia, Taiwan and South Korea, during the 1970s and 1980s showed that their success had been the result of emphasizing trade with the advanced industrial countries. The negative impacts of the policy of autarky rendered the theory out of favour in the 1980s.

#### 4. Neoclassical Counter-Revolution Theories

In the 1980s, neoclassical counter-revolution economists used three approaches, namely

the free market approach, the new political economy approach and the market-friendly approach, to counter the international dependence model. In contrast with the

international dependence model, these approaches mainly argued that underdevelopment is not the result of the predatory activities of the developed countries and the international

agencies but was rather caused by the domestic issues arising from heavy state intervention such as poor resource allocation, government-induced price distortions and

corruption (Meier 2000). As a response to public sector inefficiency, economists of the counter-revolution thinking, for example Bauer (1984), Lal (1983), Johnson (1971), and

Little (1982), focused on promoting free markets, eliminating government-imposed distortions associated with protectionism, subsidies and public ownership.

Neoclassical economists focused on the market to find a way out for the developing

countries. Policies of liberalization, stabilization and privatization therefore become the central elements of the national development agenda. Foreign trade, private international investments and foreign aid

flowing into the developing countries were expected to accelerate economic efficiency and economic growth of these countries.

Empirically, the models, however, did not bring about the expected results. The growth rates per capita have diverged among countries (Azariadis and Drazen 1990). Several African countries focusing on

these issues achieved an average growth rate of only 0.5 % per year.

With weak and inadequate legal and regulatory framework, not to mention the different institutional, cultural and historical context of the developing countries, free market in these countries failed to stimulate economic development (World Bank, 2000).

#### 5. The New Growth Theory

Endogenous growth or the new growth theory emerged in the 1990s to explain the

poor performance of many less developed countries, which have implemented policies as prescribed in neoclassical theories. Unlike the Solow model that considers technological

change as an exogenous factor, the new growth model notes that technological change

has not been equal nor has it been exogenously transmitted in most developing countries

(World Bank, 2000).

New growth theorists (Romer 1986; Lucas 1988; Aghion and Howitt 1992) linked the technological change to the production of knowledge. The new growth theory emphasizes that economic growth results from increasing returns to the use of knowledge rather than labour and capital. The theory argues that the higher rate of returns as expected in the Solow model is greatly eroded by lower levels of complementary investments in human capital (education), infrastructure, or research and development (R&D). Meanwhile, knowledge is different from other economic goods because of its possibility to grow boundlessly. Knowledge or innovation can be reused at zero additional cost. Investments in knowledge creation therefore can bring about sustained growth. Moreover, the knowledge could create the spillover benefits to other firms once they obtained the knowledge. However, markets failed to produce enough knowledge because individuals cannot capture all of the gains associated with creating new knowledge by their own investments. Policy intervention is thus considered necessary to influence growth in the long term. The new growth models therefore promote the role of government and public policies in complementary investments in human capital formation and the encouragement of foreign private investments in knowledge-intensive industries such as computer software and telecommunications (Meier, 2000).

Although the new growth theory helps to explain the divergence in growth rates across economies, it was criticized for overlooking the importance of social and institutional

structures (Skott and Auerbach, 1995). Its limited applicability lies in its assumptions. For example, it treats the economy as a single firm that does not permit the crucial

growth-generating reallocation of labour and capital within the economy during the process of structural change. Moreover, there are many other factors which provide the

incentives for economic growth that developing countries lack such as poor infrastructure, inadequate institutional structures and imperfect capital and goods markets

(Cornwall and Cornwall, 1994). Policy-makers will therefore need to pay careful attention to all of the factors that determine the changes and their impacts on the aggregate growth rate.

## **6. Theory of Coordination Failure**

The foundation of the theory of coordination failure is the idea that the market may fail to

achieve coordination among complementary activities. When complementarities exist, that is when returns of one investment depend on the presence or extent of other investments, there exist two scenarios. On the one hand, optimally, all investors as a whole are better off with all investments to be achieved at the same time. On the other hand, it would not

make sense for an investor to take similar actions when he believes that others may not do the same as well. The market is said to have failed to coordinate investors' actions in this way. Coordination failure therefore leads the market to an (equilibrium) outcome inferior to a potential situation in which resources would be optimally allocated and all agents would be better off. As a result, underdevelopment equilibrium is possible (Hoff and Stiglitz, 2000). The theory of coordination failure became influential in the 1990s.

### **SELF-ASSESSMENT EXERCISE**

Briefly discuss four theories of economic development planning.

### **4.0 CONCLUSION**

From our discussion so far on Theories and Models of Economic Planning, the following facts were drawn:

- For effective Economic development planning of any nation, it must possess a formidable development planning model upon which the plan is built.
- The three stages or types of development planning models are aggregate or macroeconomic models, multi-sector or inter industry models and the decentralized models.
- Planning authorities should adopt economic development theories which have clear objectives with definite time frame to achieve the policy objectives and targets

### **5.0 SUMMARY**

In this unit, we have attempted to show various definitions on models and techniques of economic planning from various scholars of repute. Also, from the point of view of harmonization, you have learnt that all the definitions agreed to the fact that planning model is a series of mathematical equations which help in the drawing up of a plan for economic development, we have also considered types of planning models and the theories of economic development planning. It is

believed that your understanding of this unit will prepare you well for this course. It is expected that you should be anxious of reading more about the next module.

## **6.0 TUTOR-MARKED ASSIGNMENT**

Discuss the meaning of economic planning models and the types of planning models in less developed countries .

## **7.0 REFERENCES/FURTHER READING**

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**MODULE 2****THE CONCEPT AND APPROACHES OF ECONOMIC GROWTH AND DEVELOPMENT**

Unit 1: Economic development and economic growth

Unit II: Sustainable development

Unit III: Concept of underdevelopment

**UNIT 1: ECONOMIC DEVELOPMENT AND ECONOMIC GROWTH****CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Meaning and concept of economic development and growth
  - 3.2 Measurement of economic development
  - 3.3 Human Development Index
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

**1.0 INTRODUCTION**

Our discussion in the first module of this course was to introduce us to the general

knowledge of economic planning. We shall again continue in this knowledge by looking at the concept and approaches of economic growth and development which will be duly discussed in this second module of this course. Therefore our task in the present module is to look at economic development and economic growth, sustainable development and concept of underdevelopment. For the above reasons, we shall familiarize ourselves with the meaning of economic development and growth, measurements of economic developments and human development index which shall be duly served in this unit. It is therefore necessary for you to concentrate so that you can understand the explanations that will be given.

**2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- Define what economic development and economic growth is.
- Show and identify the measurements of economic development.

- Understand what human development index is all about.

### 3.0 MAIN CONTENTS

#### 3.1 ECONOMIC DEVELOPMENT AND ECONOMIC GROWTH.

Speaking in a broad term, economic development refers to the problems of under

developed countries and economic growth to those of developed countries. A scholar known as \_\_Maddison\_\_ makes the distinction between the two terms in this sense that; The raising of income levels is generally called economic growth in rich countries and in

poor ones it is called economic development. But this view does not specify the underlying forces which raise the income levels in the two types of countries. \_\_Professor Hicks\_\_ points out in this connection that the problems of underdeveloped countries are concerned with the development of unused resources, even though their uses are well-known, while those of advanced countries are related to growth, most of their resources being already known and developed to a considerable extent.

In fact, the terms \_\_development\_\_ and \_\_growth\_\_ have nothing to do with the type of economy. The distinction between the two relates to the nature and causes of change. Schumpeter makes the distinction clearer when he defined development as a discontinuous and spontaneous change in the stationary state which forever alters and

displaces the equilibrium state previously existing, while growth is a gradual and steady change in the long run which comes about by a gradual increase in the rate of savings and population. This view of Schumpeter has been widely accepted and elaborated by the majority of economists. Kindle Berger in his opinion, posit that economic growth means more output, while economic development implies both more output and changes in the technical and institutional arrangement by which it is produced and distributed. Growth may well involve not only more output derived from greater amounts of inputs but also greater efficiency, i.e. an increase in output per unit. Development goes beyond this to imply changes in the composition of output and in the allocation of inputs by sectors. Friedmann in his opinion consider growth as an expansion of the system in one or more dimensions without a change in its structure, and development as an innovative process leading to the structural transformation of social system.

Thus economic growth is related to as quantitative sustained increase in the country's per capita output or income accompanied by expansion in its labour force, consumption, capital and volume of trade. On the other hand, economic development is a wider concept than economic growth.



It is taken to mean growth plus change. It is related to qualitative changes in economic wants, goods, incentives, institutions, productivity and knowledge or the \_upward movement of the entire social system. It describes the underlying determinants of growth such as technological and structural changes. In-fact, economic development embraces both growth and decline. An economy can grow and not develop but it may continue to persist due to the absence of technological and structural changes. But it is difficult to imagine development without economic growth in the absence of an increase in output per capital, particularly when population is growing rapidly.

Despite these apparent differences, some economists use these terms as synonyms. Arthur Lewis in his write up \_The Theory of Economic Growth' writes that \_most often we shall refer only to growth but occasionally for the sake of variety, to progress or to development. Therefore, for an economy to experience development, the basic social indicators of good health care system, affordable housing, constant electricity supply, available portable water supply, efficient education system, good road network, availability of infrastructural facilities etc have to be given priority in such an economy.

### **SELF ASSESSMENT EXERCISE:-**

In your own understanding, differentiate between economic growth and economic development.

### **3.2 MEASUREMENT OF ECONOMIC DEVELOPMENT**

Economic development is measured in four ways; according to Jhingan, (2011)

1. GNP: This is known as Gross National Product which is the total monetary value of goods and services produced in a country in a year with net incomes from

abroad. One of the methods to measure economics development is in terms of an

increase in the economy's real national income over a long period of time. But this is not a satisfactory definition due to the following reasons.

i. Real national income' refers to the country's total output of final goods and services in real terms rather than in money terms. Thus price changes will

have to be ruled out while calculating real national income. But this is unrealistic because variations in prices are inevitable. In this measure, the phrase \_over a long period of time' implies a sustained increase in real income. A short- period rise in national income which occurs during the upswing of the business cycles does not constitute economic development.

ii. This measure fails to take into consideration changes in the growth of population. If a rise in real national income is accompanied by a faster growth in population, there will be no economic growth but retardation.

iii. The GNP figure also does not reveal the costs to society of environment pollution, urbanization, industrialization and population growth. It considers natural resources to be free and treats the earth 'like a business in liquidation'

iv. Further, it tells us nothing about the distribution of income in the economy. v. Moreover, there are certain conceptual difficulties in the measurement of

GNP which are discussed as under.

a. GNP is always measured in money, but there are a number of goods and services which are difficult to be assessed in terms of money, e.g. painting as a hobby by an individual, the bringing up of children by the mother. According to a UN report, on an average two thirds of women's work and a quarter of men's work never enter into GNP calculations. By excluding all such services from it, the GNP will work out less than what it actually is.

b. Another difficulty in calculating GNP is that of double counting which arises from the failure to distinguish properly between final and intermediate products. There always exists the fear of a good or a service being included more than once. If it so happen, the GNP would work out to be many times the actual.

c. As a corollary, it double counts both additions and cures. Firstly, when food and wine are consumed. Secondly, when money is spent on the food industry and for curing alcoholism.

But GNP as an index of economic development has not been successful in reducing poverty, unemployment and inequalities, and raising living standards in developing

countries. Robert McNamara, the then Governor of the world Bank, admitted in February

1970 the failure of the GNP growth rate as an index of economic development in these words; 'In the developing world, and the end of the decade: malnutrition is common, in- fact mortality is high, life expectancy is low, illiteracy is widespread, unemployment is endemic and growing, the redistribution of income and wealth is severely skewed'.

Thus GNP cannot be regarded as a measure of economic development.

2. GNP per Capita. The second measure relates to an increase in the per capital real income of the economy over the long period. Economists are one in defining economic development in terms of an increase in per capita real income or output. In the opinion of Meier, economic development is seen as the process whereby the real per capita income

of a country increase over a long period of time, subject to the stipulations that the number of people below an 'absolute poverty line' does not increase, and that distribution of income does not become more unequal. This indicator of economic growth purports to emphasize that for economic development the rate of increase in real per capita income should be higher than the growth rate of population. But difficulties still remains.

i. An increase in per capita income may not raise the real standard of living of the masses. It is possible that while per capita real income is increasing, per capita consumption might be failing. People might be increasing the rate of saving or the government might itself be using up the increased income for military or other purposes.

ii. There is another possibility of the masses remaining poor despite an increase in the real GNP per capita if the increased income goes to the few rich instead of going to the many poor.

iii. Such a measure subordinates other questions regarding 'the structure of the society, the size and composition of its population, its institutions and culture, the resource patterns and even distribution of output among the society's members'

iv. The real per capita income estimates fail to measure adequately changes in output due to changes in the price level. Index numbers used to measure changes in the price level are simply rough approximations. Moreover, the price levels vary in different countries. Consumers' wants and preferences also differ in each country. Therefore, the national income figures of different countries are often misleading and incomparable.

v. International comparisons of the real GNP per capita are inaccurate due to exchange rate conversion of different currencies into a common currency,

i.e. US dollars, through the use of official exchange rates. These nominal

exchange rates do not reflect the relative purchasing power of different currencies. Thus the comparisons of GNP per capita of different countries are erroneous.

Despite these limitations, the real GNP per capita is the most widely used measure of economic development.

3. WELFARE: There is also a tendency to measure economic development from the point of view of economic welfare. Economic development is regarded as process

whereby there is an increase in the consumption of goods and services of individuals. According to Okun and Richardson, economic development is a

sustained, secular improvement in material well-being, which we may consider to be reflected in an increasing flow of goods and services.

This indicator is also not free from limitations. The first limitation arises with regard to the weights to be attached to the consumption of individuals, consumption of goods and services depends on the tastes and preferences of individuals. It is, therefore, not correct to have the same weights in preparing the welfare index of individuals. Secondly, in measuring economic welfare caution has to be exercised with regard to the composition of the total output that is giving rise to an increase in per capita consumption, and how this output is being valued. The increased total output may be composed of capital goods. It may be at the cost of a reduced output of consumer goods. Thirdly, the real difficulty arises in the valuation of the output. The output may be valued at market prices whereas economic welfare is measured by an increase in real national output of income. In fact, with a different distribution of income, prices would be different and both the composition and value of national output would also be different. Fourthly, from the welfare point of view we must also consider not only what is produced but how it is produced. The expansion of real national output might have raised the real costs (pain and sacrifice) and social costs in the economy. For instance, the increased output might have resulted from long hours and in the deterioration of the working conditions of the labour force. Fifthly, it is not essential that with the increase in national income, the economic welfare might have improved. It is possible that with the increase in real national income/ per capita income, the rich might have become richer and the poor poorer. Thus, mere increase in economic welfare does not lead to economic development till the distribution of national income is equitable or justifiable. Lastly, we cannot equate an increase in output per head with an increase in economic welfare, let alone social welfare without additional considerations. To specify an optimum rate of development, we must make value judgments regarding income distribution, composition of output, tastes, real cost and other particular changes that are associated with the overall increase in the real income.

4. **SOCIAL INDICATORS;** Dissatisfied with GNP/GNP per capita as the measure of economic development, certain economists have tried to measure it in terms of social indicators. Economists include a wide variety of items in social indicators. Some are inputs such as nutritional standards or number of hospital beds or doctors per head of population, while others may be 'output' corresponding to these inputs such as improvements in health in terms of infant mortality rates, sickness rates, etc. Social indicators are often referred to as the basic needs for development. Basic needs focus on alleviation of poverty by providing basic human needs to the poor. The direct provision of such basic needs

such as health, education, food, water, sanitation and housing affects poverty in a shorter period and with fewer monetary resources than GNP/ GNP per capita is a strategy which aims at increasing productivity and incomes of the poor automatically over the long run. Basic needs lead to a higher level of productivity and income through human development in the form of educated and healthy people. The merit of social indicators is that they are concerned with ends, the ends being human development. Economic development is a means to these ends. Social indicators tell us how different countries prefer to allocate the GNP among alternative uses. Some may prefer to spend more on education and less on hospitals. Moreover, they give an idea about the presence, absence or deficiency of certain basic needs.

Hicks and Streeten consider six social indicators for basic needs.

Table 2.1

S/N	Basic need	Indicators
1	Health	Life expectancy at birth
2	Education	Literacy signifying primary school enrolment as per cent of population.
3	Food	Calorie supply per head
4	Water supply	Infant mortality and percentage of population with access to potable water
5	Sanitation	Infant mortality and percentage of population with access to sanitation.
6	Housing	None.

Source: Jhingam M.L (2011)

### SELF ASSESSMENT EXERCISE:

Discuss the four measurements of economic development with relevant examples.

### 3.3 HUMAN DEVELOPMENT INDEX

The Human Development Index (HDI) is a tool developed by the United Nations to

measure and rank countries' levels of social and economic development based on four criteria: Life expectancy at birth, mean years of schooling, expected years of schooling and gross national income per capita. The HDI makes it possible to track changes in development levels over time and to compare development levels in different countries.

It is also a global index utilized to rank the development of countries by examining the achievements of the inhabitants of the country. The index factors in three important

elements: standard of living, life expectancy, and literacy level. The

index is not 100%

accurate in its determinations due to inconsistencies and lack of data in certain parts of the world. The index was established in 1990 by the United Nations.

In 2010, the index ranked Norway, Australia, New Zealand, the United States and Ireland at the top of its list for "very high human development." The countries that fell at the bottom of its "low human development" list were Mozambique, Burundi, Niger, Congo and Zimbabwe. The index also shows that countries with lots of income do not always spend that money in ways that create high life expectancies or education levels.

Human Development Report (HDR) combines three dimensions:

1. A long and healthy life: Life expectancy at birth
2. Education index: Mean years of schooling and Expected years of schooling
3. A decent standard of living: GNI per capita (PPP US\$)

In its 2010 Human Development Report, the UNDP began using a new method of calculating the HDI. The following three indices are used:

$$1. \text{ Life Expectancy Index (LEI)} = \frac{\text{LE} - 20}{85 - 20}$$

LEI is 1 when Life expectancy at birth is 85 and 0 when Life expectancy at birth is 20

$$2. \text{ Education Index (EI)} = \frac{\{\text{MYSI}\} + \{\text{EYSI}\}}{2}$$

$$2.1 \text{ Mean Years of Schooling Index (MYSI)} = \frac{\{\text{MYS}\}}{15}$$

Fifteen is the projected maximum of this indicator for 2025.

$$2.2 \text{ Expected Years of Schooling Index (EYSI)} = \frac{\{\text{EYS}\}}{18}$$

Eighteen is equivalent to achieving a master's degree in most countries.

$$3. \text{ Income Index (II)} = \frac{\ln\{\text{GNIpc}\} - \ln(100)}{\ln(75,000) - \ln(100)}$$

II is 1 when GNI per capita is \$75,000 and 0 when GNI per capita is \$100. Finally, the HDI is the geometric mean of the previous three normalized indices:

LE: Life expectancy at birth

MYS: Mean years of schooling (Years that a person 25 years-of-age or older has spent in schools)

EYS: Expected years of schooling (Years that a 5-year-old child will

spend in schools throughout his life)

GNIPC: Gross national income at purchasing power parity per capita

In the final analysis, Nigeria's HDI value and rank for 2014 was 0.514 — which put the country in the low human development category — positioning it at 152 out of 188 countries and territories. Between 2005 and 2014, Nigeria's HDI value increased from 0.467 to 0.514, an increase of 10.1 percent or an average annual increase of about 1.07 percent.

### **SELF ASSESSMENT EXERCISE:**

What do you understand by Human Development Index?

## **4.0 CONCLUSION**

From our discussion so far on the economic development and economic growth, we can conclude as follows:

- ☐ That an economy might be growing and not developing most especially when all the social indicators are missing
- ☐ That despite its limitations, the real GNP per capita is the most widely used measure of economic development.
- ☐ That HDI factors in three important elements which are standard of living, life expectancy, and literacy level.

## **5.0 SUMMARY**

In this unit, we have attempted to show the meaning of economic development and economic growth, covering what is measurements of economic development is all about, and showing the Human development Index and its formula. You have learnt that economy can only be said to grow and develop when its people's standard of living, life expectancy, and literacy level are better off. Your understanding of this unit should encourage you to be familiar more with the topics in this module as you read ahead against the next unit.

## **6.0 TUTOR-MARKED ASSIGNMENT**

Discuss briefly the development of the economy with respect to peoples Human development index.

## **7.0 REFERENCES/FURTHER READING**

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**UNIT II: SUSTAINABLE DEVELOPMENT.****CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Meaning and definition of sustainable development
  - 3.2 Objectives of sustainable development
  - 3.3 Elements of Policies for sustainable development
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

**1.0 INTRODUCTION**

It is good that we have familiarized ourselves with economic growth and development as

well as its measurements and human development indices. We shall again be looking at sustainable developments bearing in mind its meaning, objectives, and elements of policies for sustainable development. An in-depth explanation of the above topics shall be provided. It is advisable that you critically concentrate as we move along with explanations that will be given.

**2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- Define what sustainable development is
- Understand the objectives of sustainable development.
- Highlight and explain elements of policies for sustainable development

**3.0 MAIN CONTENTS****3.1 MEANING AND DEFINITION OF SUSTAINABLE DEVELOPMENT**

According to the report ‘Our common future’ by Ms. Harlem Brundtland, sustainable development is defined as development that satisfies the needs of the present without compromising the ability of future generations to satisfy theirs. This report, published in 1987 by the United Nations World Commission on Environment and

Development, insists on the need to protect the diversity of genes, species, and all terrestrial and aquatic ecosystems in nature. This is possible in particular via measures to protect the quality of the environment, and by the restoration, development, and maintenance of habitats that are essential to species. This implies the sustainable management of the use of the animal and plant populations being exploited. In other words, it is the rational management of human, natural, and economic resources that aims to satisfy the essential needs of humanity in the very long term. Sustainable development implies the fulfillment of several conditions: preserving the overall balance, respect for the environment, and preventing the exhaustion of natural resources. Reduced production of waste and the rationalisation of production and energy consumption must also be implemented. Sustainable development is presented as a more or less clean break from other modes of

development, which have led and are still leading to worrying social and ecological damage on both a worldwide and a local scale. In order to be sustainable, development must combine three main elements: fairness, protection of the environment, and economic efficiency. A sustainable development project must be based on a better-developed mode of consultation between the community and the members it comprises. The success of such a policy also depends on consumers accepting certain constraints and citizens observing certain requirements with regard to transparency and participation. Securing economic development, social equity and justice, and environmental protection is the goal of sustainable development. Although these three factors can work in harmony, they are often found to conflict with one another. During the latter half of the

20th century economic development for a better standard of living has been instrumental in damaging the environment. We are now in a position whereby we are consuming more resources than ever, and polluting the Earth with waste products. More recently, society has grown to realise that we cannot live in a healthy society or economy with so much poverty and environmental degradation. Economic growth will remain the basis for human development, but it must change and become less environmentally destructive. The challenge of sustainable development is to put this understanding into practice, changing our unsustainable ways into more sustainable ones that will last us.

**SELF ASSESSMENT EXERCISE:**

Explain the term sustainable development in your own understanding.

### 3.2 OBJECTIVES OF SUSTAINABLE DEVELOPMENT

The aim of sustainable development is to balance our economic, environmental and

social needs, allowing prosperity for now and future generations. Sustainable development consists of a long-term, integrated approach to developing and achieving a healthy community by jointly addressing economic, environmental, and social issues,

whilst avoiding the over consumption of key natural resources.

Sustainable development encourages us to conserve and enhance our resource base, by gradually changing the ways in which we develop and use technologies. Countries must be allowed to meet their basic needs of employment, food, energy, water and sanitation. If this is to be done in a sustainable manner, then there is a definite need for a sustainable level of population. Economic growth should be supported and developing nations should be allowed a growth of equal quality to the developed nations.

The UK Government has recognised four objectives for Sustainable Development. These include (i) social progress and equality, (ii) environmental protection, (iii) conservation of natural resources and (iv) stable economic growth. Everybody has the right to a healthy, clean and safe environment. This can be achieved by reducing pollution, poverty, poor housing and unemployment. No one, in this age, or in the future should be treated unfairly. Global environmental threats, such as climate change and poor air quality must be reduced to protect human and environmental health. The use of non-renewable resources such as fossil fuels should not be stopped overnight, but they must be used efficiently and the development of alternatives should be encouraged to help phase them out. Everybody has the right to a good standard of living, with better job opportunities. Economic prosperity is required if our country is to prosper and our businesses must therefore offer a high standard of products that consumers throughout the world want, at the prices they are prepared to pay. For this, we need a workforce equipped with suitable skills and education within a framework to support them.

#### SELF ASSESSMENT EXERCISE:

Mention and explain the objectives of sustainable development that you know.

### 3.3 IMPORTANT ELEMENTS OF SUSTAINABLE DEVELOPMENT POLICIES

Let us carefully look at some important

elements that sustainable development policies should contain. They are discussed as follows.

#### 1. Delivery of public goods.

Many of the benefits from government interventions needed to promote sustainable development have the characteristics of public goods (basic research, information, health and education). Also, many of these public goods are global, as they will benefit several

countries (e.g. information on the state of global ecosystems). Effective delivery of these public goods requires overcoming obstacles to co-ordination, through burden-sharing rules that recognise the different responsibilities and response capacities of individual countries.

#### 2. Cost-effectiveness.

Policies should aim at minimising their economic cost. This will require ensuring that the costs of each extra resource spent are equal across the range of possible interventions. Cost-effectiveness allows the minimisation of aggregate costs and the setting of more ambitious targets in the future.

#### 3. Environmental effectiveness.

Policies should also secure the following under this:

i. regeneration—i.e. renewable resources should be used efficiently and their use should not be permitted to exceed their long term rates of natural regeneration;

ii. substitutability— i.e non- renewable resources should be used efficiently, and their use limited to levels that can be offset by renewable resources or other forms of capital;

iii. assimilation – i.e. releases of hazardous or polluting substances to the environment should not exceed its assimilative capacity, and concentrations should be kept below established critical levels necessary for the protection of human health and the environment. When assimilative capacity is effectively zero, zero release of such substances is required to avoid their accumulation in the environment;

iv. avoiding irreversibility— i.e. irreversible adverse effects of human activities on ecosystems and on bio-geochemical and hydrological cycles should be

avoided. The natural processes capable of maintaining or restoring the integrity of ecosystems should be safeguarded from adverse impacts of human activities. The differing levels of resilience and carrying capacity of ecosystems should be considered, in order to conserve their populations of threatened, endangered and critical species.

#### 4. Policy integration.

Unsustainable practices may result from incoherent policies in different domains. Sectoral policies, in particular, are often introduced without due regard for the externalities being targeted by

environmental policies, leading to inconsistencies and spill-over effects. Improving policy coherence requires better integration of economic, environmental, and social goals in different policies.

#### 5. Policy Precaution.

Threats of exceeding critical thresholds in the regenerative capacity of the environment are subject to uncertainty. Accordingly, when designing policies for sustainable development, countries should apply precaution as appropriate in situations where there is lack of scientific certainty.

#### 6. International co-operation.

With deepening international interdependency, spill overs become more pervasive. A narrow focus on national self-interest is not viable when countries are confronted with a range of environmental and social threats that have global implications.

#### 7. Transparency and accountability.

A participatory approach is important to successfully meet the challenge of sustainable development, as the criteria for sustainability cannot be defined in purely technical terms.

This requires that the process through which decisions are reached is informed by the full

range of possible consequences, and is accountable to the public.

Invariably, sustainable development policies should be all encompassing to achieve economic development goals

### **SELF ASSESSMENT EXERCISE:**

Mention and explain five elements that a sustainable development should contain.

## **4.0 CONCLUSION**

From our discussion so far on sustainable development, we can conclude as follows:

The aim of sustainable development is to balance our economic, environmental and social needs, allowing prosperity for now and future generations. Sustainable development consists of a long-term, integrated approach to developing and achieving a healthy community by jointly addressing economic, environmental, and social issues, whilst avoiding the over consumption of key natural resources.

## **5.0 SUMMARY**

In this unit, we have attempted to discuss the meaning and definition of sustainable

development, objectives of sustainable development and elements of policies for sustainable development. You have learnt that sustainable

development encourages us to conserve and enhance our resource base, by gradually changing the ways in which we develop and use technologies. Countries must be allowed to meet their basic needs of employment, food, energy, water and sanitation. If this is to be done in a sustainable manner, then there is a definite need for a sustainable level of population. Economic growth should be supported and developing nations should be allowed a growth of equal quality to the developed nations. You expected to read ahead against the next unit.

### **6.0 TUTOR-MARKED ASSIGNMENT**

Discuss your understanding of sustainable development and its objectives.

### **7.0 REFERENCES/FURTHER READING**

- Akosile, I. O., Adesanya, A. S. & Ajani, A. O. (2012). *Management of development - A Nigeria perspective* (1st ed.). Olas Ventures, Mushin, Lagos. Nigeria
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**UNIT III CONCEPT OF UNDERDEVELOPMENT CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Meaning of underdevelopment
  - 3.2 Visible criteria or indicators of an underdeveloped countries
  - 3.3 Obstacles to economic development
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

**1.0 INTRODUCTION**

In this unit, attention will be given to the concept of underdevelopment, focusing on the meaning of underdevelopment, visible criteria or indicators of underdeveloped countries and obstacles to economic development. It is advised that you follow an in-depth explanation of the above topics that will be provided as it will assist in the assimilation and proper understanding of this unit.

**2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- ☐ Know the Meaning of underdevelopment .
- ☐ Highlight the visible criteria or indicators of underdeveloped countries .
- ☐ Understand the obstacles to economic development .

**3.0 MAIN CONTENTS****3.1 MEANING OF UNDERDEVELOPMENT**

As a student of economics, you should know that in economics, underdevelopment is

when resources are not used to their full socio-economic potential, with the result that local or regional development is slower in most cases than it should be. Furthermore, it results from the complex interplay of internal and external factors that allow less developed countries only a lop-sided development progression. According to the United Nations experts, —an underdeveloped country is one in which per capita real income is low when compared with the per capita real income of the United States of America, Canada, Australia and Western Europe. In

this sense, an adequate synonym would be poor countries.¶ This definition brings out an important feature of underdevelopment, namely, poverty. But poverty is not always an adequate criterion to judge whether a country is developed or under-developed. For a country to be called under-developed there must be un-utilised or under-utilised natural resources which may be used for production to raise per capita income and standards of living of the people. If the resources of a country are meagre and scanty, then even after having fully developed them, it will remain poor.

Underdeveloped nations are characterized by a wide disparity between their rich and poor populations, and an unhealthy balance of trade. Symptoms of underdevelopment include

lack of access to job opportunities, health care, drinkable water, food, education and housing. The world consists of a group of rich nations and a large number of poor nations. It is usually held that economic development takes place in a series of capitalist stages and that today's underdeveloped countries are still in a stage of history through which the now developed countries passed long ago. The countries that are now fully developed have never been underdeveloped in the first place, though they might have been undeveloped. All economies of the world are not equally developed. Some are more developed and advanced than others. Therefore, the economics of the world have been classified into developed economies and under-developed economies.

Previously, the undeveloped economies were called backward economies and the developed economies were known as advanced economies. But the terms backward and

advanced are now considered unsatisfactory and misleading. Therefore, the terms

developed and under-developed began to be used in place of advanced and backward. But it is not easy to give a precise definition of an under-developed economy.

Professor Jacob Viner has provided a more satisfactory and adequate definition of an under-developed economy. According to Professor Viner, an under-developed country is

one, —which has good potential prospect for using more capital or more labour or more

available natural resources, or all of these to support its present population on a higher level of living or if its per capita income level is already fairly high to support a larger population on a lower level of living.¶ Thus, Professor Viner has emphasized that for a country to be called under-developed there must be possibilities and potentialities for its development. In other words, in an underdeveloped country resources must be lying un- utilised which can be used for increasing the rate of production and thereby raising the level of living of the people.

Thus, according to him, the basic criterion of under-development is



whether there exists potential prospects for development and raising standards of living of the people.

Similar to Professor Viner, Eugene Staley has also provided a definition. According to him, an underdeveloped country is one which is characterized:

- i. By mass poverty which is chronic and not the result of some temporary misfortune and
- ii. By obsolete methods of production and social organization which means that

poverty is not entirely due to poor natural resources and hence could presumably

be lessened by methods already proved in other countries.¶

Thus Eugene Staley lays emphasis on the existence of poverty as well as the potentialities for development and raising standards of living. We conclude that under-developed country is one which is poor but which has the future possibility and prospect of removing poverty and raising the levels of living of its people by utilising the idle and under-utilised resources for production. Since there exists potential prospects for development in almost all poor countries, therefore all poor countries are generally described as underdeveloped. These days the under-developed countries are usually called developing or less developed countries (LDCs). The developing countries are also called the Third World countries of which Nigeria and India were part of. The First World consists of the Western developed countries like UK, USA, Canada, France, Germany etc, whereas the erstwhile Communist Countries led by Soviet Russia like Croatia, Slovenia, Serbia, Serbia, Georgia, Hungary etc were referred to as the Second World countries.

#### **SELF ASSESSMENT EXERCISE:**

Explain the term under-development in your own words with relevant examples.

### **3.2 VISIBLE CRITERIA OR INDICATORS OF UNDERDEVELOPED COUNTRIES.**

According to Jhingan (2011), An underdeveloped country is one which has no

potentialities of development. The Antarctic, the Arctic and parts of the Sahara may be termed as undeveloped, while India, Nigeria, Pakistan, Uganda, Peru, Panama, etc. may be called underdeveloped countries. A poor country does not mean a young country. Poverty simply refers to the low level of per capita income of a country. This claim seemed to have changed as some of these countries are fast developing.

1. The first criterion of underdeveloped is the ratio of population to land area. But it is very difficult to ascertain whether a high or a low ratio of population to area is an indicator of underdevelopment. There are many

underdeveloped countries in Africa and Latin America where there are 'empty spaces' signifying a low ratio. While there are a number of other underdeveloped countries like India, Burma, Pakistan, Myanmar and many other South Asian countries which have a high ratio of population to area. This criterion is, therefore, vague and superfluous.

2. Another indicator of underdevelopment is the ratio of industrial output to total output. It may also be explained as the ratio of industrial population to total population. According to this criterion, countries with a low ratio of industrial output to total are considered underdeveloped. But this ratio tends to increase with the increase in the per capita income. Therefore, the degree of industrialization is often a consequence rather than a cause of economic prosperity in a country. In countries where agriculture is developed, tertiary or service industries tend to grow spontaneously because increasing disposable agricultural surplus creates demand for the products of the industrial sector. Thus, this criterion is not a valid indicator of underdevelopment.

3. The third criterion of underdevelopment is the low ratio of capital to per head of population. Nurkse defines underdeveloped countries as those which 'compared with the advanced countries are underequipped with capital in relation to their population and natural resources'. But dearth of capital is not a satisfactory criterion of underdevelopment for the following reasons: (a) Capital deficiency is not related to the absolute size of a country's stock of capital but to the ratio of capital to population or to some other factor. (b) The principle of Marginal Productivity explains that where the ratio of capital to other factor is low, the marginal productivity of capital is high. But it is difficult to infer from this that in underdeveloped countries marginal productivity of capital is high since capital is scarce, or that a high marginal productivity of capital suggests a scarcity of capital. It is possible that poor organization, low skills, unfavourable weather, etc. may tend to keep the marginal productivity of capital low in underdeveloped countries.

4. Another criterion indicates poverty as the main cause of underdevelopment. Staley defines an underdeveloped country as one 'characterised by mass poverty which is chronic and not the result of some temporary misfortune and by obsolete methods of production and social organization, which means that poverty is not entirely due to poor natural resources and hence could presumably be lessened by methods already proved in other countries. This definition points towards some of the important characteristics of underdeveloped countries. It cannot be denied that underdeveloped countries have unexploited natural resources, scarcity of capital goods and equipment, obsolete techniques of production and defects in socio-economic organization, cannot be. But it does not lay emphasis on the basic criterion of underdevelopment, viz, low per capita income.

5. Thus one of the most commonly acceptable criteria of underdevelopment is the low per capita real income of underdeveloped countries as compared with the advanced countries. According to the United Nations experts, —We use it (the term underdeveloped country) to mean countries in which per capita real income is low when compared with the per capita real incomes of the United States of America, Canada, Australia and Western Europe.¶ But such definitions which explain an underdeveloped country in terms of low per capita level of income can by no means be considered adequate and satisfactory. For they focus attention only on one aspect of underdevelopment, viz, poverty. They do not analyse the causes of low consumption levels, of inhibited growth and of the underdevelopment potential of an underdeveloped economy.

### **SELF ASSESSMENT EXERCISE:**

Enumerate and discuss the criteria features of underdeveloped countries known to you.

### **3.3 Obstacles to economic development**

There are many obstacles to economic growth and development in developing countries.

Let us look at a few of them.

#### **1. Governance challenges:**

Related to leadership problem is bad governance. Governance among others is defined as a system of values, policies, and institutions by which a society manages its economic, social, and political affairs through interactions within the state, civil society and private sector. Thus governance comprises the mechanisms and processes for citizens and groups

to articulate their interests, to work together and mediate their differences, and exercise their legal rights and obligations with rules, institutions, and practices that set limits and provide incentives for individuals, organizations and firms. Good governance refers to the question of how a society can organize itself to ensure equality of opportunity and equity (social and economic justice) for all citizens. It also promotes people –centered development.

#### **2. Corruption Challenges:**

Although corruption is a global scourge, Nigeria appears to suffer the most from it because the leaders are pathologically corrupt. Everyone appears to believe that the nation has a — culture of corruption¶. Over the years, Nigeria has

earned huge sum of money from crude oil, which has gone down the sinkhole created by corruption. In an article, ‘oil giant that runs on grease of politics’, Nigeria was described as a rich nation floating on oil wealth but almost none of it flows to the people. Top public servants are very rich because they harbour the mentality that public money belongs to no one. National dailies are awash with news of how public officials are acquiring million dollar homes (within and outside Nigeria) and stock piling stolen public money in financial institutions abroad.

### 3. Infrastructural and Institutional challenges:

Any person familiar with Nigeria would agree that some of the main challenges facing the economy are poor social infrastructure and institutions; bad roads, erratic power supply, limited access to potable water and basic healthcare, ineffective regulatory agencies, and much more. And the plethora of policies in the society is ineffective due to broken institutions and dilapidated infrastructure (Hoff, 2003).

### 4. Market challenges:

Lack of genuine competition in the system is among the challenges facing the economy. Real capitalistic economies are controlled by market forces or what Adam Smith brands the ‘invisible hand’ of the market. The self-regulating nature of the market determines where one lives and works, how much one earns, and what one can buy. Although every economy (developed, developing or underdeveloped) needs some form of government intervention.

### 5. Cultural issues:

Some scholars argue that some countries lack the right culture for economic development. Their people might not want to take risks in order to start new businesses. Their people might feel that traditional cultural duties are more important than showing up to work every day. These sorts of cultural issues can slow down a country’s growth.

### 6. Foreign debt:

Sometimes, countries have to take actions that they do not want to take because they need to pay off their creditors. They might have to do things that bring money in the short term even if that hurts their ability to invest for the long term.

### 7. Lack of adequate human resources:

This may be a type of governmental problem. Many developing countries lack the educational infrastructure needed to develop a workforce that could support a more modern economy.

#### 8. Foreign competition:

Developing countries have to compete against companies from the developed world. This can be very difficult. It can force developing countries to stay with making low value-added products using cheap labor instead of becoming more modernized

#### 9. Leadership challenges:

The leadership problem that has confronted Nigeria since independence appears to be worsening because the state of the polity is rapidly deteriorating. Very few of the leaders, if any, work for, —common good’. Over the years a wave of reform programmes have been undertaken but the society lacks committed political leadership to implement them

to address the problems facing the economy. Thus leadership is a responsibility.

#### 10. Public officer’s insincerity:

This greatly hampers development in the sense that certain policies which are supposed

to be executed by public officer’s, if not sincerely overseen will lead to backwardness and jeopardy on the part of the country’s economic development. A good example is the recent budget padding by some Nigeria’s public officer’s which delayed the process of passing the 2016 budget.

### **SELF ASSESSMENT EXERCISE**

Highlight and discuss six obstacles to development in Nigeria

### **4.0 CONCLUSION**

From our discussion so far on the concept of underdevelopment, we can conclude that:

underdeveloped nations are characterized by a wide disparity between their rich and poor populations, and an unhealthy balance of trade.

Symptoms of underdevelopment include

lack of access to job opportunities, health care, drinkable water, food, education and housing. The world consists of a group of rich nations and a large number of poor nations.

### **5.0 SUMMARY**

In this unit, we have examined the meaning of underdevelopment, highlighted the visible

criteria or indicators of under-developed countries, and understand the obstacles to economic development. For a country to be called under-developed there must be un-utilised or under-utilised natural resources which may be used for production to raise per capita income and standards of living of the people. If the resources of a country are meagre and scanty, then even after having fully developed them, it will remain poor. It is strongly believed that your understanding of this unit and module will usher us into the next module. It is expected that you should read ahead to prepare for the next module.

## 6.0 TUTOR-MARKED ASSIGNMENT

Enumerate and discuss the problems of third world countries known to you .

## 7.0 REFERENCES/FURTHER READING

- Akosile, I. O., Adesanya, A. S. & Ajani, A. O. (2012). *Management of development - A Nigeria perspective* (1st ed.). Olas Ventures, Mushin, Lagos. Nigeria
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**MODULE 3**

**ECONOMIC DEVELOPMENT PLANNING EXPERIENCE IN NIGERIA.** Unit 1 The concept of national planning in Nigeria; Pre-independence to SAP era Unit II National economic plans during and after sap era  
Unit III Visions and policy statements of economic plans in Nigeria

**UNIT 1: National planning in Nigeria; Pre- independence to SAP era**

**CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Contents
  - 3.1 Nigeria Pre-Independence Development Plan: (1945-56)
  - 3.2 Nigeria Post-Independence Development Plan: (1962-74) 1st and 2nd Plan
  - 3.3 Nigeria Post-Independence Development Plan: (1975-85) 3rd and 4th Plan:
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

**1.0 Introduction:**

Our discussions from preceding modules had introduced to us what we need to know about things used in proper economic planning of nations. There is no country, whether developed or less developed that will not embark on economic development plan to achieve its desired economic goals and targets. Planning entails determination of control, direction and methods of accomplishing the overall organization or national objective. Plans must be directed and controlled towards achieving desired objectives. Development planning involves processes which ensure that national policies and strategies are realized and development concerns at all levels are fully integrated into the overall national development thrust. Therefore in this module development planning experience of Nigeria from independence to date shall be discussed.

## 2.0 OBJECTIVES

At the end of this unit, you should be able to;

- ☐ Discuss the Nigeria's Pre-Independence development Plan: (1945-56)
- ☐ Explain the Nigeria's Post-Independence Development Plan: (1962-68)(70-74)  
1st and 2nd Plan
- ☐ Understand Nigeria's Post-Independence Development Plan: (1975-80)(81-85)  
3rd and 4th Plan:

## 3.0 MAIN CONTENTS

### 3.1 Nigeria's Pre-Independence development Plan: (1945-56)

Development plans have been accepted as a suitable strategy to address development challenges in Nigeria. Therefore, the analysis of various development plans in Nigeria since independence becomes necessary. Nigeria's planning experience began with the Ten-Year Plan of Development and Welfare for Nigeria which was introduced in 1946 by the colonial government (1945-1956) sequel to a circular from the Secretary of State for Colonies to all British colonies, directing the setting up of a Central Development Board (Onah, 2010). The Ten Year Plan of Development and Welfare for Nigeria could not be actually be termed as plan in real sense because it contained mainly a list of uncoordinated projects in various regions. The objective of the plan, though not stated was to meet the perceived needs of the colonial government rather than any conscious attempt to influence the overall performance of the Nigerian economy then (Egonmwan and Ibodje, 2001). The primary interest of the colonial government was to produce agricultural products such as groundnuts, palm oil, and cocoa that were required by the British factories. No attempt was made to articulate and incorporate the needs and interest of Nigerian people into the objectives and priorities of the development plans (Onah 2010). Ayo (1988) observes that the programme —suffered from non-specialized colonial administrators approach to development planning, the inadequacy of planning machinery and absence of clearly defined national objectives.¶

Irrespective of the weaknesses of the plan, it served as a launch pad to subsequent development plans in Nigeria. We shall see this in subsequent units in this module.



**SELF ASSESSMENT EXERCISE:**

Briefly discuss Nigeria's pre-independence economic plan as presented by the then colonial administration

**3.2 Nigeria's Post-Independence Development Plan:1st (1962-68)&2nd(70-74)Plan****3.2.1 First National Development Plan 1962-1968):**

Immediately after attainment of independence in 1960, the first National Development

Plan (1962-1968) was launched. The objectives of the plan were:

1. To bring about equal distributions of national income.
2. To speed up the rate of economic growth.
3. To generate savings for investments so as to reduce its dependence on external capital for the development of the nation.
4. To get enough capital for the development of manpower.
5. To increase the standard of living of the masses particularly in respect of food, housing, health and clothing.
6. To develop the infrastructure of the nation (Onyenwigwe 2009).

It had a proposed total investment expenditure of about N2,132million. The public sector was expected to invest about N1,352.3million while the remaining investment expenditure of N780 million was expected to be made by the private sector (Obi, 2006).

Though, the plan appeared impressive, but due to political upheaval in the country which resulted in 30 month civil war, the plan almost became redundant. According to Nnadozie (2004), the objectives and targets of the 1962-68 plan were too large and over- ambitious and therefore out of tune with financial technical and managerial capabilities of the country. This made the plan to lack clarity and precision in the formulation of objectives and targets (Onah, 2010). Despite the weaknesses of the plan, some major projects were executed during that period. These included the Nigerian Security and Minting Plant, the Jebba Paper Mill, the Sugar Mill, Niger Dam, the Niger Bridge, Onitsha, Kanji Dam and Port Harcourt Refinery.

**3.2.2 The Second National Plan (1970-1974):**

After the civil war, national reconstruction and rehabilitation were the focus of attention of the Federal Government. In order to hasten the growth of the national economy and ensure equitable distribution of national income, it became imperative to launch the Second National Development Plan. Initially, the plan, was meant to cover the four year period, 1970-1974, it was later extended to cover the fiscal year of 1974-1975. The plan put forward five national objectives: a United, strong and self-reliant nation; a just and egalitarian society; a land of bright and

full opportunities for all citizens; and a free and democratic society (Onyenwigwe, 2009). Ayo (1988) outlines the differences between this plan and others as:

Besides being much bigger in size and more diversified in its project composition, it was in fact the first truly national and fully integrated plan which viewed the economy as an organic unit: the twelve states were fully integrated into the national development plan. Also, unlike the first plan, the second plan was formulated wholly by Nigerians.¶

The total capital projected expenditure of about 4.9 billion was contained in the plan. Out of this figure, the proposed public sector investment was 3.3 billion while the private sector was expected to invest 1.6 billion (Obi, 2006). The highest order of priorities in public sector projected expenditures were accorded to transport and communication, manufacturing, housing and education (Onah 2010). Second National Development Plan laid much emphasis on indigenization. In the opinion of Okowa (1991) —indigenization was seen by this plan as an instrument towards the long term objective of economic independence. Although the Second National Development Plan also attached importance on agriculture, industry and the development of high level and intermediate level manpower, the plan was beset with problems as in the first National Development Plan. Onah (2010) alludes to this fact that —the high priority given to agriculture and industry was not matched with action during the implementation of the plan. One of the basic tenets of Second National Development Plan is indigenization policy. Indigenization policy was carefully designed to encourage Nigerians to participate fully in the commercial, industrial and financial activities of the Nigerian economy. Several indigenization decrees were made to realize the objectives of this policy. It is a sad commentary that close to two years after enactment of the first indigenization Decree (1972), out of about 950 affected enterprises, only 314 or 33 percent were confirmed as having fully complied with the provisions of the decree (Onah, 2010). It should also be emphasized that despite indigenization policy, there were over 16 multinational oil companies representing the United States, Dutch, Japanese, British, Italian, German and French interest that had firm and massive grip on Nigeria's Petroleum. (Koha, 1994). An interesting feature of the Second National Development Plan was the objective of creating —a free and democratic society¶ that was being challenged by the military government. This objective was put in place without considering any discussion on political development in the plan document and any means of returning to civilian rule. Despite the inadequacies of the plan, it witnessed achievements in the areas of industry and agriculture. The industrial sector recorded more improvements. Many industries in the war affected areas were rehabilitated, coupled with establishment of two

salt factories in Kaduna. Super phosphates project and two vehicle assembly plants were also established. Other achievements included the establishment of Colleges of Technology and Trade Centers by state governments and reconstruction of about 3,000 kilometres of roads.

### **SELF ASSESSMENT EXERCISE:**

Briefly discuss the premise on which the objectives of the first and second Nigeria economic plans as proposed by government was anchored bearing in mind their successes and failures.

### **3.3 Nigeria's Post-Independence Development Plan:(1975-80(81-85) 3rd and 4th Plan**

#### **3.3.1 The Third National Development Plan (1975-1980):**

The Third National Development Plan had a projected jumbo investment of N30 billion which was later increased to N43.3 billion. This represented ten times that of the Second Plan and about 15 times that of the First Plan (Obi, 2006). The objectives of the plan were:

1. Increase in per capita income.
2. More even distribution of income.
3. Reduction in the level of unemployment.
4. Increase in the supply of higher level manpower.
5. Diversification of the economy.
6. Balanced development and indigenization of economic activities.

The approach of the plan was to utilize resources from oil to develop the productive capacity of the economy and thereby permanently improve the standard of living of the people. Therefore, the plan was premised on the need for the public sector to provide facilities for the poorer sections of the population including electrification, water supplies, health services, urban housing and education.

The assessment of the plan showed it focused to give priority to projects and programmes that would directly impact positively on the rural dwellers, but the meager allocations to agriculture and social development schemes did not indicate sincere intention of the government to achieve the objective. According to Okigbo (1989) agriculture and social development indices (education, housing, health, welfare etc) that have direct bearing on the living conditions of the rural population received only 5 per cent and 11.5 per cent respectively of the financial allocations contained in the plan. It is appropriate to state here that the meagre allocation to agriculture and social development schemes, which were priority areas, indicated the —lack of focus of the planners to careful sifting of the criteria for allotting principles (Onah, 2010). In this context, nobody should expect the plan to achieve the desired objectives like other plans before it, the third plan did not really achieve its set targets. Irrespective of the

inadequacies of this plan, it witnessed achievements in some areas. In the opinion of Okowa (1991), —in terms of achievement, the manufacturing sector recorded the fastest growth rate with an average of 18.1 per cent per annum. Some other sectors that witnessed growth were building and construction and government services.

### **3.3.2 Fourth National Development Plan (1981-1985):**

The Fourth National Development Plan (1981-85) came on board in 1981. It was the first that the civilian government prepared since the intervention of the military in Nigerian politics in 1966. The objectives of the plan according to Obi (2006) were:

- i. Increase in the real income of the average citizen;
- ii. More even distribution of income among individuals and socio-economic groups
- iii. Reduction in the level of unemployment and under employment;
- iv. Increase in the supply of skilled manpower;
- v. Reduction of the dependence of the economy on the narrow range of activities;
- vi. Increased participation by the citizens in the ownership and management of productive enterprises;
- vii. Greater self-reliance that is, increased dependence on local resources in seeking to achieve the various objectives of society;
- viii. Development of technology;
- ix. Increased productivity and
- x. The promotion of a new national orientation conducive to greater discipline, better attitude to work and cleaner environment.

The projected capital investment of the plan was put at N82billion. Out of this figure, the public sector investment was to invest N70.5 billion while the private sector was expected to invest N11.7 billion (Obi, 2006).

According to Adedeji (1989) the plan was —the largest and most ambitious programme of investment ever launched in Nigeria. The plan also adopted as its main strategy the use of resources generated from oil to ensure all-round expansion in production capacity of the economy and to lay a foundation for self-sustaining growth (Egonmwam and Ibodje,

2001). It was anticipated in the Fourth Plan that exports led by petroleum products would generate enough funds to actualize the plan that had been formulated.

Eventually, the revenue realized from exports were far below anticipated projections. It is a sad commentary that only 54 per cent of the export proceeds projected for the period were realized in 1984. For instance, it was projected that N79.449 million would be earned from petroleum exports between 1980 and 1984, but only N52.78 million, ( 66.4 per

cent) of the projected figure was earned (Okigbo, 1989).

With the dwindling resources to finance the Fourth Plan, the Nigerian economy witnessed debt service and balance of payment problem coupled with high level of inflation. Most of the projects that were started at the beginning of the plan period could not be completed and these together with several spillover projects from previous plan had to be abandoned (Jaja, 2000). The growth rate of Gross Domestic Product (GDP) per annum was only 1.25 percent compared to 5.5, 13.2 and 4.6 percent under the previous

National Development plans (Onah, 2010). Another problem of this plan was a rise in the cost of living that led to a reduction in the standard of living of the common man. There was also phenomenal increase in unemployment among school leavers in the country. The external reserves kept on declining. Commenting on the plan, Alapiki (2009) observed that —the plan period 1981-85 proved to be the most dismal in the economic history of Nigeria at that time. The Fourth National Development Plan recorded some achievements in some areas in spite of its drawbacks. The implementation of Agricultural Development Programme (ADP) in most states was successfully completed, the commissioning of Egbin Power Station, Dry Dock Project at snake Island, Lagos and the

87 telephone exchanges located all over the federation which increased the number subscribers to telephone lines from 188,000 in 1981 to 297,000 in 1985 were some of the achievements. (Egonmwan and Ibodje, 2001).

### **SELF ASSESSMENT EXERCISE:**

Briefly discuss the premise on which the objectives of the third and fourth Nigeria economic plans as proposed by government was anchored bearing in mind its success and failure.

### **4.0 CONCLUSION**

From our discussion so far on economic development planning experience in Nigeria, we

can deduce the following facts:

That the assessment of the plan showed that it was focused to give priority to projects and programmes that would directly impact positively on the rural dwellers, but the meager allocations to agriculture and social development schemes did not indicate sincere intention of the government to achieve the objectives.

### **5.0 SUMMARY**

In this unit, we have attempted to discuss the Nigeria's Pre-

Independence development

Plan: (1945-56), explain the Nigeria's Post-Independence Development

Plan: (1962-74)

1st and 2nd Plan and understand Nigeria's Post-Independence Development Plan: (1975-

85) 3rd and 4th Plan. It is a pity that in spite of these entire laudable plans, it fails to achieve its objectives as expected. It is believed that your understanding of this unit has given you a basis to understand the next unit. You are advised to prepare for the next unit as you read along.

## 6.0 TUTOR-MARKED ASSIGNMENT

Discuss your understanding of the objectives of Nigeria's fourth economic plan.

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## **UNIT II NATIONAL ECONOMIC PLANS DURING AND AFTER SAP ERA**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The Fifth National Development Plan and SAP (1986-89)
  - 3.2 The Perspective Plan and Rolling Plans (1990-1998):
  - 3.3 Macro objectives of rolling plans in Nigeria
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

Having studied the national development plans in Nigeria before independence to pre

SAP era critically, it is imperative to familiarise you with the topic to be discussed in this unit. The SAP era was a period where adjustments were expected to be made by all and sundry bearing in mind the economic situation at that time. SAP, which is Structural

Adjustment Programme, was aimed at belt tightening to salvage Nigeria economy which was on the verge of collapse on account of rising inflation, high exchange rate, high unemployment rate, increase poverty, low per-capita income, poor infrastructural facility, high level of corruption, low value of the naira etc to mention but few. Therefore, our discussion in this unit will describe the national economic plans during and after the SAP era. It is important for you to pay attention as we move on.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to;

- ☐ Understand the Fifth National Development Plan and SAP (1986-89)
- ☐ Ascertain the Perspective Plan and Rolling Plans (1990-1998):
- ☐ Discuss the macro objectives of rolling plans in Nigeria

### **3.0 MAIN CONTENTS**

#### **3.1 The Fifth National Development Plan and SAP (1986-89)**



Due to poor implementation of the Fourth National Development Plan, a machinery was put in place for preparation of the Fifth National Development Plan. In order to facilitate the exercise, a conference was held at the University of Ibadan in November 1984 to deliberate on the appropriate mechanisms for the Fifth National Development Plan. The conference suggested some measures which formed the corner stone of the policies and strategies incorporated in the Fifth National Development Plan. The objectives of the

Fifth National Development Plan were:

- i. Diversification of the nation's economy away from the mono-cultural one to which it had been pushed by the fortunes of the oil sector;
- ii. revitalization of the agricultural sector with a view to achieving thorough integrated rural development programmes;
- iii. domestic production of raw materials for local industries in order to reduce the importation of locally manufactured goods and
- iv. promotion of employment opportunities in order to arrest the deteriorating mass unemployment (Onyenwigwe, 2009).

The primary focus of the plan was to correct the structural defects in the economy and

create a more self-reliant economy that would largely be regulated by market forces. The economy was therefore expected to be restructured in favour of the production sector especially those of agriculture and manufacturing (Onyenwigwe, 2009). More than ever; the linkage between the agricultural and manufacturing sectors of the economy were to be emphasized during the plan (Ayo, 1988). The Fifth National Development Plan did not materialize. It was later incorporated in the Structural Adjustment Programme (SAP). The two year SAP brought to an end the five year planning model in Nigeria. One major objective of SAP was the adoption of a realistic exchange rate policy to reduce inflationary rate and promote economic self –reliance. The Federal government changed the two year model to three year rolling plans. SAP failed because it was not faithfully and well implemented.

### **SELF ASSESSMENT EXERCISE**

Highlight and briefly discuss the objectives of the fifth Nigeria development plan.

### **3.2 The Perspective Plan and Rolling Plans (1990-1998):**

The Babangida administration had abandoned the previous fixed five year development

plans and replaced it with two types of national plans viz: perspective plan which was to cover a period of 15-20 years in order to provide opportunity for a realistic long-term view of the problem of the country and the rolling plan which was to cover three years subject to review every year to ascertain whether the economy is progressing or not. You should know that perspective plan is a long-term plan or future plan (11-20years) while rolling plan is a medium term plan otherwise called a short term plan (2-5years). On the other hand an annual plan is regarded as a yearly plan otherwise called a budget. The perspective plan which was to start from 1990 together with the rolling plans did not take off until 1996 when Abacha set-up the Vision 2010 Committee. The main report of Vision 2010 submitted to Abacha government in September 1997 among other things recommended that the vision should provide the focus of all plans including long (perspective), medium (rolling) and annual plans (budgets) (Adubi, 2002). Therefore, the Vision became the first perspective plan for the country even though it failed to proceed beyond Abacha's death in 1998. The three year rolling plan became operational from

1990 with the introduction of the First National Rolling Plan (1990-1992). The primary objective of the rolling plan was to afford the country the opportunity of revision in the

—midst of increasing socio-political and economic uncertainties (Ikeanyibe (2009). But

the preparation of medium term plans turned out to be a yearly event and became almost indistinguishable from annual budgets. Rolling plans are being prepared annually at all

levels of government. At the end of about ten rolling plans from 1990 to 1999, Nigerians

are not better off than they were during the years of fixed medium term planning (Okojie, 2002).

### **SELF ASSESSMENT EXERCISE**

What do you understand by perspective plan, rolling plan and annual plan in your own words?

### **3.3 Macro objectives of rolling plans in Nigeria**

The following are the macro objectives of rolling plans in Nigeria as highlighted by

Akosile, Adesanya and Ajani (2012) in their textbook as follows.

- i. Consolidation of the gains of the Structural Adjustment Programme (SAP) and pursuance of policies and programmes designed

to sustain the adjustment process and strengthening the base for a market economy.

- ii. Enhancing the level of socio political awareness of Nigerians.
- iii. Creating and Enhancing employment opportunities for Nigerians
- iv. Consolidating the achievement in the area of food production and industrial raw materials.
- v. Continued effort to reduce the adverse effect of economic downturn and the adjustment process on the most affected groups.
- vi. Laying solid foundation for self-reliant industrial development as a key to self- sustaining dynamic and non-inflationary growth.

### **SELF ASSESSMENT EXERCISE**

Highlight five macro-economic objectives of Nigeria's rolling plan and expansiate further on it.

### **4.0 CONCLUSION**

From our discussion so far on national economic plans during and after SAP era, we can

deduce the following facts:

That perspective plan which was cover a period of 15-20 years in order to provide opportunity for a realistic long-term view of the problem of the country and the rolling plan which was to cover three years subject to review every year to ascertain whether economy is progressing or not.

### **5.0 SUMMARY**

In this unit, we have attempted to discuss the Fifth National Development Plan and SAP

(1986-89), ascertain the Perspective Plan and Rolling Plans (1990-1998) as well as discussing the macro objectives of rolling plans in Nigeria. The primary objective of the rolling plan was to afford the country the opportunity of revising the plan in the —midst of increasing socio-political and economic uncertainties and perspective plan a long term

project pursuit. You are expected to read ahead of the next unit for easy assimilation.

### **6.0 TUTOR-MARKED ASSIGNMENT**

Discuss your understanding of Nigeria's rolling plan during the SAP era and its failure.

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## **UNIT III: VISIONS AND POLICY STATEMENTS OF ECONOMIC PLANS IN NIGERIA**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
- 3.1 Overview of Nigeria vision 2010 economic plan.
- 3.2 NEEDS, Vision 2020, and other policy statements
- 3.3 Challenges of economic developments plans in Nigeria
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

The need to have a long term development plan was informed by the success stories of

long term planning from the fast and miracle developed countries of the world most especially the east Asian Tigers of South Korea, Malaysia, Hong Kong, Singapore and Taiwan. Their own successful implementation of their long term economic and social goals have become what other less developed countries of which Nigeria is one now copy. We shall therefore discuss the various vision statement, like vision 2010, Vision

2020, seven point agenda, Transformation agenda and the latest change agenda. An in- depth explanation of the above topics shall be provided. It is advisable that you critically concentrate as we move along with explanations that will be given.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- ☐ Show the overview of Nigeria vision 2010 economic plan.
- ☐ Discuss the NEEDS, Vision 2020, and other policy statements
- ☐ Understand the challenges of economic developments plans in Nigeria

### **3.0 MAIN CONTENTS**

#### **3.1 OVERVIEW OF NIGERIA VISION 2010 ECONOMIC PLAN**

Vision 2010 was a projected economic plan for Nigeria to improve

economically. Nigeria is a less-developed country, whose politics have been shaped by chronic military dictatorships, dependence on oil, ethnic and social cleavages, and a population too large to feed. In the creation of Vision 2010, 248 members developed plans that would hopefully guide the country out of poverty and other national crises. Sub-committees worked on solving key issues needed to be resolved.

The main objectives expressed in Vision 2010 are increased political stability, economic prosperity and social harmony. However, the Vision includes several more specific

environmental/climate related objectives. One of such goal is to increase the national

forest reserves (from 10% in 2003) to 25% by 2010. Other objectives also include

obtaining full compliance with existing regulations, decreasing the emission of dangerous gases into the atmosphere to zero and eliminating gas flaring by 2008. Other areas of concern includes the following:

Politics - Stable democracy with a federal system, rule of law, political accountability. Economy - Decrease on oil dependence (now over 90% of country's export earnings) and increase in GDP.

Education - Better educated population (as at then, only 50% of children between 5 and

24 enrolled in primary, secondary, and higher education).

Urbanization - Nigeria has a high urban increase rate (5-7%) and growth needs to be managed. Rural development should be stressed.

Unemployment - very high in Nigeria; even bankers and doctors had become unemployed.

Infrastructure (internal framework) - poor electricity, telecommunications, fresh water supply, poor road networks, lack of affordable housing.

Corruption - a history of military leaders have resulted in corruption for personal gain at the expense of the people.

Women inferiority - women generally have greater health problems and less education

facilities than men. The literacy rate of adult women is significantly low.

In order to meet up with the above challenges through the vision, the following solutions were recommended as ways out.

1. Institute and maintain democratic elections in the Fourth Republic. Nigeria has a history of military dictatorships and coup d'états which short-lived the republics.

2. Increase in private sector to enhance competition.

3. Money created should allow for infrastructure to be rebuilt.

4. Increased female access to education and job opportunity should raise literacy and equal gender rights.

5. Devote over one-quarter of the government's budget to education.

If better education is promoted, work force can provide for more labor. Criminal activity and violence have resulted from a lack of youth education. New scientific and medicinal advancements can be made with better education systems

After the blueprints were drawn, implementing these strategies can be difficult. Following Abacha's death in 1998, Abdusalami Abubakar took control as Head of State. General Abubakar endorsed Vision 2010, as he had worked in the formation of the plan. Since 1946, economic plans were introduced but not very successful. There was a lack of discipline in Nigeria to carry out the needs of these plans, so they did poorly. If Vision

2010 hopes to be successful, it will require the nation as a whole to cooperate and take the initiative to look past each other's ethnic differences. Invariably, the vision was not achieved and the policy failed as usual due to poor implementation, corruption and bureaucracy.

### **SELF ASSESSMENT EXERCISE**

Vision 2010 policy fails because of poor implementation, corruption and bureaucracy;

Discuss

### **3.2 NEEDS, VISION 2020, AND OTHER POLICY STATEMENTS**

From our earlier discussions, we know that successive governments have attempted one form of economic policy or the other. We shall again look at some of it as discussed below. You are admonished to concentrate on the explanation given below.

National Economic Empowerment and Development Strategy.(NEEDS) (2003-2007): When the Obasanjo's government was re-elected in 2003, it realized the necessity for a comprehensive socio-political and economic reform of the country since the previous plans did not put the Nigerian economy on sound footings. It was in this context that the

National Economic Empowerment and Development Strategy (NEEDS) that appeared to be a road map to address the development challenges in Nigeria was launched. The basic thrust of NEEDS focused on: empowerment, wealth creation, employment generation and poverty reduction as well as value re-orientation. The document was also to cover states and Local governments. At States level, it was called (SEEDS) State Economic Empowerment and Development Strategy, while at the Local government level it is called (LEEDS) Local Economic Empowerment and Development Strategy. It is worrisome that the government has not realized most of the professed objectives of NEEDS. Within the period of NEEDS 2003-2007, Nigeria's annual budget crossed the threshold of billions into trillions of naira, but the per



capita income of Nigeria fell into the one dollar per head level of the poorest countries. Education, which is expected to empower citizens, witnessed increase in the number of educational institutions from primary to tertiary institutions. The universities increased from about forty in 1999 and mainly belonging to federal and state governments to about eighty nine in April 2007, with greater private sector participation. It is regrettable that despite the increase in the number of educational institutions, the cost of education is very exorbitant. For example an average private university charges fees as high as N600,000 per session. This has led to the reduction of number of citizens that can have access to higher education. Therefore, empowerment of such citizens is grievously hampered. NEEDS had planned to create about seven million jobs by 2007, but the reality is that most policies adopted by the government to realize this objective were inimical to employment generation. In her efforts to reform government institutions, many employees have actually lost their jobs. The Central Bank of Nigeria alone severed 804 employees through mandatory retirement in 2005 (CBN, 2005). In the area of infrastructural development, NEEDS also failed to achieve the expected objectives. Electricity, which coincidentally was a major policy choice area of the government, rather than show improvement, seemed to have declined tremendously (Ikeanyibe, 2009). The poor supply of electricity in the country reached a dangerous proportion by 2007 and still persist in 2016. Adegboyega (2006), observed that

—we have to look beyond Obasanjo's reform package if we must get out of the power quagmire. As a medium term plan, most of the objectives of NEEDS should have been achieved before the expiration of Obasanjo's administration in May 2007. The truth is that NEEDS as a economic development planning policy did not achieve the expected results like previous development plans in Nigeria. The four main objectives viz: employment generation, poverty reduction, wealth creation and value re-orientation remained only on paper.

President Olusegun Obasanjo also added Vision 20:2020 to one of its endless search for appropriate development strategy for Nigeria. The objective of the Vision 20:2020 is to make Nigeria one of the first leading 20 economies in the world by the year 2020. As observed by Eneh (2011), to actualize this lofty dream, Nigeria's GDP per capita would have to grow at an incalculable rate (different from the then 0.7%) from US\$ 752 to

\$30,000 at least and the GDP of those countries (over US \$29,000) Nigeria wishes to displace and/or join must stop growing (they grew then at 2%). The rural areas in Nigeria must be transformed from age-long poverty and misery centres to urban status of world standard. Nigeria's education, health, power, agriculture, manufacturing and other sectors must receive such miraculous boosts that in 10years time, the

country will compare with high income OECD nations in all development respect (Eneh, 2011). Nigeria must move from its 152nd (2014) position in the UNDP human development ranking to the first 20 position in the world. Nigeria's Vision 20:2020 like other development plans and initiative is nothing but a mere vision until it is realized. At present, Nigerians are beset with hunger and starvation, dilapidated road network, poor power supply, underdeveloped rail system and insecurity of lives and property, high unemployment rate, low level of exportation, high inflationary rate and flying exchange rate etc. Is Vision

20:2020 attainable under the present state of affairs? Based on the previous experience of the failures in Nigeria's development plans and initiatives the Vision 20:2020 is bound to fail if not well monitored, articulated and implemented.

There are other economic blue print plans by successive government. Seven point agenda was the policy of President Umar Yar-adua which was a short term plan aimed at turning the economy around for Nigerian citizen. It was aimed at employment generation, diversification of the economy, solving power problem etc to mention just few, but today

none was ever achieved. President Goodluck Jonathan also introduced Transformation Agenda plan in 2011, aimed at transforming the economy, boosting agricultural production and encouraging the diversification of the economy through agriculture and employment generation through (GIS) graduate internship scheme, Subsidy re- investment empowerment programme (Sure-P) etc. But all did not achieved its planned aim. Today, in 2016, there is a Change Agenda in vogue which is being championed by the government of President Muhammadu Buhari, where possible change is expected in all spheres of Nigeria economy.

### **SELF ASSESSMENT EXERCISE**

Highlight and discuss the meaning of NEEDS policy at federal, state and local government.

### **3.3 CHALLENGES OF ECONOMIC DEVELOPMENTS PLANS IN NIGERIA**

We have seen the series of economic development plans and policy visions introduced by successive Nigerian governments since independence, the country has failed to produce much needed sustainable development. Development plans in Nigeria have failed to

achieve their desired objectives due to many challenges that bedeviled the plans. Let us consider these challenges as follows:

1. Corruption:

Corruption in Nigerian political system has hampered development plans and programmes. Corruption has been a pervasive social phenomenon. The disheartening thing about the whole scenario is that the purported development plans are to a large extent corruption avenues to some greedy Nigerian leaders. Illicit misappropriation of privileges and opportunities in public and private sectors for personal aggrandizement particularly those in positions of authority in Nigeria (Ologbenla, 2007).

The involvement of our political leaders in massive corruption both in military and civilian governments has been a stumbling block to national development plans. Onah

(2006) observes that all development visions and programmes fail in Nigeria because of

poor handling by corrupt and poor/hungry politicians and bureaucrats.

2. Lack of Plan Discipline:

The failure of Nigerian political leaders and bureaucrats to abide by the plan objectives has frustrated development plans in Nigeria. Many previous plans in Nigeria were distorted during the implementation stages which eventually killed the overall objectives of the plans. Indiscipline in the process implementation of development plans has resulted in many abandoned projects in all parts of the country. Many projects like Ajaokuta Steel Complex which could have hasten Nigeria's industrialization are not yet completed after over two decades of their projected completion dates.

3. Lack of Commitment:

Development plans are often prepared without consulting the people, hence public apathy towards its implementation. Since the plan is meant for the people, but they are not even aware of its existence or objectives, they do not feel duty bound to contribute to its success. This has made many development plans to fail in Nigeria. It was an attempt to address this problem that made the defunct Vision 2010 Committee to embark on series of publicity programmes, like seminars, conferences and public enlightenment campaigns (Obi, 2006).

4. Absence of Relevant Data:

Development planning depends basically on availability of data. This is due to inadequacies of National Bureau of Statistics, the unwillingness of Nigerians to reveal information and outright manipulation of data for pecuniary or other gains. A striking example of the problem in Nigeria

is that until today, nobody is sure about the exact population of Nigeria. A country that does not know its population would definitely not be in a position to determine the other vital statistics necessary for planning, via life, birth rate, death rate, number of those of school age and demographic changes in the population which are essential for planning. The absence of reliable background data has made the use of social indicators difficult and inadequate for plan preparation, implementation and monitoring of national development.

#### 5. Over-Ambitious Development Plans:

National Development Plans are over ambitious, trying to achieve many objectives at the same time without considering the conflicting and competing priorities. Again, they are often grandiose in design but vague on specific policies needed to achieve stated objectives (Onah, 2010). In most cases, policy objectives are contradictory.

#### 6. Lack of Continuity of Government Programmes and policies:

Lack of continuity of government programmes has retarded development plans in Nigeria. Most of the development programmes are usually abandoned once the government that introduced them is out of power. Government officials do not feel committed to the national plans of their predecessors and subsequently seek to change them by introducing major projects not incorporated in the original plan. (Oladapo, 2004). This is the reason for uncompleted projects in different parts of the country today. The situation is worsened because of political instability to which the country has been subjected since independence. Arguably, the frequent and unpredictable changes in the government especially during the military regimes, created room for uncertainty and for the retardation of development process articulated in various plans.

#### 7. Public Service Inefficiency:

Public service is an institution that is responsible for execution of development plans. It is worrisome that Nigerian public service is beset with many problems which militate against its efforts in the implementation of development plans. Some of these problems are: corruption, inadequate working materials, poor communication system, bureaucracy and political instability. It is imperative to address these problems to enhance the capacity of Nigerian public service to serve as appropriate organ for implementing economic development plans in Nigeria.

#### 8. Poor Public and Private Sector Partnership:

There is poor collaboration between the public and private sectors in development planning process in Nigeria. In fact, development

planning has largely followed bureaucratic process with little private sector participation so much so that such efforts can be appropriately described as lacking in synergy between public and private sectors.

### **SELF ASSESSMENT EXERCISE**

Highlight and explain the challenges of economic developments plans in Nigeria

### **4.0 CONCLUSION**

From our discussion so far on visions and policy statements of economic plans in

Nigeria, we can deduce the following facts:

That Nigeria must move from its 152nd (2014) position in the UNDP human development ranking to the first 20 position in the world. Nigeria's Vision 20:2020 like other development plans and initiative is nothing but a mere vision until it is realized. At present, Nigerians are beset with hunger and starvation, dilapidated road network, poor power supply, underdeveloped rail system and insecurity of lives and property, high unemployment rate, low level of exportation, high inflationary rate and flying exchange rate etc.

### **5.0 SUMMARY**

In this unit, we have attempted to show the overview of Nigeria's vision 2010 economic

plan, we have discussed the NEEDS, Vision 2020, and other policy statements, we also examined the challenges of economic developments plans in Nigeria. The question is,

can Vision 20:2020 be attained under the present state of affairs? Based on the previous

experience of the failures in Nigeria's development plans and initiatives, the Vision

20:2020 is bound to fail if not well monitored, articulated and implemented like the previous plans. You are therefore encouraged to be anxious of reading more about the next topic which will be duly served in the next unit.

### **6.0 TUTOR-MARKED ASSIGNMENT**

List and explain the various vision statements and policy that you know in Nigeria.

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## **MODULE 4**

### **PLANNING EXPERIENCES IN OTHER COUNTRIES OF THE WORLD**

- Unit 1: Planning experiences of selected developed countries  
Unit 2: Planning experience of India and Asian Tigers  
Unit 3: Comparisons of economic plans of less developed and developed nations

#### **UNIT I: Planning experience of selected developed countries**

##### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Planning experience of France and the Soviet States
  - 3.2 Planning experience of the USA
  - 3.3 Planning experience of China.
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

##### **1.0 INTRODUCTION**

In this module, we shall be looking at Planning experiences of selected developed countries and the lessons to be learnt from their experience. Planning involves anticipating the future and formulating systematic programs of action to attain desired goals. Our discussion therefore will be limited to countries like France, Soviet state, USA, China, India, and the Asian Tigers of Singapore and Malaysia. Therefore our task in this last module would be to look at certain types of planning adopted by these countries. Let us therefore concentrate and move along with the explanations that will be given in this module and subsequent units.

##### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- ☐ Identify Planning experience of France and the Soviet States
- ☐ Show Planning experience of the USA
- ☐ Explain Planning experience of China.



### 3.0 MAIN CONTENTS

#### 3.1 Planning experience of France and the Soviet States

We shall briefly consider the planning experiences in France and the soviet states as follows:

##### A. France

France utilized indicative planning and established a number of state-owned **enterprises**

in strategic sectors of the economy. The concept behind indicative planning is the early

identification of oversupply, bottlenecks and shortages so that state investment behavior can be modified in a timely fashion to reduce the incidence of market disequilibrium, with the goal of sustaining stable economic development and growth. Under this system France experienced its "Trente Glorieuses" period of economic prosperity. France also anchored its economic blue print by successive government on economic indicators of growth and development, indices of food security, water supply, adequate housing, efficient education, affordable health care system, employment opportunities and provision of infrastructures through which sustainable economic development can be achieved. However, according to the Economist Intelligence Unit, (2015), the global food security index of France is 83.8%, which placed the country as one of the most secured in terms of food security. France is also among the most developed nations in the world that other less developed countries are now patronising.

##### B. Soviet Union (Dissolved in 1991) Now Russia.

The Soviet model of economic planning is an economic system where decisions

regarding production and investment are embodied in a plan formulated by Gosplan (State planning agency) through the process of material balances. Economic information, including consumer demand and enterprise resource requirements, are aggregated and used to balance supply (from available resource inventories) with demand (based on requirements for individual economic units and enterprises) through a system of iterations. The Soviet economy operated in a centralized and hierarchical manner where directives were issued to lower-level organizations. As a result, the Soviet economic model was often referred to as a command economy or an administered economy because plan

directives were enforced through inducements in a vertical power-structure, where planning played little functional role in the allocation of resources. The Soviet anchored their economic plan on socialist ideology bearing in mind all economic indicators of growth and development, indices of food security, water supply, adequate housing, efficient education, affordable health care system, employment opportunities and provision of infrastructures which were shouldered by the planning authority, that is the government. Although, Soviet Union have broken up but the economic planning system of countries like Russia, Croatia, Slovenia, Serbia, Georgia, Hungary etc, still have major traces of this system and that is why they are referred to as socialist states.

However, according to the Economist Intelligence Unit, (2015), the global food security index of Russia is 63.8%, which placed the country as one of the most secured in terms of food security.

### **SELF ASSESSMENT EXERCISE**

Discuss your understanding of planning as experience by France and the Russia.

### **3.2 Planning experience of the USA**

The United States utilized economic planning during the First World War. The Federal

Government supplemented the price system with centralized resource allocation and created a number of new agencies to direct important economic sectors; notably the Food Administration, Fuel Administration, Railroad Administration and War Industries Board.

During the Second World War, the economy experienced staggering growth under a

similar system of planning. In the postwar period, US governments utilized such

measures as the Economic Stabilization Program to directly intervene in the economy to control prices, wages, etc. in different economic sectors.

From the start of the Cold War and up until the present day, the United States Federal

Government directs a significant amount of investment and funding into research and development (R&D), often initially through the Department of Defense. The government performs 50% of all R&D in the United States, with a dynamic state-directed public- sector developing most of the technology that later becomes the basis of the private sector economy. As a result, Noam Chomsky has referred to the United States economic model as a form of State capitalism. Examples

include laser technology, the internet, nanotechnology, telecommunications and computers, with most basic research and downstream commercialization financed by the public sector. This includes research in other fields including healthcare and energy, with 75% of most innovative drugs financed through the National Institutes of Health. The economic plan of US was also anchored on economic indicators of growth and development indices of food security, water supply, adequate housing, efficient education, affordable health care system, employment opportunities and provision of infrastructures through which sustainable economic development can be achieved. The US economy has been the cynosure of all eyes thereby attracting migrants from all parts of the world. However, according to the Economist Intelligence Unit, (2015), the global food security index of USA is 89.0%, which placed the country as one of the most secured in terms of food security.

### **SELF ASSESSMENT EXERCISE**

Discuss your understanding of planning as experience by the USA.

### **3.3 Planning experience of China**

In China planning experience took so many dimensions most especially coming from the angle of the communist cum socialist ideology and economic system canvassed for by the then Soviet Union of which China was an ally. China witnessed a gradual economic development transformation with emphasis on indicative and perspective planning strategy using available manpower resources and investment on ‘ICT’ information and communication technology. Today, China can be seen as a market based economy with socialistic ideology and a competitive economy which other developed economies are afraid of. In 1953, China launched its first five-year plan, modeled on the Soviet materials balance planning system. China adopted the —Big Push strategy. Investment spending was promoted greatly while consumption was restricted. Large industrial projects were favored despite China’s large number of workers and shortage of capital goods. Between 1952 and 1978, the share of Chinese GDP accounted for by industry rose from 18% to 44%. In the planning system, prices were artificially set by the government i.e., prices did not reflect demand and supply. Prices were artificially high for industrial goods and artificially low for agricultural goods, wages were also set by the government and they were low and were rarely changed. This continued until 1993 after the cold war and the fall of Soviet Union, when central planning was phased out and decision making decentralized thereby opening up China’s economy to the global

world market. With a population of about 1.3 billion people which is the largest in the world, China's economy is one of the largest in the world.

Let us now discuss the recent economic plan of China. The Twelfth Five-Year Plan (2011–2015) Guideline was debated in mid-October 2010. A full proposal for the plan was released following the plenum and approved by the National People's Congress on March 14, 2011, with the goals of addressing rising inequality and creating an environment for more sustainable growth by prioritizing more equitable wealth distribution, increased domestic consumption, and improved social infrastructure and social safety nets. The plan was representative of China's efforts to rebalance its economy, shifting emphasis from investment towards consumption and development from urban and coastal areas toward rural and inland areas - initially by developing small cities and Greenfield districts to absorb coastal migration. The plan also continues to advocate objectives set out in the Eleventh Five-Year Plan to enhance environmental protection, accelerate the process of opening and reform, and emphasize Hong Kong's role as a center of international finance. The targets for the Twelfth Five-Year Guideline in 2011 were to grow the GDP by around 8%, 7% annual growth of per capita income, spend 2.2% of GDP on research and development by 2015, bring the population below 1.39 billion by 2015, readjust income distribution to stop the yawning gap, firmly curb excessive rise of housing prices, implement prudent monetary policy, intensify anti-corruption efforts, accelerate economic restructuring, and deal with the complex situations in development in 2011. Other set targets were as follows:

1. Urbanization rate reaching 51.5%
2. Value-added output of emerging strategic industries accounting for 8% of GDP
3. Inviting of foreign investment in modern agriculture, high-tech, and environment protection industries
4. Moving coastal regions from being the "world's factory" to hubs of research and development, high-end manufacturing, and the service sector
5. More efficient development of nuclear power under the precondition of ensured safety.
6. Increased momentum for large-scale hydropower plants in southwest

## China

7. Length of high-speed railways reaching 45,000 km
  8. Length of highway networks reaching 83,000 km
  9. A new airport being built in Beijing
  10. 36 million new affordable apartments for low-income people
- In a bid to remain focused, China has also adopted the Thirteenth Plan (2016–2020) of which the focus areas are:

1. Innovation: Move up in the value chain by abandoning old heavy industry and building up bases of modern information-intensive infrastructure
2. Balancing: Bridge the welfare gaps between countryside and cities by distributing and managing resources more efficiently
3. Greening: Develop environmental technology industry, as well as ecological living and ecological culture
4. Opening up: Deeper participation in supranational power structures, more international co-operation
5. Sharing: Encourage people of China to share the fruits of economic growth, so to bridge the existing welfare gaps

The Policies also aimed at the following:

- a. Everyone is an entrepreneur, creativity of the masses by 2025
  - b. Made in China 2025
  - c. Aims to address four worrying trends in current situation and have them changed:
    - i. Nationally vital technologies lack a domestic core platform
    - ii. Chinese industrial products are perceived internationally as inferior quality
    - iii. Domestic industrial competition is fierce due to overly homogeneous structure
    - iv. Poor conversion of academic research results to practical application
  - d. Economy needs a Rule of Law
  - e. National defense reform
 

Organisational reform of the army, slashing number of highest generals, as well as concentrating branches' functions, moving some under Defence Ministry
  - f. Urbanization with Chinese characteristics
  - g. Reform one-child policy; Soon it could be called "two-child policy"
- However, according to the Economist Intelligence Unit, (2015), the

global food security index of China is 64.2%, which placed the country as one of the most secured in terms of food security. There is no doubt that China is a rich nation that will be ready to partner with any country for development of their infrastructure even with giving out of loans to such nations. President Muhammadu Buhari of Nigeria is seeking China's assistance in the area of infrastructural development and seeking financial loan, borrowing of \$2 billion dollars to finance its infrastructural development.

### **SELF ASSESSMENT EXERCISE**

Discuss your understanding of planning as experience by China.

### **4.0 CONCLUSION**

From our discussion so far on planning experiences in other countries of the world; we

can deduce the following fact ;

The economic plan of these countries was anchored on economic indicators of growth and development, indices of food security, portable water supply, adequate housing, efficient education, affordable health care system, employment opportunities and provision of infrastructures through which sustainable economic development is achieved.

### **5.0 SUMMARY**

In this unit, we have attempted to discuss Planning experience of France and the Soviet

States, show Planning experience of the USA and explain Planning experience of China. Also, from the point of view of our discussion, you have learnt that all these countries at one point or the other had embarked on indicative, fixed, rolling and perspective planning strategies which they implemented faithfully to achieve their economic goals and which positioned them as developed nations and made them a reference point in the world till today. It is believed that your understanding of this unit has given you a basis to understand the next unit. It is expected of you to be anxious of reading about what will be duly served in the next unit.

### **6.0 TUTOR-MARKED ASSIGNMENT**

Discuss the various economic development indicators that the developed nations built their economic plan around.

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**UNIT II: Planning experiences of India and Asian Tigers****CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Planning experience of India
  - 3.2 Planning experience of Asian Tigers
  - 3.3 The vision of Singapore to become developed country
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

**1.0 INTRODUCTION**

Our discussion in the last unit has introduced to us how economic development plan is executed in some developed countries. Therefore, our discussion in this unit will describe the planning experience of India, planning experience of Asian Tigers and the vision of Singapore to become a developed country. It is important to take closer attention to the explanations given in this unit for easy assimilation.

**2.0 OBJECTIVES**

At the end of this unit, you should be able to;

- Understand planning experience of India
- Discuss the planning experience of Asian Tigers
- Explain the vision of Singapore to become a developed country

**3.0 MAIN CONTENTS****3.1 Planning experience of India**

India was known to be a developing nation because of the strategic economic plan embarked upon to salvage the economy which was in shamble in the past. It is a country with about a billion people in terms of population second after China. India has been seen to be a growing economy adopting indicative, rolling and perspective type of planning with emphasis on manufacturing, industrialization and medicine. Since 1947, the Indian economy has been premised on the concept of planning. This has been carried out through the Five-Year Plans, developed, executed,

and monitored by the Planning Commission known now as \_\_NITI Aayog after 2014‘. For easy understanding, we shall only discuss the current Indian plan, although India has a series of economic development plans which are in this progression. First Plan (1951–1956), Second Plan (1956–1961), Third Plan (1961–1966), Fourth Plan (1969–1974), Fifth Plan (1974–1979), Rolling Plan (1978–1980), Sixth Plan (1980–1985), Seventh Plan (1985–1990), Annual Plans (1990–1992), Eighth Plan (1992–1997), Ninth Plan (1997–2002), Tenth Plan (2002–2007), Eleventh Plan (2007–2012) and Twelfth Plan (2012–2017) The Eleventh Plan completed

its term in March 2012 and the Twelfth Plan is currently underway.

Prior to the Fourth

Plan, the allocation of state resources was based on schematic patterns rather than a

transparent and objective mechanism, which led to the adoption of the Gadgil formula in

1969. Five-Year Plans (FYPs) are centralized and integrated national economic programs.

India launched its First FYP in 1951, immediately after independence under socialist influence of first Prime Minister Jawaharlal Nehru. The First Five-Year Plan was one of

the most important because it had a great role in the launching of Indian development after Independence. Thus, it strongly supported agriculture production and it also

launched the industrialization of the country (but less than the Second Plan, which focused on heavy industries). It built a particular system of mixed economy, with a great

role for the public sector (with an emerging welfare state), as well as a growing private

sector. There are series of FYP’s embarked upon by India till the Twelfth Plan (2012–

2017) which is also tagged as 12th Five-Year Plan (India). Let us briefly look at it.

The Twelfth Five-Year Plan of the Government of India had been designed for growth rate at 8.2% but the National Development Council (NDC) on 27 Dec 2012 revised it to

8% growth rate. The plan was further anchored on the following aims.

1. Rapid and inclusive growth. (Poverty reduction by 10%)
2. Emphasis on social sector and delivery of service therein.
3. Empowerment through education and skill development.
4. Reduction of gender inequality.
5. Environmental sustainability.
6. To increase the growth rate in agriculture, industry and services to 4%,10% and 9% respectively.

7. Reduce Total Fertility Rate to 2.1
8. Provide clean drinking water for all by 2014.

The document presented by the Planning Commission was aimed to attract private investments of up to US\$1 trillion for infrastructural growth, which was also ensure a reduction in subsidy burden of the government to 1.5 percent from 2 percent of the GDP. However, according to the Economist Intelligence Unit, (2015), the global food security index of India is 50.9%, which placed the country as one of the secured in terms of food security.

### **SELF ASSESSMENT EXERCISE**

Discuss your understanding of planning as experienced by India

### **3.2 Planning experience of Asian Tigers**

The economic development models of the East Asian Tiger economies involved varying

degrees of economic planning and state-directed investment in a model sometimes described as "state development capitalism" or the "East Asian Model". The Asian Tigers have been seen to be growing economies adopting indicative, rolling and perspective type of planning with emphasis on education, manufacturing, industrialization and medicine. The governments of Malaysia and South Korea instituted a series of macroeconomic plans (First Malaysia Plan and Five-Year Plans of South Korea) to rapidly develop and industrialize their mixed economies. The economy of Singapore was partially based on economic planning involving an active government industrial policy and high levels of state-owned industry in a free-market economy. They also based their economic plan to be anchored on economic indicators of growth and development, indices of food security, water supply, adequate housing, efficient education, affordable health care system, employment opportunities and provision of infrastructures through which sustainable economic development could be achieved. There was a significant growth and development in these economies as a result of disciplined execution of their economic plans, set goals and objectives which made them to be referred to as Asian Tigers.

### **SELF ASSESSMENT EXERCISE**

Discuss your understanding of planning as experienced by the Asian Tigers.

### **3.3 The vision of Singapore to become developed country in the first**

**league** Singapore is one of the major Asian Tigers, it is therefore important to discuss its vision strategies that moved the country to a developed nation. The strategic economic plan sets the strategies and programmes for Singapore to realise a vision to attain the status and characteristics of a first league developed country within the next 30 to 40 years. Key facets of the Vision are economic dynamism, a high quality of life, a strong national identity and the configuration of a global city.

Strategies for the long term, which will also produce some benefits for Singapore in the short to medium term, are directed at maintaining and extending the nation's international competitiveness. Eight strategic thrusts have been identified to help propel

Singapore's economic and social progress to that of a developed country. They are:

1. Enhancing Human Resources
2. Promoting National Teamwork
3. Becoming Internationally Oriented
4. Creating a Conducive Climate for Innovation
5. Developing Manufacturing and Service Clusters
6. Spearheading Economic Redevelopment
7. Maintaining International Competitiveness
8. Reducing Vulnerability

When change is as rapid and dynamic as in the international economic environment, the planning process is fraught with risks. Looking at it in this course, world shattering events in the Gulf and the Soviet Union occurred. No one could have predicted these events or the degree of impact they would have on the world economy now and in the future. But it is evident and shows as reference points in the World. Singapore cannot hope to predict such dramatic events at home or abroad. But through scenarios and contingency plans it would take into account various contributory factors, and weigh up other more gradual shifts and trends in international politics, trade and economics.

With clear lessons from the recent past of the World economy and Singapore's experience, the writing on the wall currently is that economic strategies for Singapore

need to evolve from the past single dimensional type to a multi-dimensional one in order

to remain viable in an increasingly complex environment.

In this context, the Economic Planning Committee was charged with the task of preparing a Strategic Economic Plan for Singapore to provide for the medium to long term. This plan aims to:

1. Provide an overview of the economic landscape over the next 20 to 30 years
2. Define a clear vision for the economy and analyse its implications

3. Initiate a national planning process, which is consultative and evolutionary in character 4. Help build a shared vision among labour, business and government on national economic aspirations

However, according to the Economist Intelligence Unit, (2015), the global food security index of Singapore is 82.2%, which placed the country as one of the most secured in terms of food security

### ACHIEVEMENT OF QUANTITATIVE GROWTH

The principal objective for any economic development is to achieve a high level of

sustained growth. Based on certain assumptions, Singapore's projected growth rates under the two scenarios are given in Table I and 2.

**Table 4.1**

#### **Projected GNP Growth – Optimistic Scenario Population at Year 1990-2030**

	3.4m	4.0m	4.4m
1990-1995	6.7%	7.1%	7.3%
1995-2000	5.6%	6.0%	6.2%
2000-2010	4.4%	4.8%	5.0%
2010-2020	3.9%	4.3%	4.5%
2020-2030	3.7%	4.0%	4.3%

SOURCE: Information on Singapore, (2015)

**Table 4.2**

#### **Projected GNP Growth – Pessimistic Scenario Population at Year 1990-2030**

	3.4m	4.0m	4.4m
1990-1995	5.7%	6.1%	6.3%
1995-2000	4.6%	5.0%	5.2%
2000-2010	3.5%	3.9%	4.1%
2010-2020	3.0%	3.4%	3.6%
2020-2030	2.7%	3.1%	3.3%

SOURCE: Information on Singapore, (2015)

### ACHIEVEMENT OF QUALITATIVE DEVELOPMENT

Singapore's Vision was to become a first league developed country in terms of the

following characteristics:

1. Economic Dynamism with a per capita income of one of the major industrialised countries. This means catching up with a moving target and goes further than the target set in 1984 that Singapore should achieve by 1999 the Swiss per capita GNP of 1984.
2. Quality of Life
3. National Identity
4. Global City

Despite the long horizon, Singapore took steps to seriously and vigorously pursue the goal of becoming a first league developed country for two reasons. Firstly, some of the strategies, like enhancing manpower, requires a long lead time of one generation or more. Secondly, it provides the best possible assurance against being overtaken by other emerging countries which, if it happened, could lead to economic stagnation or decline. The major restraining factors towards achieving the high average growth rates experienced in the 1980s of 7.1 per cent are the employment rate and present limits set on the foreign worker population. Singapore has also practically reached the limits of sea- front land and sea space. In order to continue to grow at relatively high rates, it is necessary to reorganise the way human and physical resources are managed. Singapore adopted key strategies of growth and development like the which promote the distribution of activities between Singapore, the Riau Islands and Johor, in accordance with the comparative advantages of the three regions, Singapore has effectively networked with a sub-region of ASIAN which has a much larger resource base and also achieved economic development through international competitiveness.

### **SELF ASSESSMENT EXERCISE**

Mention and explain the success behind the transformation of Singapore economy..

### **4.0 CONCLUSION**

From our discussion so far on the planning experience of India and the Asian tigers, we

can deduce the following facts:

That India and Asian Tigers have been seen to be growing economies adopting indicative, rolling and perspective type of planning with emphasis on education, manufacturing, industrialization and medicine

## 5.0 SUMMARY

In this unit, we have attempted to describe the planning experience of India, planning experience of Asian Tigers and the vision of Singapore to become developed countries. Also, from the point of view of our discussion, you have learnt that Singapore adopted key strategies of growth and development like the growth triangle which promote the distribution of activities between Singapore, the Riau Islands and Johor, in accordance with the comparative advantages of the three regions, Singapore has effectively networked with a sub-region of ASIAN which has a much larger resource base and also achieved economic development through international competitiveness. India also adopted targeted series of five year plan aimed at achieving desirable growth. It is believed that your understanding of this unit will prepare you for the last unit of this last module. Therefore, read ahead and concentrate.

## 6.0 TUTOR-MARKED ASSIGNMENT

Discuss briefly the magic of transformation of India and Asian Tigers economies.

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### **UNIT III Comparisons of economic plan of less developed and developed nations**

#### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Contents
  - 3.1 China and Nigeria
  - 3.2 Malaysia and Nigeria
  - 3.3 Singapore and Nigeria
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

#### **1.0 Introduction:**

This is the last unit of the last module of this course. Our discussion in the last unit will be short and precise comparing Nigeria economic plan with China, Malaysia and Singapore. Therefore, our discussion in this unit will describe China and Nigeria, Malaysia and Nigeria, likewise Singapore and Nigeria. It is important for us to take closer attention to the brief explanations given in this unit for easy assimilation and understanding.

#### **2.0 OBJECTIVES**

At the end of this unit, you should be able to;

- Compare China and Nigeria in terms of economic performance
- Compare Malaysia and Nigeria in terms of economic performance
- Compare Singapore and Nigeria in terms of economic performance

#### **3.0 MAIN CONTENTS**

##### **3.1 CHINA AND NIGERIA**

By the year 1970, China had a GDP per capita of \$112 and was ranked 114th in the world

while Nigeria had a GDP of \$219 and was ranked 88th. Since then China has recorded and sustained a very rapid growth rate of over 9.5%, perhaps, the highest in the world and has been transformed to the second largest economy in the world behind the USA. The

reason adduced for this phenomenal growth is visionary leadership and

collective resolve of the citizens. In China planning experience took so many dimensions most especially coming from the angle of the communist cum socialist ideology and economic system canvassed for by the then Soviet Union of which China was an ally. China witnessed a gradual economic transformation with emphasis on indicative and perspective planning strategy using available manpower resources and investment on ‘ICT’ information and communication technology. Today, China can be seen as a market based economy with socialistic ideology and a competitive economy which other developed economies are afraid of. For Nigeria to have an economic turnaround like China, plans have to be well executed faithfully and implemented successfully.

#### **SELF ASSESSMENT EXERCISE**

Compare and make comments on the economic planning experience in China and Nigeria

### **3.2 MALAYSIA AND NIGERIA**

By 1960, Malaysia had a GDP per capita of \$299. Since then the country has recorded

and sustained an outstanding economic success. By 2010, Malaysia had a GDP of \$8,634

compared to Nigeria’s per capita income of \$1,465. History has it that Malaysia in the

1960s procured improved oil palm and rubber seeds from Nigeria and later became the world largest palm oil producer/exporter and a major exporter of rubber, while Nigeria has now become a major importer of these commodities. The reason adduced for the Malaysian success has been linked to a variety of pull factors; good political leadership that created political stability, business friendly policies, prudence and influx of foreign investors, productive workforce and developed infrastructure (Sanusi, 2012). For Nigeria to be like Malaysia, the economy of Nigeria has to be diversified most especially into agriculture and other key sectors that are lying unproductive. However, according to the Economist Intelligence Unit, (2015), the global food security index of Malaysia is 69.0%, which placed the country as one of the most secured in terms of food security while that of Nigeria is 37.1% which indicate a low indices.

#### **SELF ASSESSMENT EXERCISE**

Compare and comments on the economic planning experience in Malaysia and Nigeria

### **3.3 SINGAPORE AND NIGERIA**

By 1960, the GDP per capita of Singapore was \$395 and it grew to \$925 in 1970 while

Nigeria's GDP per capita rose from \$91 to \$219. By 2010, a miracle had taken place.

Singapore's GDP per capita had become \$44,697 while Nigeria was far trailing behind with \$1,465. Today, Singapore was said to be the world's 2nd most open economy in the Asian Pacific Region, a highly developed and successful free market economy devoid of corruption. The reason adduced for the miracle is the many years of successive visionary leadership that were able to transform the economy through consistent policies and good governance. Nigeria must invest heavily on education just like Singapore to be able to develop effectively in the World.

### **SELF ASSESSMENT EXERCISE**

Compare and make comments on the economic planning experience in Singapore and Nigeria

### **4.0 CONCLUSION**

From our discussion so far on comparisons of economic plans of less developed and

developed nations, we can deduce the following facts:

That the reason adduced for the miracle of China and Asian Tigers is the many years of successive visionary leadership that were able to transform the economy through consistent policies and good governance. Nigeria must invest heavily on education just like these countries to be able to develop effectively in the World.

### **5.0 SUMMARY**

In this unit, we have attempted to briefly discuss the Comparison of China and Nigeria in

terms of economic performance, Malaysia and Nigeria in terms of economic performance and Singapore and Nigeria in terms of economic performance. Also, from the point of view of our discussion, you have learnt that today, China and Asian Tigers can be seen

as a market based economy with socialistic ideology and a competitive economy which other developed economies are looking forward to. For Nigeria to have an economic turnaround like these countries, plans have to be well executed faithfully and implemented successfully. We believe you have intimate yourself with your course material and have been able to acquire the needed knowledge that is expected of you.

You are therefore encouraged to read more for proper impartation and assimilation of this course.

### **6.0 TUTOR-MARKED ASSIGNMENT**

Describe in your own words the reasons why Nigeria's economic plan has not achieved much compared to the Asian Tigers.

## 7.0 REFERENCES/FURTHER READING

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