



NATIONAL OPEN UNIVERSITY OF NIGERIA

SCHOOL OF MANAGEMENT SCIENCES

COURSE CODE: MPA 807

**COURSE TITLE: DEVELOPMENT PLANNING AND
ADMINISTRATION**



MPA 807
DEVELOPMENT PLANNING AND ADMINISTRATION

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Development Planning and administration is a one semester, 3 credit, MPA course. It is made up of twenty-seven units collapsed into five modules.

The overall aim of the course is to introduce you to the definition and origin of development planning and administration. Related concepts such as development, growth, underdevelopment and modernisation will be learnt. After that the focus will shift to the environment of development administration with emphasis on salient economic, political, administrative and socio-cultural factors which impinge on government development efforts. Other issues that will be discussed include development planning and public enterprises with emphasis on privatisation.

To achieve the stated aims the course sets specific objectives at the beginning of each unit which you should read before studying the unit. You should endeavour to look at the units objectives after completing a unit to be sure you have attained the unit requirement.

To complete the course, you are required to study the units, read the textbooks and other materials listed under *further reading* plus any other material provided by the National Open University of Nigeria. Each unit contains activities and tutor-marked assignments for assessment purposes. There is a final examination at the end of the course.

There are two parts to the assessment of the course. First are the tutor-marked assignments and second there is a written examination.

When completing the assignments, it is expected of you to apply the knowledge acquired during the course. There are twenty-seven tutor-marked assignments in this course and you are encouraged to attempt all. However, you only need to submit ten of the twenty-seven assignments. The five with the highest marks will be counted. Each of the five assignments attracts 8% towards your total course marks (8x5 = 40%).

The final written examination for this course will be of three hours' duration and will have a maximum value of 60% of the total grade. The examination will consist of questions which reflect the course content.

The time between completing the last unit and sitting for examination should be used to revise the course. It may be useful to review your activities and tutor-marked assignments before the examination.

The breakdown of the course marking scheme is shown below:

Table 1: Marking Scheme

| | |
|---------------------|--|
| Assignments, 1 – 10 | Ten assignments, best five count 8% each (8 x 5 = 40% of course marks) |
| Final examination | 60% of overall course marks |
| Total | 100% of course marks |

One of the advantages of distance learning is that you can read through specially designed materials at your own pace, and at the time and place that suit you best. It may take place in an isolated village with a hurricane lamp or in an urban centre with electricity but the lecturer (replaced by the study units) is the same. Just as a lecturer might give you in-class exercise, your study units provide activities and tutor-marked assignments for you to do at appropriate times.

Each of the units follows a common format in this sequence – introduction to the subject matter; objectives (let you know what you should be able to do by the time you have completed a particular unit); the main body of the unit (guides you through the required reading with activities); summary; conclusion; tutor-marked assignments and further reading. Activities are meant to help you achieve the objectives of the unit and prepare you for the tutor-marked assignments and the final examination. When you have submitted an assignment to your tutor for marking; do not wait for its return before commencing work on the next unit. When the marked assignment is returned go through the comments of your tutor carefully and mail any questions or any difficulties encountered to him.

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MODULE 1 DEFINITION AND ORIGIN OF DEVELOPMENT ADMINISTRATION

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| Unit 1 | What is Development Administration? |
| Unit 2 | Origin of Development Administration |

UNIT 1 WHAT IS DEVELOPMENT ADMINISTRATION?

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1.0 INTRODUCTION

This unit attempts to define and explore the concept of development administration as a field of study and as a system of action in order to make a clear distinction between it and public administration.

2.0 OBJECTIVES

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

- define development administration
- explain the differences between development administration and public administration using the criteria of objective, scope, history and ideology.

3.0 MAIN CONTENT

3.1 Meaning of Development Administration

The task of development in the developing countries is said to be a most challenging one for a variety of reasons: first, because, unlike in the advanced countries where the pressure on the government is for more social services for a society already at an advanced stage of development

in which most of its members possess and enjoy the basic necessities for a decent life, in the new nations even those basic necessities are either non-existent or minimal for the vast majority of the population. Moreover, the task of development was an urgent one since upon it depended the very survival of the nation itself. The people had also been made to expect that independence would bring about an immediate improvement in their conditions. It was therefore, felt that the traditional model of public administration would be inadequate in providing guidelines for building a nation-state out of traditional society. Thus, a new model of administration termed development administration – a especially within the broader field of public administration was adopted in the new nations to ‘modernize’ their economies, accelerate development to be equivalent, eventually, to the advanced countries. It was reasoned that a technocratic bureaucracy following rational-legal principles as set out by Max Weber would be all that was needed to overcome tribal authority and superstition, combined with the application of technical expertise to agriculture and industry.

Basically development administration can therefore be defined as a system of administration geared towards development. It initiates and manages innovation-political, social and economic. Development administration is characterized by innovation and social engineering. Explaining development administration, Fainsod (1963: 1-5) says:

It is a carrier of innovation values. It embraces the array of new functions assumed by developing countries embarking on the path of modernisation and industrialization. Development administration ordinarily involves the establishment of machinery for planning economic growth and mobilizing and allocating resources to expand national income.

SELF-ASSESSMENT EXERCISE 1

Identify the attributes of development administration.

3.2 Development Administration and Public Administration

Traditionally, public administration is concerned with maintaining law and order. So is development administration but the latter is geared towards development. Traditional model of public administration emphasizes the extraction of resources in the form of tax or from petroleum (as in Nigeria) and depositing this money with the central bank. This money is used for maintaining a strong police force and the army to provide security while economic and social activities are substantially left in the hands of the private individuals and companies.

Development administration extracts these resources and uses the proceeds to build concrete structures like roads, pipe borne water, power generating plants, schools, hospitals and other social amenities.

In Nigeria, most of the known hospitals were built by governments (Federal and State). The roads are constructed and maintained by the governments. Despite the privatisation and commercialisation policy of the country, governments still have commanding shares in corporations like railway, National Electric Power Authority and in many other public corporations hence Nigeria is still practicing development administration.

SELF-ASSESSMENT EXERCISE 2

Answer the following questions.

- A. For each item, determine whether the statement is true (T) or False (F).
 1. Development administration is dynamic
 2. Development administration emphasizes fence-sitting attitude
 3. The difference between public administration and development administration is in kind.
- B. Complete the following choosing the correct word/words given in brackets.
 1. Development administration is characterized by... (dynamism/orthodoxy)
 2. Public administration is characterised by ...(laissez faire attitude/social engineering)
 3. Nigeria...(still practices/no longer practices) development administration.

4.0 CONCLUSION

In essence, development administration is a especially within the broader field of public administration. Whereas public administration is concerned with the maintenance of law and order, development administration is geared more towards development. In the final analysis one may say that administration stems from capitalism while development administration stems from socialism.

5.0 SUMMARY

The task of development in the developing countries was considered an urgent one. It was felt that the traditional model of public administration would be inadequate in providing guidelines for building a nation-state out of traditional society. Thus, a new model of administration termed development administration which was geared towards development

was adopted in the nations to modernize their economic and accelerate development. The difference between development administration and public administration is only degree or emphasis as both maintain law and order.

ANSWER TO SELF-ASSESSMENT EXERCISE 1

Development administration is concerned with development. It initiates and manages innovation – political, social and economic. Development administration is characterised by innovation, and social engineering. It embraces the array of new functions assumed by developing countries embarking on the path of modernisation and industrialization. Development administration basically involves the establishment of machinery for planning economic growth and mobilizing and allocating resources to expand national income.

ANSWER TO SELF-ASSESSMENT EXERCISE 2

- | | | | |
|-----|---|---|------------------------|
| (A) | 1 | - | T |
| | 2 | - | F |
| | 3 | - | F |
| (B) | 1 | - | dynamism |
| | 2 | - | laissez faire attitude |
| | 3 | - | still practices. |

6.0 TUTOR-MARKED ASSIGNMENT

Define and explore the concept of development administration as a field of study and as a system of action in such a way as to make a clear distinction between it and public administration.

7.0 REFERENCES/FURTHER READING

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UNIT 2 THE ORIGIN OF DEVELOPMENT ADMINISTRATION

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1.0 INTRODUCTION

During the 19th Century and particularly in the years just the Second World War, a number of developments occurred in the Western world which convinced the developing countries of the need to adopt development administration in the post-independence years. These experiences shall be discussed one after the other.

2.0 OBJECTIVES

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

- explain the origin of development administration
- explain why development administration was adopted by the developing countries.

3.0 MAIN CONTENT

3.1 The Origin of Development Administration

Following the socialist revolution in Russia in 1917 private ownership of the means of production was abolished. With that went private enterprise and the free market mechanism as vehicles for economic development. Planning and public enterprise were instituted in its place. The results were remarkable. The state mobilized high rates of public savings and investment. Capital accumulation and national income grew at unprecedented rates. By the end of the Second World War, the Soviet Union emerged as the second big power in the world. In about four decades, from a situation of underdevelopment and backwardness the Soviet Union became a developed country.

This was, thus, a very successful example of planned economic development for the countries developing later to learn and emulate. The strategy adopted by Third world countries was greatly influenced by the soviet experience. However, with the collapse of socialism, planned economy gave way for a free market system in the Soviet Union (now Russia).

You may have heard the Great Depression of 1929, also called the World Economic Crisis. What happened was that the market system, especially in the industrial countries of the West, ground to a halt. There was over production; stock of unsold goods piled up; factories were shut down; share markets collapsed; unemployment soared up. All this meant a complete mismatch between production and market demand. It had been known that the free market system did not ensure smooth development of an economy based on private enterprise. But the Great Depression made it crystal clear for everyone to see. Incidentally, one should also note that the Soviet economy, being a planned economy remained unaffected by the Great Depression. How was the crisis of the Great Depression handled? By state intervention. The states in the badly affected countries of the West intervened to push up market demand by undertaking public works and financing them by money creation (printing currency notes, also known as deficit financing). This step generated additional income and employment. Market demands for goods and services gradually picked up as a result of this policy. In the course of time, normalcy was restored and development resumed. This course of state intervention is also known as the 'keynesian solution' of the economic crisis, named after the famous English economist, J.M Keynes, who provided the economic theory on which this solution was based. In the United States, this course of state intervention came to be known as the new deal.

The experience of the Great Depression had, apart from other things, one very major effect. The faith in a laissez faire state, a fence-sitting state not actively intervening in the economic life to control the functioning of the market, was shaken. Since then, state intervention in the market system wherever and whenever necessary, has become a normal feature of the capitalist. So far, this was occasionally practiced in a war economy or in an emergency. Secondly, as noted earlier, the state in these countries oversees the economy and engages in indicative planning (where the state does not actively play a role in economic development but merely indicates the direction in which private enterprise is to move). Finally, it plans for, and undertakes, public works, especially in the field of social infrastructure. Such developments in the developed capitalist countries, following the Great Depression, had a lesson for the developing countries. The lesson was: economic

development could not be left wholly to private enterprise based on the free market and the state had a role to play in it.

Shortly after the experience of the Great Depression came the Second World War (1936 – 45). It necessitated not just state intervention in the capitalist and fascist countries like Germany and Japan but an overall control of the economy, its regulation and production planning for meeting the war needs. This is what is known as ‘planning of the War-Time Economies’. After the war, rehabilitation and reconstruction required the active role of the state. This historical experience favours development administration.

Alongside the above development, there arose the nation of welfare state which finally came to be accepted in practice in all market economies after the war. Apart from its interventionist role, a welfare state has also to correct the negative aspects of market-based development and be concerned with the wider issue of social welfare. In the developed countries of the West, the state makes a sizeable expenditure on old-age security, unemployment benefits, health, education and such other social services. All these are known as social security or welfare measures. Provision for all these requires planning. A major negative effect of market based development which has emerged lately is environmental pollution with ecological degradation. The welfare state is required not only to protect the environment and the ecology but also to conserve and plan for restoration and development of the natural resources. The free market mechanism, based on the accounting of private profit, does not provide for these. This also is a historical experience favouring development administration can be said to have started in the developing countries after World War II. The colonies started agitating for independence and many of them got it. However, most of the newly independent countries were poverty stricken but the masses had been led to expect that independence would bring about an immediate improvement in their conditions. The non-realisation of these expectations bred a mood of impatience. Unless, therefore, improvement was effected as speedily as possible, this mode of impatience could explode into violent reactions which would endanger, if not destroy, the state itself.

The governments of these nations quickly realized that the idea of gradual development might not serve their purpose well. They were convinced that relevant administrative theories and procedures would have to be adopted to modernize their economies and accelerate development to be equivalent, eventually, to that of the West. Because there was a chronic shortage of capital (money or wealth used to start a business) and capital markets (where money used to start a business is sourced) such that private ownership would necessarily mean foreign

ownership and because the new nations wanted to preserve their independence, they had to close their doors to foreign investors. It was therefore, felt that government was the only agent organised enough to employ its machinery to induce, promote, and manage socio-economic development. Thus, in the post-independence period, government became the prime agent of economic development, providing infrastructure and producing goods and services, often provided through the mechanism of public enterprise.

In Nigeria, for example, most of the known hospitals were built by governments and corporations like the Nigeria Railway Corporation, National Electric Power Authority and Nigerian Ports Authority are owned by the Federal government. In 1977 Tanzania's 400 state-owned enterprises accounted for 38 percent of gross fixed capital formation, and a similar level in Ethiopia (Jorgensen, 1990: 62).

The convergence of these streams of thought led the students of comparative public administration to start what is now known as development administration.

SELF-ASSESSMENT EXERCISE 1

1. In one sentence, say what in your opinion led to the adoption of development planning in the former Soviet Union?
2. In four sentences, say what in your opinion led to the state intervention in the economies of the industrially advanced countries of the West?

4.0 CONCLUSION

In conclusion development administration is geared towards development and it stems from socialization.

5.0 SUMMARY

The task of development in the post-independence period in the developing countries was considered an urgent one since upon it depended the very survival of the nations. The people had been made to believe that independence would bring about an immediate improvement in their conditions. It was therefore; felt that the idea of gradualism would be inadequate in the developing countries in providing guidelines for building a nation-state out of traditional society. Thus, government became the prime agent of economic development in these nations. These streams of thought gave birth to what is today known as development administration.

ANSWER TO SELF-ASSESSMENT EXERCISE 1

1. Socialist revolution in Russia in 1917 led to the abolition of private ownership and adoption of centralized planning.
- 2i. The Great Depression of 1929
- ii. The Soviet economy being a planned economy was not affected by the depression hence the motivation for the state to intervene in the economies of the advanced countries of the West.
- iii. The Second World War necessitated the state intervention in the economy
- iv. The welfare state wanted to correct the negative aspects of market based development.

6.0 TUTOR-MARKED ASSIGNMENT

Development administration as a discipline developed out of the recognition that the traditional model of public administration was inadequate in providing guidelines for building a nation-state out of traditional society. Discuss the above statement in such a way as to explain the origin of development administration in the developing countries.

7.0 REFERENCES/FURTHER READING

Jorgensen, J.J. (1990). 'Organisational Life-Cycle and Effectiveness Criteria in the State-Owned Enterprises: The Case of East Africa in Alfred, M.J. and Rabindna, N.K., *Management in Developing Countries*, London and New York: Routledge.

MODULE 2 RELATED CONCEPTS IN DEVELOPMENT ADMINISTRATION

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UNIT 1 MEANING OF DEVELOPMENT

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1.0 INTRODUCTION

Development is not just a descriptive word. It must stand for something considered worthwhile. In order to get some idea let us explore the meaning of the concept by making references to view of some selected scholars.

2.0 OBJECTIVES

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

- explain the concept of development
- describe the characteristics of development.

3.0 MAIN CONTENT

3.1 Meaning of Development

It is debatable whether listing the attributes of development does not constitute more useful knowledge than the search for a precise definition of the concept. This is so because development as a concept is multi-dimensional and thus appears elusive.

However, it is not altogether a semantic escapism for economists to search for a precise definition of the concept and how to separate it from related concepts (for example growth, modernisation, undevelopment and underdevelopment).

The concept development is used to refer to the total transformation of a system: thus when used to describe a nation, describes the transformation of the various aspects of the life of the nation. In fact development implies a progression from a lower and often undesirable state to a high and preferred one.

Development also can be defined in terms of attacking wide-spread absolute poverty, reducing inequalities and removing the spectre of unemployment – all these being achieved within the context of a growing economy. This led to the redefinition of development in terms of both redistribution with growth and meeting the basic needs of the masses of the population.

It was Seers who posed the most fundamental questions relating to the meaning of development when he wrote:

The questions to ask about a country's development are therefore what has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If all three of these declined from high levels, then beyond doubt this has been a period of development for the country concerned. If one or two of these central problems have been growing worse, especially if all three have, it would be strange to call the result 'development' even if per capita income doubled.

This way of posing the questions focuses the attention on the fundamental problems of underdevelopment which economic development is supposed to solve. While one may agree that the concept of development is a normative concept in the sense that it implies progress from a less desirable state to a more desired one, it would be difficult to find rational beings who would argue that the objective of eliminating poverty, inequality and unemployment for the largest majority of the population is not a desirable one. Hence, the emphasis today in the development literature is on meeting basic needs and redistributing the benefits of growth

According to Rodney (1974), development is a many sided process. At the individual level, it implies increased skill and capacity, greater freedom, creativity, self-discipline, responsibility and material wellbeing. At the level of social groups, development implies an increasing capacity to regulate both internal and external relationships.

Rogers (1969), defines development as a type of social change in which new ideas are introduced into a social system in order to produce a high per capita income and levels of living through more modern production methods and improved social organisation.

Development can also be defined as the coincidence of structural change and liberation of men from exploitation and oppression perpetrated by international capitalist bourgeoisie and their internal collaborators. Following this definition, therefore, 'real development involves a structural transformation of the economy, society, polity and culture of the satellite that permits the self generating and self perpetuating use of development of the people's potential.

Rostow (1960) sees development in terms of modernizing a basically traditional society or a subsistence sector of a developing society with the aim of attaining sustained growth. He also regards four stages as essential in delineating the process of development: the traditional society, the pre-conditions for 'take-off', the 'take off' and finally sustained economic progress.

Rostow's stages of growth have not received unreserved acceptance. Caincross (1961), for example, has quarreled with the overlapping nature of the characteristics of these stages of development. Szentesi sees the definition of these stages of linear growth as tautological and arbitrary. This, he maintains, would lead to a faulty interpretation of economy and society, the essence of social development.

Trade theorists like Prebisch, Lewis and Singer who are critics of the conventional international trade theory see development in terms of changes in external trade in particular and contemporary international economic relations and the effects of colonialism as constituting obstacles to the development of the periphery of the world economic system.

Wallman in his book, *Perceptions of Development*, also defines development as an inevitable but certainly unilinear movement towards a condition of maximum industrialization, modern technology, high(est) GNP and high(est) material standards of living. He went further to say that philosophically development implies 'progress' which itself implies evolution toward some ultimate good.

Development, thus, is an elusive term meaning different things to different groups of social scientists. Most would agree however that development implies more than just a rise in real national income; that it must be a sustained secular rise in real income accompanied by changes

in social attitudes and customs, which have in the past impeded economic progress.

When development is used to measure economic development, the issue of definition becomes more complex. No single definition of economic development is entirely satisfactory and it has been defined in various ways.

For the average person, the term economic development refers simply to achievement by poor countries of higher levels of real per capita income and of improved condition of living for their people. In a technical sense, economic development refers to a process of economic growth within an economy, the central objective of the process being higher and rising real per capita income for that economy (with the benefits of this higher and rising income being widely defused within the economy).

Rodney (1974), also defines economic development as a process where a society develops economically as its members increase jointly their capacity for dealing with the environment.

He, however, argues that development should not be seen purely as an economic affair, but as an overall social process which is dependent upon the outcome of man's efforts to deal with his natural environment.

Some economists have defined economic development as growth accompanied by change in the structure of the economy in the country's social structure, and its political structure.

According to Jhigan (1980), economic development can be defined in three ways: One is to measure economic development 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. This definition fails to take into consideration change in the growth of the population. If a rise in the real national income is accompanied by a faster growth in population, there will be no economic development.

The second definition relates to an increase in the per capita income of the economy over a long period. Economists are one in defining economic development in terms of an increase in per capita real income or output. Meirer (1964) defines economic development as the process whereby the real capita income of a country increases over a long period of time. Baran (1957) says let economic development be defined as an increase over time in per capita output of materials goods. According to Buchanan and Ellis (1955), it is income potentialities of the underdeveloped areas by using investment to effect those changes to

augment those productive resources which promise to raise real income per person.

These definitions also have difficulties. An increase in per capita may not raise the standard of living of the masses because there is the possibility of increased income going to the few rich instead of going to the many poor. There is also a tendency to define economic development from the point of view of economic welfare.

Economic development is referred to as a process of income and the satisfaction of the preferences of the masses as a whole. In the words of Okun and Richardson (1961), economic development is sustained, secular improvement in material wellbeing, which we may consider to be reflected in an increasing flow of goods and services. This definition is also not free from limitations. First, sustained growth in real national income does not necessarily mean improvement in economic welfare. A mere increase in economic welfare does not lead to economic development unless the resultant distribution of national income is considered just.

SELF-ASSESSMENT EXERCISE

What in your opinion is the meaning of development?

4.0 CONCLUSION

It is easier to speak of development than to define it. However, it is not altogether a semantic escapism or academic obscurantism for social scientist to search for an objective means of defining the concept.

5.0 SUMMARY

Development is an elusive term meaning different things to different groups of social scientists. Most would agree, however, that development implies more than just a rise in real national income ; it must be a sustained secular rise in real income accompanied by changes in social attitudes and customs, which have in the past impeded economic progress.

ANSWER TO SELF-ASSESSMENT EXERCISE

Development can be defined as a type of social change in which new ideas are introduced into a social system in order to produce a higher per capita income and levels of living through more modern production methods and improved social organisation.

6.0 TUTOR-MARKED ASSIGNMENT

With reference to the view of Dudley Seers, Walter Rodney, Rogers, Rostow, Jhigan, and any other writers you are familiar with, explore in detail the meanings and dimensions of the term, developments.

7.0 REFERENCES/FURTHER READING

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UNIT 2 WHAT IS GROWTH?

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 - 3.1 Meaning of Growth
 - 3.2 Economic Growth verses Economic Development
- 4.0 Summary
- 5.0 Conclusion
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit attempts to explore the meaning of growth with a view to establishing a university acceptable definition of the concept.

2.0 OBJECTIVES

At the end unit you, should be able to:

- define growth
- explain the differences between growth and development.

3.0 MAIN CONTENT

3.1 Meaning of Growth

Let us look at some of the definitions of growth as given by some writers: Kuznets defines growth as a long-term rise in capacity to supply increasingly diverse economic goods to its population, this growing capacity being based on advancing technology and the instructional and ideological adjustments that it demands

This definition has three components:

- (a) The economic growth of a nation is identified by the sustained increase in the supply of goods
- (b) Advancing technology is the permissive factor, which determines the growth of capacity in supplying diverse goods to the population
- (c) For an efficient and wide use of technology, institutional and ideological adjustments must be made to effect the proper use of innovations generated by advancing stock of human knowledge.

The above definition supersedes the earlier definition by Kuznets. Kuznets (1955) defining economic growth as sustained increase in per capita or per worker product, most often accompanied by an increase in population and usually by sweeping structural changes.

According to Schumpeter (1934), growth is a gradual and steady change in the long run which comes about by a general increase in the rate of savings and population. Some economists generally use the term economic growth to refer to increase in a country's real output of goods and services or more appropriately real output per capita.

As a concept, growth has a larger meaning and a more restricted meaning. Strictly it refers to sustained increase in productivity over a relatively long period or long periods each covering at least 10 years. An index of such growth at the national level is not an increase in national product in concrete terms. Growth modifies structures, attitudes and techniques, and where it is sustained; its economic effects are considerable.

In the larger sense, growth includes three variables: an upward trend in gross national product and revenue over a long period; a self-sustained character of the growth and which is largely irreversible and growth also movement of structural transformation

Conceptually, growth implies change leading to increase in size including height and weight. Thus, economic growth means increase in economic resources or increased income. A nation is said to have recorded economic growth if that nation has experienced increase in national income or in or capita income.

SELF-ASSESSMENT EXERCISE 1

Define growth.

3.2 Economic Growth versus Economic Development

The term economic development is used interchangeably with such terms as economic growth, economic welfare, economic progress, and secular change. However, some economists like Schumpeter and Hicks have made a distinction between the more commonly used terms, economic development and economic growth. Economic development refers to the problems of underdeveloped countries and economic growth to those of advanced countries.

Development, according to Schumpeter (1934), is 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 general increase in the rate of savings and population. Hicks (1957) point out that the problems of underdeveloped countries and economic growth to those of advanced countries.

Development, according to Schumpeter (1934), is 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 general increase in the rate of savings and population. Hicks (1957) points out that the problems of underdeveloped countries are related to the development of unused resource 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.

The simplest distinction is made by Maddison (1970) in these words. The rising of income levels is generally called economic growth in rich countries and in poor ones it is called economic development.

Everyman's Dictionary of Economics makes the distinction between economic growth and economic development more explicit. Generally, economic development simply means economic growth. More specifically, it is used to describe not only quantitative measures of a growing economy (such as the rate of increase in real income per head) but also the economic, social or other changes that lead to growth. Growth is measurable and objective: it describes expansion in the labour force, in capital, in the volume of trade and consumption. Economic development can be used to describe the underlying determinants of economic growth, such as changes in techniques of production, social attitudes and institutions. Such changes may produce economic growth.

Economists generally used the term economic growth to refer to increases over time in a country's real output of goods and services or more appropriately, real output per capita. Output is conveniently measured by gross national product (GNP) or national income, though other measures could also be used. On the other hand, economic development is a more comprehensive term. Some economists have defined it as growth, accompanied by change, changes in the structure of the economy, in the country's social structure and in its political structure.

Growth does not necessarily imply development. Indeed, a well-known book about an African country is entitled *growth Without Development*. What this essentially means is that a country produces more of the same

types of goods and services to keep up with a growing population or send to overseas market, while the benefits of this growth continue to go almost exclusively to a privileged elite and a small middle class, leaving the vast majority of the country's population completely unaffected. Development goes beyond this to imply changes in the composition of output and in the allocation of inputs by sectors. As with humans, to stress 'growth' involves focusing on height or weight (or GNP) while to emphasize 'development' draws attention to changes in functional capacity in physical coordination, for example, or learning (or ability of the economy to adapt).

But despite these apparent differences some economists use these terms synonymously. Baran (1957) maintained that the mere notions of development and growth suggest a transition to something that is new from something that is old that has outlived itself. Lewis (1955) says in this connection that most often we shall refer only to growth but occasionally for the sake of variety to progress or to development.

SELF-ASSESSMENT EXERCISE 2

Distinguish between economic development and economic growth.

4.0 CONCLUSION

In conclusion, despite the apparent differences between the term economic development and economic growth they are often used interchangeably to refer to progress.

5.0 SUMMARY

The units attempted to explore the meaning of growth by making references to the views of writers such as Kuznets and Schumpeter. An attempt was also made to establish distinction between economic development and economic growth. This was done by making references to the views of Schumpeter, Hicks, Maddison, Baran and Lewis. Finally, it concluded that despite the apparent differences between the two terms they are often used interchangeably to refer to progress.

ANSWER TO SELF-ASSESSMENT EXERCISE 1

Growth can be defined as a gradual and steady change which comes about by a general increase in the rate of savings and population. Some economists generally use the term economic growth to refer to increases in a country's real output of goods and services or more appropriately, real output per capita.

ANSWER TO SELF-ASSESSMENT EXERCISE 2

The term economic development is sometimes used interchangeably with such terms as economic growth, economic, welfare, economic progress and secular change. However, some economists like Schumpeter and Hicks have made a distinction between the more commonly used terms, economic development and economic growth. Economic development refers to the problems of underdeveloped countries and economic growth those of advanced countries.

Development, according to Schumpeter, is 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 general increase in the rate of savings and population. Hicks points out that the problems of underdeveloped countries have to do with the development of unused resources even though their users 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. The simplest distinction is made by Maddison in these words. The raising of income levels is generally called economic growth in rich countries and in poor ones is called economic development.

Everyman's Dictionary of Economics makes the distinction between economic growth and economic development more explicit. Generally, economic development simply means economic growth. More specifically, it is used to describe not only quantitative measures of a growing economy (such as the rate of increase in real income per head) but also the economic, social or other changes that lead to growth. Growth is measureable and objective: it describes expansion in the labour force, in capital, in the volume of trade and consumption. Economic development can be used to describe the underlying determinants of economic growth, such as changes in techniques of production, social attitudes and institutions. Such changes may produce economic growth.

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Growth does not necessarily imply development. Indeed, a well-known book about African country produces more of the same types of goods and services to keep up with a growing population or to send to overseas market, while the benefits of this growth continue to go almost exclusively to a privileged elite and a small middle class leaving the vast majority of the country's population completely unaffected. Development goes beyond this to imply changes in the composition of output and in the allocation of inputs by sectors. As with humans, to stress 'growth' involves focusing on height or weight (or GNP) while to emphasise; development; draws attention to changes in functional capacities in physical coordination, for example, or learning (or ability of the economy to adapt).

But despite these apparent difference some economists use these terms synonymously. Baran maintained that the mere notions of development and growth suggest a transition to something that is new from something that is old, that has outlived itself. Lewis says in this connection that most often we shall refer only to growth but occasionally for the sake of variety to progress or to development.

6.0 TUTOR-MARKED ASSIGNMENT

1. What is economic growth?
2. Is there any real differences between economic growth and economic development? Explain in detail by referring to the views of writers such as Schumpeter, Hicks, Maddison, Baran, Lewis and any other writer you are familiar with.

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UNIT 3 MEANING OF UNDERDEVELOPMENT

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Meaning of Underdevelopment
 - 3.2 Underdeveloped and Underdeveloped Countries
- 4.0 Summary
- 5.0 Conclusion
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit tries to define the term underdevelopment within the context of basic concepts in development administration.

2.0 OBJECTIVES

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

- define underdevelopment
- make a distinction between underdeveloped and underdeveloped countries.

3.0 MAIN CONTENT

3.1 Meaning of Underdevelopment

Ordinarily, the term underdevelopment, refers to a situation where the economic, social, and political conditions of a nation are at their rudimentary stage of development. Using the major indicators of development, the nation is backward. Thus the nation lacks key development facilities including the following: efficient and effective transportation network, communication system and other infrastructural facilities such as power, water supply, housing etc. Other indicators of underdevelopment include poor education, poor health, and generally low standard of living. This traditional approach to the description of underdevelopment has been found to be very limited as it does not explain the causes of underdevelopment nor is it capable of providing prescriptions for underdevelopment. In reaction to this limitation radical students of development such as Franck argue that it is capitalism both world and national which produced underdevelopment in the past and which still generates underdevelopment in the present.

Let us look at another description by Rodney. According to Rodney, underdevelopment is not the absence of development but it makes sense only as a way of comparing levels of development. Underdevelopment is very much tied to the fact that human –social development has been uneven and from a strictly economic view point some human groups have advanced further by producing more and becoming more healthy (Rodney 1974). To Rodney, underdevelopment expresses the relationship of exploitation, namely the exploitation of one country by another.

In spite of all these, it is very difficult to give a precise definition of underdevelopment. Underdevelopment can be defined in many ways by the incidence of poverty, ignorance or diseases, mal-distribution of the national income, administrative incompetence and social disorganisation. There is thus not a single definition which is so comprehensive as to incorporate all the features of an underdeveloped country. Kuznets (1955) therefore, suggests three definitions of underdevelopment:

First, it may mean failure to utilize fully the productive potential warranted by the existing state of technical knowledge, a failure resulting from the resistance of social institutions. Secondly, it may mean backwardness in economic performance compared with the few economically leading countries of the period. Third, it may mean economic poverty in the sense of failure to assure adequate subsistence and material comfort to most of a country's population.

The problem of underdeveloped countries in our discussion reflects elements of all the three definitions. Its acuteness arises largely out of the material misery stressed in the third definition; it is sharpened by the realization of a lack compared with other economically more advanced countries, and it is generally viewed as a social problem originating from the failure of social institutions rather than from a lack of technical knowledge.

SELF-ASSESSMENT EXERCISE 1

Define underdevelopment in three different ways.

3.2 Underdeveloped and Undeveloped Countries

Let us now turn our attention to a related concept like underdeveloped countries. These two terms, underdeveloped and undeveloped are often used as synonyms but they are easily distinguishable.

An undeveloped country is one which has no prospects of development. An underdeveloped country on the other hand is one which has potentialities of development. The Antarctic, Arctic and parts of the Sahara may be termed as undeveloped while Pakistan, Nigeria and Uganda may be termed underdeveloped.

Poor and backward are also used as synonyms of underdeveloped but certain economists like Baldwin and Meier (1957), prefer to use the term poor countries instead of underdeveloped countries. In recent economic literature, a more responsible term, the 'developing country' has come to be used in place of the 'underdeveloped country'. Of late, a new term, third world is being used for underdeveloped countries.

SELF-ASSESSMENT EXERCISE 2

Define underdevelopment in three different ways.

4.0 CONCLUSION

From the discussion it is clear that there is no single definition which is so comprehensive as to incorporate all the features of an underdeveloped country.

5.0 SUMMARY

Normally, underdevelopment refers to a situation where economic, social, and political conditions of a nation are at their rudimentary stage of development. It is also established that there is not a single definition which is so comprehensive as to incorporate all the features of an underdeveloped country.

ANSWER TO SELF-ASSESSMENT EXERCISE 1

Underdevelopment can be defined in these ways: First, it may mean failure to utilise fully the productive potential warranted by the existing state of technical knowledge, a failure resulting from the resistance of social institutions. Second, it may mean backwardness in economic performance compared with the few economically leading countries of the period. Third, it may mean economic poverty in the sense of failure to assure adequate subsistence and material comfort to most of a country's population.

6.0 TUTOR-MARKED ASSIGNMENT

1. Briefly but critically explore the meaning of the concept 'underdevelopment'
Do so by making references to the views of Franck, Rodney, and Kuznets
2. How would you differentiate underdeveloped countries from underdeveloped countries?

7.0 REFERENCES/FURTHER READING

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D.C: University Press.

UNIT 4 WHAT IS MODERNISATION?

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Meaning of Modernisation
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

The term development, growth, underdevelopment, modernisation, etc. are used in development administration to describe the stage(s) of progress which a country experiences. This unit, therefore, attempts to explore the meaning of modernisation within the context of development administration.

2.0 OBJECTIVES

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

- define modernisation
- identify the attributes of modernisation.

3.0 MAIN CONTENT

3.1 Meaning of Modernisation

Some writers define modernisation in terms of changing institutions; others stress changes in individual attitudes, other still emphasise group attitudes.

Frequently, modernisation has been equated with the attitudes and institutions of capitalist western countries, a strong personal work ethic, individual entrepreneurship.

Materialism, optimism and a group structure encouraging these attitudes and institutions. There is a growing dissatisfaction, however, with ethnocentric definitions and broader definitions of modernisation have been sought which could encompass community as well as capitalist institutions.

Nash views modernisation as the process of transformation towards the establishment and institutionalisation of modernity. By modernity he means the social, cultural and psychological framework which facilitate the application of tested knowledge to all phases and branches of production. A similar view is that of Moore who refers to modernisation as the rationalization of social behavior and social organisation.

Both definitions emphasise that modernisation is a process of social change, while the areas in which rationalisation takes place are essentially the same for all societies.

Moore lists the areas as follows:

- i. monetization and commercialization
- ii. technification of production and distribution
- iii. demographic rationalisation
- iv. education
- v. bureaucratization
- vi. secularisation

The study by Inkeles and Smith is an interesting attempt to define modernisation as a syndrome of individual attitudes that could be expected to be common to all societies. Specifically, the authors propose to classify as modern those personal qualities which are likely to be inculcated by participation in large-scale modern productive enterprises such as the factory, and perhaps more crucial that which may be required of the workers and the staff if the factory is to operate efficiently and effectively.

Inkeles and Smith begin by identifying fourteen personal attributes of modernisation, including openness to new experiences, efficacy, understanding of productive processes, placing a high value on technical skills and acceptance of skill as a valid base for distributing rewards. In addition, they look at modernisation from a 'topical' perspective (e.g. attitudes towards family, size, religion, politics, consumption) and a 'behavioural' perspective which involves 'psychological testing and interviews to determine political and religious beliefs and other activities. Finally, a fourth perspective is obtained by devising several modernity scales combining elements of the other three perspectives.

Inkeles and Smith conclude that 'modern man's character...' may be summed up under four major headings. He is an informed participant citizen; he has a marked sense of personal efficacy; he is highly independent and autonomous in his relation to traditional sources of influences, especially when he is making basic decisions on how to conduct his personal affairs and he is ready for new experiences and

ideas, that is, he is relatively open minded and cognitively flexible (Inkeles and Smith 1960). The term modernisation is also employed by some authors to refer to the process by which a traditional society undergoes transformation and becomes modern. Other authors use the term to describe the process by which traditional societies becomes more western, or acquire the character of the technologically advanced countries.

Thus, a modern society or modernising society is one that is highly educated and technologised.

SELF-ASSESSMENT EXERCISE

Explain modernisation briefly.

The term modernisation has also been employed by some authors to refer to modern. Other authors use the term to describe the process by which traditional societies become more western or acquire the character of the technologically advanced countries. Thus, a modern society or modernizing society is one that highly educated and advanced technologically.

4.0 CONCLUSION

Modernisation can ordinarily be used to describe the process by which traditional societies become more western or acquired the character of the technologically advanced countries.

5.0 SUMMARY

Modernisation is one of the basic concepts in development administration used to describe that stages of progress which a country experiences. During the course of the discussion it has been variously defined using the views of some writers.

ANSWER TO SELF-ASSESSMENT EXERCISE

Modernisation has been equated with the attitudes and institutions of capitalist western countries, a strong personal work ethic, individual entrepreneurship, materialism, optimism and a group structure encouraging these attitudes and institutions. There is a growing dissatisfaction, however, with ethnocentric definitions, the broader definitions of modernisation have been sought which could encompass community as well as capitalist institutions.

6.0 TUTOR-MARKED ASSIGNMENT

When reference to Nash, Moore, Inkeles and Smith and any other writers you are familiar with explore in detail the meanings and dimensions of the term modernisation.

7.0 REFERENCES/FURTHER READING

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MODULE 3 ENVIRONMENT OF DEVELOPMENT ADMINISTRATION

| | |
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| Unit 1 | Economic Environment of Development Administration |
| Unit 2 | Political Environment of Development Administration |
| Unit 3 | Socio-cultural Environment of Development Administration |
| Unit 4 | Administrative Environment of Development Administration |
| Unit 5 | Administrative Reforms in Nigeria |

UNIT 1 ECONOMIC ENVIRONMENT OF DEVELOPMENT ADMINISTRATION

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1.0 INTRODUCTION

The economic situation of today's developing countries was initially characterized by underdevelopment. Here we will discuss the key economic features of underdevelopment and when country begins to move on the path of development.

2.0 OBJECTIVES

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

- explain structure features of underdevelopment
- explain income distribution pattern in an underdeveloped country
- describe the level of science and technology in an underdeveloped country.

3.0 MAIN CONTENT

3.1 Economic Features

An underdeveloped economy is predominantly agriculture. Typically, up to 80 percent of the labour force is engaged in agriculture. Production is based on age old technology, is largely for subsistence and carried out under feudal relations. Feudal landlords live an ostentatious life and make little or no investment in agriculture. Within the industrial sector, traditional household craft preponderate. Modern industry, if it exists at all, is limited to a few lines for instance, jute and cotton textiles in India prior to the Second World War. Infrastructural services like transport and communications are extremely poor and limited.

As is implicit in the structure of an underdeveloped economy, its relative factor endowment pattern is dominated by land, or by land and labour together. Relative availability of capital is extremely low. Capital goods are mainly those which are turned out by the traditional craft. In countries like India and China marked by high population pressure, the relative factor proportion between land and labour is itself adverse, with a low land-labour ratio. Additional labour due to population growth, stays back in agriculture since little opportunity of other remains underemployed. Labour, the human capital resource, is thus poor in quality.

Asset ownership, particularly of the most important factor of production, land, is very unequally distributed in an underdeveloped economy. It may so happen that a handful of feudal lords own most of the land and the rest of the rural population work as tenants or landlords labourers, including bonded labourers. Disparity in incomes follow from land ownership, with 70 percent of the product going to a small class of land owners. The rest of the population lives at subsistence level under acute poverty. Furthermore, in large countries such as India, there also exists disparity of incomes between different regions as the relative factor endowments as well as the levels of development vary from region to region. Since an underdeveloped economy is characterised by stagnation in production and operates at a low level equilibrium, savings are low, and so is investment. A kind of vicious circle operates: low income, low savings, low investment, low income, low savings and low investment capital accumulation. The vast majority of the people, living at subsistence level have no capacity to save but engage in conspicuous consumption.

Merchants and traders do accumulate some money capital, but they lack in enterprise and do not invest in industry. The other reason for this

failure is the large size of capital required by modern industrial units which individual holders of money capital are unable to provide.

Underdevelopment is also characterized by low levels of scientific and technical knowledge. Due to illiteracy and lack of education, the quality of human capital is poor. On the other hand, an underdeveloped economy dependent on the traditional means and methods of production has little scope for technological innovation.

SELF-ASSESSMENT EXERCISE

1. What are the basic economic features of underdeveloped countries?
2. Explain how the vicious circle operates in an underdeveloped economy.

4.0 CONCLUSION

Development requires changing the characteristics of an underdeveloped, backward economy. How can this change be effected in the shortest possible time? And this is necessary because the common urge is to develop fast, to catch up with the developed countries. You can see from the characteristics that in an underdeveloped economy, the market system is itself underdeveloped. This is primarily because production in such an economy is motivated by subsistence and family consumption rather than for sale and exchange in the market. State initiative in the transformation of underdeveloped, therefore, become necessary plans of medium-term planning development and executing it through successive plans of medium-term duration.

5.0 SUMMARY

Economic development is nothing but changing or transforming the situation of underdevelopment and backwardness of a country. This unit discussed the structural features, relative factor endowment. Income distribution pattern, saving investment and capital accumulation and science and technology of an underdeveloped economy which essentially constitute the economic environment of development administration.

ANSWER TO SELF-ASSESSMENT EXERCISE

1. An underdeveloped economy is predominantly agricultural. Typically, up to 80 percent of the labour force is engaged in agriculture. Production is based on age old technology, largely

for substance and carried out under feudal relations. Feudal landlords live an ostentatious life and make little or no investment in agriculture.

Within the industrial sector, traditional household craft preponderate. Modern industry, if it exists at all, is limited to a few lines for instance, jute and cotton textiles in India prior to the Second World War. Infrastructural services like transport and communications are extremely poor and limited.

As is implicit in the structure of an underdeveloped economy, its relative factor endowment pattern is dominated by land, or by land and labour together. Relative availability of capital is extremely low. Capital goods are mainly those which are turned out by the traditional craft. In countries like India and China marked by high population pressure, the relative factor proportion between land and labour is itself adverse, with a low land-labour ratio. Additional labour due to population growth, stays back in agriculture since little opportunity of other employment exists, as a result, substantial proportion of labour in agriculture remains underemployed. Labour, the human capital resource, is thus poor in quality.

Asset ownership, particularly of the most important factor of production, land, is very unequally distributed in an underdeveloped economy. It may so happen that a handful of feudal lords own most of the land and the rest of the rural population work as tenants or landless labourers, including bonded labourers. Disparity in incomes follow from land ownership, with 70 percent of the product going to a small class of land owners. The rest of the population lives at subsistence level under acute poverty.

Furthermore, in large countries such as India, there also exists disparity of incomes between different regions as the relative factor endowments as well as the levels of development vary from region to region.

2. Since an underdeveloped economy is characterised by stagnation in production and operates at a low level equilibrium, savings are low and so is investment. A kind of vicious circle operates: low income, low savings-low investment- low income, low savings and low investment capital accumulation. The vast majority of the people, living at subsistence level have no capacity to save but engage in conspicuous consumption.

6.0 TUTOR-MARKED ASSIGNMENT

Identify five factors in the economic environment of a developing country and explain how each factor affects development administration using Nigeria as point of reference.

7.0 REFERENCES/FURTHER READING

Lewis, W.A. (1960). Development Planning: *The Essential of Economic Policy*. London: George Allen and Unwin.

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UNIT 2 POLITICAL ENVIRONMENT OF DEVELOPMENT ADMINISTRATION

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- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Political Features of Underdevelopment
- 4.0 Summary
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- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit deals with political features of underdevelopment (environment of development administration). The features include ethnic, religious and tribal conflicts, extra-legal change of leadership and lack of continuity. We shall discuss them one after the other.

2.0 OBJECTIVES

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

- identify the political features of an underdevelopment economy
- describe the features.

3.0 MAIN CONTENT

3.1 Political Features of Underdevelopment

One of the political features of the underdeveloped countries is the growing gap between expectations and the actual achievements. For example when the Obasanjo Administration took off in 1999 it promised to restore power supply to normalcy and provide employment for all. The realization of these noble objectives has fallen below expectations. Power supply is still erratic and the rate of unemployment is on the increase.

There is a high unemployment and/or underemployment rate among the youths in underdeveloped countries. In such conditions this age group presents a potent threat to political stability and economic growth, being less amenable to nationalist anti-imperialist rhetoric as a panacea for their problem (Mazrui, 1998).

An idle mind is the devil's workshop goes the adage and much of the political unrest on the African continent can be attributed to the presence of unemployed, frustrated and alienated young people. They are easily drawn to parties and groups that promote total and revolutionary change rather than incremental and evolutionary change. If you observe well, they have been in the forefront of pre-democracy movements in many of the African countries (Mazrui, 1998).

There are persistent ethnic, tribal and religious conflicts. For example, the activities of the Odua People Congress (OPC) in the western part of Nigeria, Arewa People Congress (APC) in the north and Bakassi Boys in the east. Structures that could have assisted in integrative function. In brief, the common political features of developing countries include, a widely shared developmental ideology as the source of basic goals, a high degree of reliance on the political sector for achieving results in the society, a widespread of insipient or actual political instability, a modernizing elitist leadership accompanied by a wide political gap between the rulers and the ruled and an imbalance in the growth of political institutions. Some version of socialism tends to be the dominate preference with a philosophy having a Marxist label while evils of foreign capitalism are denounced. The state is generally seen as the main hope for guiding society towards modernisation. The politics played is agitational. Political instability is a prominent feature as surveys have shown that 40 percent of the countries have had successful or attempted coups. Compared to developed countries the politics of developing countries is that of uncertainty, discontinuity, and extra-legal change.

SELF-ASSESSMENT EXERCISE

What in your opinion do we mean when we say underdeveloped countries are characterised by political instability?

4.0 CONCLUSION

The political conditions characteristic of Third world countries including Nigeria affect governments of these countries in their efforts to overcome obstacles on their way to national development.

5.0 SUMMARY

In this unit we have been discussing the political features of underdeveloped countries which include instability, ethnic and religious conflicts. Structures which could have assisted in integrative functions are either absent or not well-developed.

ANSWER TO SELF-ASSESSMENT EXERCISE

Political instability results from ethnic, tribal and religious conflicts. There is uncertainty extra-legal change of government, lack of continuity, etc

6.0 TUTOR-MARKED ASSIGNMENT

Any system of development administration is a product of its environment. Identify some of the salient political features of Nigeria and show how they relate to our national development administration.

7.0 REFERENCES/FURTHER READING

Mazrui, A.A. (1998). 'Africa in Political Purgatory: The Cross Roads between Collapse and Redemption' *Governance, a Journal of the Institute of Governance and Social Research* 1(1) pp. 49-51.

UNIT 3 SOCIAL – CULTURAL ENVIRONMENT OF DEVELOPMENT ADMINISTRATION

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Socio-Cultural Features of Underdevelopment
- 4.0 Summary
- 5.0 Conclusion
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

In this unit you are introduced to some key socio-cultural features of underdevelopment. These factors include superstitious belief, tribalism and belief in having large families.

2.0 OBJECTIVES

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

- identify some salient Socio-cultural features of underdevelopment
- describe some of the features.

3.0 MAIN CONTENT

3.1 Socio- Cultural Features of Underdevelopment

In underdeveloped countries superstition is a key socio-cultural feature. For example, in many parts of Africa, people attribute their problems to supernatural factors such as an angry deity, curses and witchcraft. In this view, man is at the mercy of a bewildering array of unseen, often malevolent forces that are beyond his control. The sufferer may experience some relief when a culturally accepted explanation for his problems is provided, for instance his problems explained as being caused by witches. The fact that these forces are seen as beyond his control but amenable to the intervention of the traditional healer renders the sufferer more open to his suggestions.

Is a person considered healed when he continues to live in fear of individuals, and unseen forces in his environment? Our answer should be 'NO'.

The price a nation pays for being uncritical of the beliefs held by the citizens, that their lives are controlled by forces outside their control is grave indeed. Apathy becomes the predominant attitude of such citizens and underdevelopment a resultant consequence. The belief that anyone with the help of the supernatural may bring harm to others does little to promote mutual trust. In the absence of trust individuals cannot cooperate in engineering solutions to pressing national or community issues.

These are societies where children are for instance, seen as needed to continue the lineage and perpetuate the family name and spirit. The aged are dependent on their adult sons and daughters for supported hence fertility remains high in order to guarantee enough children to meet the need. Developing countries like those of Africa have the fastest growing population rate. Most of them have large areas of land with population scattered, largely rural and often involve tribal groupings alienated from functional government. People are differentiated on the basis of race. Tribe and religion.

Tribal sentiments usually determine the pattern of voting or appointment to positions of responsibility. Most of the time merit is compromised and this effects executive capacity and consequently, national development.

SELF-ASSESSMENT EXERCISE

In your opinion how have the socio-cultural features of Nigeria affected its development?

4.0 CONCLUSION

Socio-cultural features of underdevelopment usually revolve around tribal authority and superstition. Superstition endangers trust which may affect development efforts.

5.0 SUMMARY

This unit has been examining the socio-cultural factors of underdevelopment with their implications for development.

ANSWER TO SELF-ASSESSMENT EXERCISE

The socio-cultural features of Nigeria which impede development include superstition (irrational) beliefs), tribalism and the belief in having a large number of children.

6.0 TUTOR-MARKED ASSIGNMENT

Identify some socio-cultural features of Nigeria and demonstrate how they have enhanced or impeded development.

7.0 REFERENCES/FURTHER READING

Jegede, R.O. and Olatawura, M.O. (1977). 'Problems of Psychotherapy in Changing Societies', (Pp. 75 -80), African Journal of Psychiatry (3), 75 – 80.

Asuni, T. (1966). 'Development in material health in Nigeria: Special Reference to Western Nigeria', Represented from excerpts in Medical International Congress, 150, 1067 – 1068.

UNIT 4 ADMINISTRATIVE ENVIRONMENT OF DEVELOPMENT ADMINISTRATION

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Administrative Features of Underdevelopment
- 3.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit deals with the administrative characteristics of underdeveloped countries and their implications for development. The influence of the colonial heritage on the service and the need for reforms will also be discussed.

2.0 OBJECTIVES

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

- identify administrative features of underdevelopment
- describe the features.

3.0 MAIN CONTENT

3.1 Administrative Features of Underdevelopment

There is usually an effective bureaucracy coupled with a vigorous modernizing elite. The basic pattern of administration is imitating rather than indigenous. In Nigeria, for instance, the current administrative laws are those introduced by the British some 50 to 100 years ago. Nigerian civil servants commonly claim that, their system 'follows the British system'. Such claims are made with pride and are supposed to demonstrate the pedigree and quality of their civil service. They fail, though, to note that the system is based on a British colonial model (rather than the British domestic model).

The colonial heritage is more elitist, more authoritarian, more aloof and paternalistic in these developing countries. Bureaucracy maintains sole ownership of technical knowledge in the various sectors from agriculture to mining and industry. It is usually the sole employer of

professional experts, most often trained in the country of the former colonial master. The bureaucracy is often large and deficient in skilled manpower necessary for developmental programmes.

The countries emphasise orientations that are other than production directed. Freed Riggs refers to this as preference for personal expediencies as against public principled interests. Value attached to status is based on ascription rather than achievement. Outwardly, they preach a merit system but practice a spoils system. Corruption is widespread and bureaucracy is used as a social security programme to solve an employment problem which in turn leads to a padded bureaucracy. There is widespread discrepancy between form and reality, what Riggs refers to as formalism.

SELF-ASSESSMENT EXERCISE

In your opinion what are the main characteristics of the Nigerian civil services?

4.0 CONCLUSION

The bureaucracy in the developing countries is usually large and important but does not have the institutional support to work effectively.

5.0 SUMMARY

The bureaucracy in the developing countries is usually padded being the largest employer of labour in those countries. It is deficient in skill but claims sole ownership of technical knowledge in the various sectors.

ANSWER TO SELF-ASSESSMENT EXERCISE

In Nigerian civil service is elitist as a result of colonial heritage, maintains sole ownership of technical knowledge and is the major employer of labour.

6.0 TUTOR-MARKED ASSIGNMENT

Briefly examine the features of the Nigeria civil service which have impeded its role as an agent of innovation and development.

7.0 REFERENCES/FURTHER READING

Anyebe, A.A. (1992). 'Civil Service Reforms in Nigeria: A Brief Examination of the Department Seminar, Ahmadu Bello University, Zaria.

UNIT 5 ADMINISTRATIVE REFORMS IN NIGERIA

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Features of the Nigerian Civil Service and the Reforms
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

The Nigerian civil service was modeled on the civil service which existed in Britain. Here we will discuss the structural and operational features of the civil service and the recommendations of some of the reforms.

2.0 OBJECTIVES

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

- identify the structural and operational features of the Nigerian civil service
- explain some recommendations of the reforms.

3.0 MAIN CONTENT

3.1 Features of the Nigerian Civil Service and the Reforms

The evolution of the modern civil service in Nigeria can be traced generally to the close of the Second World War. As we discussed in the last unit, specific landmark events in the evolution started with the 1954 review of the Macpherson constitution which was not only a response to the independence movement, but also a response to the forces of regionalism and ethnicity. By this time, the need for the establishment of regional governments and consequently regional civil services was recognized and accepted. This period also marked the beginning of the process of dismantling the colonial civil service in Nigeria, which hitherto, as all other British African colonies then, was composed of two broad classes: the senior service, covering all posts reserved for the Europeans and the junior service, embracing all posts to which Nigerians were appointed.

The Gorsuch report of 1954 recommended the division of the service into four broad classes corresponding to the general educational standards of the time. These were the sub-clerical and manipulative, clerical and technical, executive and higher technical and the administrative and professional classes. The system was modeled on the civil service which existed in Britain?

During the period of decolonization, however, the public service began to undergo some significant changes in both its complexity and the responsibility assigned to it. In 1948 for example, there was a general directive from the colonial office in London to the colonial governments instructing them to expand the tasks of government to include reforms of local governments as a means of mobilizing the local human and material resources for socio-economic and political development. Along with this development, there was the expansion of the bureaucracy and establishment of public corporations. The high hopes raised by nationalist and the anxiety of the post-independence leaders of Nigeria to achieve quick social economic development of the country and the availability of more resources especially the oil windfall in the 1970s, greatly contributed to the expansion of the size and responsibilities of the civil service bureaucracy.

At the federal level, for example, in 1960, there were only 12 ministries with a total of 60,000 staff. By 1978 the number of ministries and staff strength had risen to 25 and 187 000 respectively, and by 1984 the number of employees stood at 302 000. The break up of the country into 12 states in 1967 and in 19 in 1976, also contributed greatly to the expansion of the civil service in the country.

The phenomenal growth in the size and responsibilities of the service and in particular, the realities of the social, economic and political situation within which it operated made the institution to become embroiled in many serious problems e.g red tapism, rigidity, corruption, nepotism, ineffectiveness and inefficiency, conservatism, etc. These challenges posed for the civil service made it a subject of many inquiries by the government, all in an attempt to improve it. Such inquiries include the Gorsuch Report (1954), the Adebo Commission on the Review of the Salary Structure of the Civil Service (1971), the Udoji Commission (1974), the 1988 Civil Service Reforms and the Ayida Panel (1994).

The civil service in 1974 according to the Udoji Commission was almost a caste-like system. The career structure meant that a civil servant was recruited at an early age into the service with an implied promise of a life career, during which he was to work his way through the hierarchy of the service. This promise of a life career meant an

assurance of life-long employment which could be terminated only by mental or physical incapacity or the commission of a criminal offence. The structure was closed because it had no adequate provision for the admission of outsiders (well-qualified and experienced persons) in the higher grades of the hierarchy. Such a career and closed system did not provide enough incentives for change, modernisation or the achievement of excellence and could lead to inbreeding and obsolescence. Obsolescence affects not only the structure but also organisation and management.

In its report, the Udoji Commission made far reaching recommendations or making the civil service a result-oriented system. It recommended introduction of such management techniques as Management By Objective (MBO), Project Management, and Programme and Performance Budgeting. The Political Bureau (1987) noted that the above recommendations of the commission were not accepted by the government and therefore, not implemented.

The 1988 reforms, like the Udoji Commission recommended that emphasis in the civil service should be on management rather than on administration. The former arrangement (administration) tended to favour the generalists over the professionals.

However, it is worth noting that the closed career system which the civil service has hitherto been, is likely to continue, as there will be very few instances where direct appointments will be to higher positions (GL-11 and above) from outside. Most of what will happen with such positions is that they will be filled through promotions or what a personnel management expert calls 'selection from inside the service'. The phenomenal growth in the size and responsibilities of the civil service has produced such a diffusion of power that the task of central direction and coordination has become extremely difficult. The office of the Secretary to the Federal Government which is formally responsible for the coordination of all activities of ministries and departments of the government and for ensuring the efficiency of the functioning of the departments of machinery of government, Udoji noted, was not adequately equipped to perform the role of either coordinating or overseeing the efficiency of the government machinery.

This situation led to problems such as red-tapism, rigidity and conservatism, inefficiency, etc.

The Udoji Commission met a civil service ridden with corruption and it made the following:

We live in a society in which corruption is generally believed to be, and no doubt it widespread.... It is unrealistic....

For Nigerians to say that government will eliminate corruption completely from its public service, but it must make it one of its prime objectives to control corruption.

The 1988 reforms took a tough stance on accountability by saying that the accountability of an officer shall not cease by virtue of his leaving office as he may be called at any time after leaving office to account for his tenure.

Before the 1988 reforms, the minister or commissioner was the political head of the ministry while the permanent secretary was the administrative head as well as the accounting officer. A situation in which the administrative head of the ministry was also the accounting officer rather than the political head has tended to frustrate many noble projects of the government. As accounting officer, the administrative head often placed unnecessary bureaucratic obstacle to quick execution of such projects.

The 1988 reforms made the minister or the commissioner both the chief executive as well as the accounting officer of the ministry. The minister as the chief executive would be in total control of men, materials and money which are critical inputs in the management of the organisation. As accounting officer, he would also be responsible and accountable for administration, personnel and finances of the organisation. In prescribing these functions, for the minister, the task force was evidently aware that his efficiency and output may be impaired because of too much responsibility. So it recommended that he delegate a substantial part of his functions to the permanent secretary who in the new structure would be director-general.

The Nigerian civil service was divided into two broad segments, namely the administrative and professional cadres. The permanent secretary headed the former at the apex, below who were the executive, the clerical and the sub-clerical officers. The latter was headed by professionals such as engineers, doctors, agricultural officers, etc. who reported to the political head of their ministries through the administrative officers.

Below then were the technologists, technicians and those engaged in manually appointed.

The permanent secretaries were heads of the various ministries and as such, they were the principal advisers to the ministries and commissioners. Technically this meant that the professionals who headed the divisions in a ministry were under the permanent secretary. This relationship between the administrative cadre and professional cadre had generated a considerable degree of acrimony in the service because the professional cadre resented their subordination to the administrative cadre. This tension affected morale and productivity of the service.

Officers progressed within their cadre and rarely moved from one to the other. When they did, they usually suffered a loss of seniority. This situation did not motivate the best deployment and utilization of available scarce manpower.

This generalist/specialist dichotomy has been targeted by successive civil service reforms during the last two decades for eradication. The Udoji Commission tried to resolve this conflict by evolving only one hierarchical structure (the Unified Grade System) into which every cadre should fit. There were 17 distinct ranks and a range of salary Attached to each rank for the purpose of salary administration. The lowest category of grades (grade level 01 to 06) consist of the junior staff of the civil service; the messengers, typists, stenographers, clerks, craftsmen and artisans and technical assistants. The next category of grades (grade level 07 to 09) are the supervisory, intermediate and lower management staff including executive officers. The third broad category consists of the middle management staff (grade level 10 to 13) who perform the bulk of the administrative and professional functions within the ministries and departments. At the top of the hierarchy is the upper management category (Grade level 14 to 17). This category of staff constitutes the leadership group and they are responsible for the policy and general management. Thus a generalist and a professional could both be on the same grade level, say GL 16 & 17. This in theory, meant that anybody who qualifies could hold the post of permanent secretary in any ministry. In practice, however, most permanent secretaries were still drawn from the generalist cadre. Thus, even though the conflict has lessened, it was still a phenomenon in the system.

This conflict was finally erased by the 1988 civil service reforms which professionalized the service as every officer was expected to acquire the necessary expertise through relevant specialized training and experience. The 1988 reforms concentrated more on the intra-bureaucratic power or authority realignment aimed at ensuring clearer channels for easy communication flow and lines of authority that clearly define the locus of responsibility and accountability. This is likely, according to Aabdulsalami, 'to facilitate decision making and thereby improve

administrative efficiency and/ or effectiveness'. However, for better and for far reaching results, more comprehensive reforms are imperative to usher in modern management techniques, new attitudes that are change conscious and development oriented.

The criticism that trailed the discarded 1988 reforms was enormous. On the vanguard was Chief Adebo who said that he preferred what existed before the so-called reforms. This criticism among other things led to the setting up of the Ayida Panel in 1994 to review the existing system by December of the same year the interim report was ready. It suggested the dropping of the director-general title and the restoration of the order. The full report was submitted to the government in 1966.

From the above discussion, it is clear that the civil service occupies a very strategic position in the social-economic and economic-political development of this country. It is the most central of the institutions of government, which should be the prime mover of the social and economic development of the country. It is also evidenced that there are serious problems which have impeded its efficient functioning. For the civil service to play its proper leadership role in the new political system envisaged for the country, it must be re-oriented and restructured.

SELF-ASSESSMENT EXERCISE

Identify the structural and the operational features of the Nigerian civil service.

4.0 CONCLUSION

It should be recalled that in Britain, the major commercial, financial and technological developments had taken place originally in the private sector of the economy and it was here that complex managerial devices had been evolved to deal with the problem of industrialization. The British civil service had only a house keeping function in the situation. This lack of skill experienced with the managerial problems associated with the industrialization characterised the Nigeria civil service from the beginning. Thus, from the beginning, the Nigerian civil service concentrated on housekeeping function of the state, such as the maintenance of law and order, the application of rules and regulations and the organisation of the resources of the country into a condition which facilitate their exploitation by private British enterprises.

In spite of the ongoing privatisation policy which seeks to scale down the size of the public sector, the government is likely to continue to play the role of the chief promoter and the central agent of the national socio-economic development, and whether the recommendations of the Ayida

Panel will assist the civil service in its leadership role in the execution of government plans and programmes or not remains to be seen.

5.0 SUMMARY

In this unit, the structural and operational features of the Nigerian civil service have been discussed. Some recommendations of the various commissions were also discussed.

ANSWER TO SELF-ASSESSMENT EXERCISE

The answer should be development from the following:

1. Dual headship
2. Phenomenal growth in size and responsibilities
3. Closed career system
4. General/professional dichotomy
5. Corruption

6.0 TUTOR-MARKED ASSIGNMENT

Using the Udoji civil service reforms and the 1988 reforms as points of reference, identify and analyse the key structural features of the Nigerian civil service that tended to obstruct its effectiveness and efficiency.

7.0 REFERENCES/FURTHER READING

Anyebe, A.A. (1992). 'Civil Service Reforms in Nigeria: A BRIEF Examination of the Udoji Commission and the 1988 Reforms'.

MODULE 4 DEVELOPMENT PLANNING

| | |
|---------|--|
| Unit 1 | What is Development Planning? |
| Unit 2 | The Planning Process in India |
| Unit 3 | The Planning Process in Nigeria |
| Unit 4 | The Planning Machinery in Nigeria |
| Unit 5 | A Ten-Year Plan of Development and Welfare for Nigeria, 1946 - 56 |
| Unit 6 | The 1955 - 60 Plan |
| Unit 7 | The 1962 - 68 Plan |
| Unit 8 | 1970 - 74 Plan |
| Unit 9 | The 1975 - 80 Plan |
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| Unit 11 | Problems of Planning in Nigeria |
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UNIT 1 WHAT IS DEVELOPMENT PLANNING?

CONTENTS

| | |
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| 1.0 | Introduction |
| 2.0 | Objectives |
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| 3.1 | Development Planning |
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| 7.0 | References/Further Reading |

1.0 INTRODUCTION

This unit introduces you to the meaning of planning, why we plan and the types of planning.

2.0 OBJECTIVES

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

- define planning
- explain why we plan
- identify at least three types of planning.

3.0 MAIN CONTENT

It is probably true that there is no universally acceptable definition for planning. However, Buchacet (1970), describes national planning as a system of community action over a period of time ... a national plan constitutes the decision of national persons and corporations to the achievement of coordinated aims within a fixed period.

Waterston (1974) says, 'a country is considered to be engaged in development planning if its government makes deliberate and continuing attempts to accelerate the rate of economic and social progress and to alter institutional reforms to remove conflicts in aims and structures.

A definition presented at the Minnowbrook Conference of the Comparative Administration Group in 1964 puts national planning as:

An effort to promote or coordinate through central planning institutions the activities of: (a) intermediate bodies, such as national government departments, regional, state or local government, business federation and large nationwide enterprises, (b) operating units, such as enterprises, associations, local government, agencies, communities, families and the individual.

This definition which focuses on functional relations among the various levels of government and the institutions engaged in development efforts, seem to be in tune with Nigeria's political and economic evolution.

Planning can be categorized according to purpose, scope, degree of comprehensiveness and duration.

Planning according to purpose can take the form of centralizing all economic activities and exercising control over strategic materials. An example of this type of planning is war time planning. For national development planning, the purpose is to accelerate social and economic progress of the country as a whole.

Planning according to scope could be a national development planning which encompasses all sectors of the economy. Under this, we can also have regional or sectoral planning.

Planning according to degree of comprehensiveness is a situation where national development planning varies in terms of details. In socialist countries the economy is planned in detail in order to provide a basis for

instructions and targets to productive units. Without these details it is difficult to exercise control. Planning in developing countries is not as detailed as in socialist countries and that of capitalist countries is merely for projection.

National planning is usually prepared according to specific periods but it can vary according to duration ranging from one year to even fifty years. We can have short time plan (1 or 2 years), medium time plan (5, 7, 8 years) and long time or perspective plan (10, 15, 25 or 50year).

Following the socialist revolution in Russia in 1917 private ownership of the means of production was abolished. With that went private enterprise and the free market mechanism as vehicles for economic development. Planning and public enterprise were instituted in its place. The results were remarkable. The state mobilized high rates of public savings and investment. Capital accumulation and national income grew at unprecedented rates. By the end of the Second World War, the Soviet Union emerged as the second big power in the world. In about four decades, from a situation of underdevelopment and backwardness, the Soviet Union became a developed country. This was thus a very successful example of planned economic development for the countries developing later to learn and emulate. The strategy adopted by Third World countries was greatly influenced by the Soviet experience. However, with the collapse of socialism, planned economy gave way for a free market system in Soviet Union (now Russia).

You may have heard about the Great Depression of 1929, also called the 'World Economic crisis'. What happened was that the market system. Especially in the industrial countries of the West ground to a halt. There was over production, stock of unsold goods piled up, factories were shut down, share markets collapsed, unemployment soared up. All these meant a complete mismatch between production and market demand. It had been known that the free market system did not ensure smooth development of an economy based on private enterprise. But the Great Depression made it crystal clear for everyone to see. Incidentally, one should also note that the Soviet economy, being a planned economy, remain unaffected by the Great Depression. How was the crisis of the great Depression handled? By the intervention. The states in the badly affected countries of the West intervened to push up market demand by undertaking public works and financing them by money creation (printing currency notes, also known as deficit financing). This step generated additional income and employment. Markets demands for goods and services gradually picked up as a result of policy.

In the course of time, normalcy was restored and development resumed. This course of state intervention is also known as the 'Keynesian

solution' of the economic crisis, after the name of the famous English economist, J.M. Keynes, who had provided the economic theory on which this solution was based. In the United States, this course of state intervention came to be known as the 'New Deal'.

The experience of the Great Depression had, apart from other things, one very major effect. The faith in a laissez faire state, a fence-sitting state not actively intervening in the economic life to control the functioning of the market, was shaken. Since then, state intervention in the market system wherever necessary, become a normal feature of the capitalist countries. Secondly, as noted earlier, the state in these countries oversees the economy and engages in indicative planning (where the state does not actively play a role in economic development but merely indicates the direction in which private enterprise is to move). Finally, it plans for and undertakes public works, especially in the field of social infrastructure. Such developments in the developed capitalist countries following the Great Depression, had a lesson for the developing countries. The lesson was: economic development could not be left wholly to private enterprise based on the free market. The state had a role to play in it.

Shortly after the experience of the Great Depression came the Second World War (1939-45). It necessitated not just state intervention in the capitalist and fascist countries like Germany and Japan but an overall control of the economy, its regulation and production planning for the meeting the war needs. This is what is known as 'planning of the War-Time Economies' After the war, rehabilitation and reconstruction required the active role of the state. This historical experience favours centralized planning.

Alongside the above arose the notion of a welfare state which finally came to be accepted in practice in all market economies after the war. Apart from its interventionist role, a welfare state also has to correct the negative aspects of market-based development concerned with the wider issue of social welfare. In the developed countries of the West, the state makes a sizeable expenditure on old-age security, unemployment benefits, health, education and such other social services. All these are known as 'social security' or welfare measures. Provision for all these requires planning. A major negative effect of market-based development which has emerged lately is environmental pollution with ecological degradation. The welfare state is required not only to protect the environment and the ecology but also to conserve and plan for restoration and development of the natural resources. The free market mechanism, based on the accounting of private profit, does not provide for these. This also is a historical experience favouring development planning.

The field of development administration can also be said to have started in the developing countries after World War II. After this war, the colonies started agitating for independent and many of them got it. However, most of the newly independent countries were poverty stricken but the masses had been led to expect that independence would bring about an immediate improvement in their conditions. The non-realisation of these expectations in turn bred a mood of impatience. Thus, improvement needed to be effected as speedily as possible or the mode of impatience would explode into violent reactions which would engender, if not destroy the state itself.

There governments of these nations quickly realized that the idea of gradual development might not serve their purpose well. They were convinced that relevant administrative theories and procedures would have to be adopted to modernize their economies had accelerate development to be equivalent, eventually to this of the West. Because there was a chronic shortage of capital (money or wealth used to start a business) and capital markets (where money for starting a business is sourced) such that private ownership would necessarily mean foreign ownership the new nations wanting to perverse their independence closed their doors to foreign investor. It was therefore felt that government was the only agent organised enough to employ its machinery to induce, promote, and manage socio-economic development. Thus, in the post-independence period, government became the prime agent of economic development providing infrastructure and producing goods and services, often provided through the mechanism of public enterprise.

It is possible to describe such planning as an attempt to promote and coordinate through central planning institutions, the social and economic activities of central and regional governments with a view to achieving an accelerated national development. It is obvious that such planning presents problems in a federal set-up whose principle includes the divisions of power among the levels of governments, the existence of a written constitution showing the division, and the coordinate supremacy of the levels of the government with regard to their respective functions. We shall examine the implications of this for the planning process later.

SELF-ASSESSMENT EXERCISE

1. Define development planning.
2. Categories planning.

4.0 CONCLUSION

Planning has become popular in the developing countries because it is seen as the best approach for transforming their economies and for narrowing the gap between them and the advanced countries. Such planning however, presents problems in federally governed countries.

5.0 SUMMARY

In this unit planning has been defined by making references to the views of some writers. It has also been categorized according to purpose, scope, degree of comprehensives and duration. The discussion ends with the reasons given for the popularity of development planning in the developing countries.

ANSWER TO SELF-ASSESSMENT EXERCISE

1. Development planning can be defined as an attempt to promote and coordinate through central planning institutions, the social and economic activities of central and regional governments with a view to achieving an accelerated national development.
2. Planning can be categorized according to purpose, scope, degree of comprehensiveness and duration.

6.0 TUTOR-MARKED ASSIGNMENT

Attempt to categorise planning and explain why development planning is popular in the developing countries.

7.0 REFERENCES/FURTHER READING

- Buchacet, I. O. (1970). *Comparative Federalism: Territorial Dimension of Politics*. New-York: Holt Rinechart and Winston.
- Waterston, A. (1974). *Development, Lessons of Experience*. Baltimore, M.D.: Johns Hopkins University Press.

UNIT 2 THE PLANNING PROCESS IN INDIA

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The Planning Process
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

In this unit you will be introduced to the planning process in India (a typical example of planning in a federal set-up). The various processes and institutions involved in planning for the country will be discussed.

2.0 OBJECTIVES

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

- explain planning in India
- describe the role of government in the planning process.

3.0 MAIN CONTENT

3.1 The Planning Process

This involves the setting of goals and targets which have to be pursued through the formulation of policies, articulation of appropriate projects and programmes of the mobilization of available resources for their effective realization.

The essence of a plan is a statement giving the allocation of investment in various sectors of the private sector and also between the centre and the states in a federation. The allocation of investment among the sectors like agriculture and industry is guided by three considerations (1) goals of development, (2) the long-term strategy of development and (3) inter-sectoral balance or consistency. Here you may simply note that the strategy indicates which particular sector should receive relatively more investment so that the economy develops faster. Inter-sectoral balance is required because output from one sector is used as input in some other sectors. For instance, coal output is required in steel production, or for

that matter agricultural output (food grains, cotton, oil, seeds) is used as wage goods or input in industry.

The planning process is naturally organised by the state. Plan formulation is done in India through the executive wing of the state, the central government technical body like the planning commission. The draft five year plan, thus prepared, is presented to the national development council (NDC) for its approval.

After it has been approved by the NDC it is presented to parliament, the legislative organ of the state. When finally approved by the parliament it becomes the national development plan, ready for implementation. Plan implementation is the responsibility of the bureaucracy, another organ of the state. Appraisal of the plan performance is done by the planning commission. The mid-term appraisal, as it is called, is done after the plan has been implemented over half its period. This is necessary because the work on the next plan formulation starts at this time. The final appraisal is done at the end of the plan period and is included, by way of review of development, in the next plan document.

The state's role in a mixed economy is not limited to the planning process described above. Development plan requires to be supported by a number of appropriate policies and institutional reforms. There are too many to be enumerated here. An example of supporting policies for the plan is monetary and fiscal policies. The state designs and executes such monetary and fiscal measures as would help mobilize private savings and channel them into investment according to plan priorities. Similarly, ceilings on land holdings and land redistribution are examples of institutional reforms that support the plan goal of agricultural growth with equity. Lastly, one must not forget that in a mixed economy of planned development, market-mechanism plays an important role in guiding the production and investment decisions in the private sector. Particularly, the plan itself creates conditions for markets to emerge and develop by building up infrastructural facilities like transport, communication, power, etc. at the same time it tries to overcome the failures of the market-mechanism noted earlier. The resultant outcome of development is therefore, determined both by the plan and the market in a mixed economy.

SELF-ASSESSMENT EXERCISE

In one sentence how will you explain the planning process to a layman using India's experience?

4.0 CONCLUSION

The planning process in India involves a sequence of formulation, implementation and performance appraisal. The plan goes to the parliament for approval which confers on it some legitimacy.

5.0 SUMMARY

The planning process in India is usually organised by the state using its agencies. The state is particularly assisted in plan formulation by the planning commission and when the plan is approved by the parliament it becomes a national development plan, ready for implementation. The implementation is usually appraised at least two times before the plan ends.

ANSWER TO SELF-ASSESSMENT EXERCISE

The planning process involves the setting of goals and targets which have to be pursued through the formulation of policies, articulation of appropriate projects and programmes and the mobilisation of available resources for their effective realization.

6.0 TUTOR-MARKED ASSIGNMENT

Briefly but critically assess the planning process in India.

UNIT 3 THE PLANNING PROCESS IN NIGERIA

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The Planning Process
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit introduces you to the planning process and how it is carried out in Nigeria. The processes and institutions involved will be explained as you read on.

2.0 OBJECTIVES

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

- identify the various institutions involved in the planning process
- describe the planning process in Nigeria.

3.0 MAIN CONTENT

3.1 The Planning Process

The federal character of the Nigerian government and the political sensitivity of the various states or sections highlighted the need for a balance between centralization and decentralization in the planning process. Thus, the process of plan formulation in Nigeria involves almost all the agencies of the federal and state governments.

For the 1981 – 85 plan for example, the planning process was set in motion through a planning workshop held at the University of Ibadan in 1978 at the instance of the National Planning Office. Areas emphasized at the workshop included planning techniques, plan formulation, national and sectoral policies, manpower implications for the plan development strategies, etc. The planning office proceeded to prepare guidelines for ensuring plan and in so doing due attention was accorded recommendations of the workshop. The guidelines usually contain an analysis of the major problems of the country's socio-economic system, sector by sector provide some indications of the types of policy

guidelines aimed at alleviating the identified problems during the ensuring plan periods. The guidelines also contain estimates of funds which will be available during the plan period, the objective of the plan, etc.

This document is extensively discussed at ministerial levels, the Joint Planning Board, the Conference of Ministers/Commissioners for Economic Planning and the decision-making bodies in the country, for example, the National Economic Council for approval and subsequently published as a policy document. It helps to prepare the mind of government agencies both at the federal and state levels for the impending planning exercise.

Shortly after the publication of the guidelines, circular letters are sent to all federal ministries and state governments inviting them to submit their projects for the plan. They are required to submit such projects on formats designed for the purpose and in line with the policies and priorities spelt out in the guidelines.

On receiving the project proposals, each department of the National Planning Office embarks on a careful analysis of each project proposal under its schedule and makes appropriate recommendations as to whether a particular project based on its technical and economic viability, social justification and consistency with the stated national priorities should be admitted into the plan. The specifications of selected projects are also indicated by providing such information as, the agency responsible for the implementation of the project, the physical scope and financial magnitude of the project. Attempts are also made, based on projected executive capacity of various agencies, to indicate the phasing of the plan and allocation to each project on an annual basis. This serves as a guide in making yearly budgetary allocations. These projects with the appropriate recommendations of the sectoral officers are subsequently examined by the National Planning Office in a series of internal seminars at which the position of the planning office with respect to each project is determined, subject of course, to further examination at the succeeding planning stages.

The next stage is a series of bilateral meetings with each federal ministry and its associated agencies to enable further reviews of the projects. Additional information is supplied where necessary and ambiguities clarified. By the end of such meetings each ministry would have known which of its projects were likely to be admitted having regard to relevance, scope, costs, phasing and other details of the projects. Similar series of meetings are also held with representatives of each of the state governments. By the end of these rounds of consultations, a clearer picture would have emerged as to the likely magnitude and

composition of the investment component of the plan. The total picture is, of course, reconciled with the macro-economic projections to ensure consistency of goals and means because the aggregate demand for investment resources (especially domestic savings and foreign exchange) must not exceed the projected level of investment funds for the purpose if serious economic instability is to be avoided in the pursuit of rapid economic growth.

After the project details have been agreed upon, the drafting of the various chapters of the plan is commenced. This draft is again submitted to the various planning bodies such as the Joint Planning Board (it uses technical criteria to assess feasibility of all projects to ensure that these proposals are consistent with the national planning objectives explained in the guidelines), the Conference of Ministries/Commissioners for Economic Planning and National Economic Council where it is discussed in great deal and proposed amendments incorporated thereafter. The draft then moves to the President-in-Council for final approval after which it is published as a national document.

SELF-ASSESSMENT EXERCISE

Identify three planning institutions in Nigeria.

4.0 CONCLUSION

It is clear from the foregoing description that the planning process is a tedious and time consuming exercise in a federal set-up.

5.0 SUMMARY

The planning process can be viewed as a sequence of preparation of a development plan. The core of a plan is a statement giving the allocation of investment between the centre and the states in a federal political system. In Nigeria the planning process is a tedious and time-consuming exercise because of the federal character and political sensitivity of the various states.

ANSWER TO SELF-ASSESSMENT EXERCISE

National Economic Council, National Planning Commission and Joint Planning Board.

6.0 TUTOR-MARKED ASSIGNMENT

Describe the planning process in Nigeria.

UNIT 4 THE PLANNING MACHINERY IN NIGERIA

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The Planning Process
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit deals with the planning machinery in Nigeria with the three key planning institutions examined: National Planning Office, Joint Planning Board and the National Economic Council.

2.0 OBJECTIVES

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

- identify at least three planning institutions
- explain their functions.

3.0 MAIN CONTENT

3.1 The Planning Machinery

Three of the main institutions which constitute the planning machinery are the National Planning Office, Joint Planning Board and the National Economic Council.

The National Planning Office (national Planning Commission) occupies a strategic position within the planning machinery and it is responsible for coordinating both the federal government economic programmes. It also serves as the secretariat of the Joint Planning Board, Conference of Ministers/Commissioners for Economic Planning, and the National Economic Council. The quality of the plan therefore depends in no small measure on the effectiveness of this office.

The National Planning Office has its origin in the small Economic Planning Unit (EPU) created in the Federal Ministry of Economic Development during the preparation of the first national plan. It was in 1972 that the EPU was transformed into a Central Planning Office with

a staff of 52 professional officers, about 17 of who had at least a master's degree. By the end of 1980, the office had been re-named National Planning Office with a total staff strength of 78, about 45 of who had at least a master's degree. It was eventually transformed into the National Planning Commission.

The Joint Planning Board (JPB) as an advisory body consisted of top officials from the federal and state Ministries of Planning, the Director of Research, Central Ministry of Finance and the Head of the Economic Development, Cabinet Office. Then the Permanent Secretary, Federal Ministry of National Planning, chaired the JPB. This body was a kind of clearing house for planning officials of the various governments with the following functions (a) to harmonise and coordinate the economic policies and development activities of the federal and states and their agencies; and (b) to examine in detail all aspects of economic planning and make recommendations.

Such recommendation passed through the Conference of Ministers/Commissioners for Economic Planning to the National Economic Council. The fore-runner of the Joint Planning Board was Joint Planning Committee (JPC) which was set up in 1958 as an advisory body to the National Economic Council.

The 1979 constitution created the National Economic Council (NEC) which occupies almost the apex of Nigeria's planning machinery. The council consists of the Vice-President as Chairman; the State Governors and the Governor of the Central Bank of Nigeria as members. The National Economic Council has powers to advise the President concerning the economic affairs of the federation, and in particular on measures necessary for the governments of the federation. It is thus quite similar in composition and functions to the NBC which operated during the First Republic except that while the NEC in the First Republic was chaired by the Prime Minister (the Head of Government) the NEC in the Second Republic was headed by the vice-President (the number-two man).

SELF-ASSESSMENT EXERCISE

Explain the functions of the National Planning Office (or Commission), Joint Planning Board and the National Economic Council.

4.0 CONCLUSION

The importance of a planning machinery in a country like Nigeria cannot be overemphasized. However, in spite of its existence the achievements of the various plans have been mixed.

5.0 SUMMARY

This unit discussed three key planning institutions: National Planning Commission, Joint Planning Board and the National Economic Council with their functions spelt out.

ANSWER TO SELF-ASSESSMENT EXERCISE

1. The National Planning Office serves as secretariat for National Economic Council.
2. It prepares development plans on behalf of the nation.
3. It coordinates economic activities of the nation.

6.0 TUTOR-MARKED ASSIGNMENT

Identify at least three key planning institutions in Nigeria, explain their functions and assess their strength.

UNIT 5 TEN-YEAR PLAN DEVELOPMENT AND WELFARE FOR NIGERIA, 1946 - 56

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The 1946 – 56 Plan
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit deals with the ten-year plan of development and welfare for Nigeria, 1946 -56 and the criticisms that greeted the plan.

2.0 OBJECTIVES

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

- describe the preparation of plan
- give at least three reasons why the plan is criticized.

3.0 MAIN CONTENT

3.1 The 1946 -56 Plan

In December 1945, sessional paper No. 24 1945 titled, Ten-Year Plan Development and Welfare for Nigeria was presented before the Legislative Council of Nigeria.

In February 1946, legislation incorporating the plan was adopted by the Council. It derived from a development in 1940 when the Colonial Development and Welfare Act was passed in Britain with the purpose of promoting social betterment of the colonies.

Following the adoption of the legislation incorporating the plan, a colonial Economic Advisory Committee with a membership that included economists such as Lionel Robbins, Evan Durbin, Arnold Plant, Hubert Henderson and ex-colonial administrators such as the former Governor of Nigeria. Sir Bernard Bourdillon was established. The controversy that greeted the committee over its status, role, and competence to discuss or initiate discussion of such matters as strategies

for agricultural development, industrial development, colonial public debt, division of taxation between the colonies and the United Kingdom and the bulk purchasing arrangement made the enactment of a new Colonial Development and Welfare Act imperative. The New Colonial Development and Welfare Act of 1945 restricted the role of the advisory committee to the steady inflow of development plans from the colonies without imposing solutions on them.

As far as Nigeria was concerned, its size dictated that some central organisation be established for overall coordination, control of finances and the preparation of major policies. An advisory committee on economic development and social committee was established in the colonial office but its membership was restricted to officials. Also, a Central Development Board consisting of the Development Secretary (Chairman), the three chief commissioners for the Northern, Western and Eastern Provinces, the Commissioner of the Colony the Financial Secretary to the Government, and the Director of Public Works was established in the Secretariat in Lagos. The function of the Board was lay down planning principles and policies, priorities and funding of development year by year and between one part of the country and another.

In the provinces and the colony, the chief commissioners established Area Development Committees made up in each case of the Resident and representatives of departments. The area committees were expected to evaluate proposals from the provinces prior to their submission to the Central Development Board. Each province (there were twenty-four of them) also had a Provincial Development Committee consisting of the Resident as Chairman, representatives of departments and some unofficial members. The role of these committees was to prepare local schemes to be sent to the Area Development Committee.

The arrangements, according to Okigbo, would have been to no avail if there had been no organisation at the apex to make the necessary decisions. The answer was the Governor-Council in Lagos who took the necessary decisions on the spot and the Secretary of State for the Colonies in the Colonial Office who had the power to approve or reject proposals. And since the bulk of the finance was to come directly from or was channelled through the colonial office. The approval or sanction of the Secretary of the State became, in the final analysis, the ultimate authority and represented British government policy.

Simultaneously, decisions that were to apply to a particular colony had to be given local legal backing. In Nigeria, they were therefore, referred to the legislative council in which at that time, British Official members predominated over Nigerian members who were either elected (as in the

colony) or appointed (as in the protectorate). The ten-year plan of development and welfare in Nigeria, 1946 -56, had therefore to be approved by the legislative council in order to have the necessary legal validity and legitimacy.

The philosophy underlying the plan was fully articulated in a document published in 1945 entitled, *Preliminary Statement on Development in Nigeria*. The need for planning was defined by the uneven progress of the country upto that time, a situation made worse by the retrenchment policies of the 1930s following the worldwide recession. It had become apparent therefore, that coordinated plans should be formulated and executed to improve the standards of health, education, transport and other similar services.

The plan drew deeply on the philosophical attitudes of the time in particular socialist doctrines that sprang from the triumph of the Labour Party in Britain after two decades in the shadows. The pre-occupation with welfare and social development in Britain was carried forward to the colonies and translated into concrete form in the plan.

Under the plan a total planned expenditure of about ₦110 million for a period of ten years was envisaged with ₦46 million of the amounts to be met with funds provided under the Colonial Development and Welfare Act. The plan, however, did not run its full term because by 1950, the inappropriateness of charting development over a period as long as ten years in a country experiencing rapid structural changes had become evident. The estimated costs of projects over a ten-year period could be at best, an educated guesswork. This was readily appreciated in the formulation of the plan that the cost figures were only tentative and would be subject to further revisions in the light of new information, knowledge and prospect for financing. Also, the data required for effective planning were grossly deficient. Therefore, a decision was taken to break the plan into 2 five-year periods (1946 – 51) and (1951 – 56).

The plan had been criticized for many reasons. For example, the authors of the National Development Plan, 1962 – 68 wrote that the programmes of the ten-year plan of development and welfare for Nigeria, were not 'plans' in the true sense of the word. More accurately, they constituted a series of projects which had not been coordinated or related to any overall economic targets. The criticism contained a large element of truth. It was valid in the sense that there were no overall economic targets in terms of macro-economic variables, readily quantifiable, against which the performance of the plan could be measured. The plan, also, was comprehensive as it was more of a list of projects, the selection and preparation of which did not take into account the

participation of the people being planned for. It completely neglected major branches of activity (for example industry) and concentrated on social services, agriculture and communications. One major error which was frequently permitted, the authors of the National Development Plan 1963 – 68 continued, was that entirely new unrelated projects were readily substituted for original programmes without proper analysis and coordination with other projects. The justification given was flexibility. Actually, ten years was too long a span given the state of statistical information, to plan for a country like Nigeria.

SELF-ASSESSMENT EXERCISE

In your opinion, were criticisms against the 1946 – 56 plans valid?

4.0 CONCLUSION

The programme of the ten-year plan of development and welfare in Nigeria were not plans in the true sense of the word. More accurately, they constituted a series of projects which were not related to any overall economic targets.

5.0 SUMMARY

Nigeria's planning experience dates back to 1945 when the British colonial office requested the colonies to prepare development plans which would assist it in disbursing the colonial development and welfare funds. In response to this request, the administration in Nigeria prepared a ten-year plan of development and welfare covering the period, 1946 – 56 but this plan was greeted with criticisms.

ANSWER TO SELF-ASSESSMENT EXERCISE

1. Yes because the plan did not take the people being planned for into consideration.
2. The plan period was too long for a country undergoing rapid structural changes like Nigeria.
3. There were no adequate data.
4. The private sector was not involved.

6.0 TUTOR-MARKED ASSIGNMENT

The ten-year plan for development and welfare for Nigeria was greeted with controversy and criticisms. Discuss.

7.0 REFERENCES/FURTHER READING

Okigbo, P.N.C. (1989). *National Development Planning in Nigeria* 1900 – 1992. London, N6: Valliers Publications.

UNIT 6 THE 1955 – 60 PLAN

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The Plan
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit discusses the 1955 -60 plan in Nigeria within the context of a federal arrangement.

2.0 OBJECTIVES

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

- identify at least two planning institutions and their functions
- explain the difficulties encountered when planning in a federal set-up.

3.0 MAIN CONTENT

3.1 The Plan

Even though the revised 1951 – 56 plan was not due to come to an end until March 1, 1956 it came to a premature end in 1955 as a result of the introduction of a federal system of government in the country in 1954. Since the new constitutional arrangements made each of the regions autonomous, each of the then regional governments and the federal government launched its own five-year developments plan for the period, 1955 – 60. After a series of reviews, the estimated total cost of the programme was about ₦328 million. One consequence of setting up such powerful autonomous regions was the existence of consideration over-lapping in the plans of the various regions and the need to coordinate them at the national level.

The National Economic Council (NEC), which was established in 1955, was the first major attempt to create a national institutional framework for planning and this body was to provide a forum to discuss development policies and common economic problems. NEC which

was chaired, initially by the Governor-General and later by the Prime Minister while the regional premiers and some federal and regional ministers were members, was intended to achieve the coordination that the decentralization of planning had made necessary. It was stipulated that.

The council will be consultative body in which the governments of the Federation and the regions may meet to discuss the many economic problems common to each notwithstanding their separate constitutional functions and of consequences reaching beyond their respective constitutional spheres. The council will provide a permanent basis for such consultations without, however, encroaching upon the authority entrusted by the constitution to the respective governments.

It is designed to give the maximum encouragement to the development of a national economic policy and to close cooperation towards that end between the governments in the federation.

One defect of NEC was that its deliberates were infrequent, meeting only seventeen times in the ten years of its existence, an average of about 1.5 meetings a year and there were years, too, in which it did not meet. The mode of discourse at NEC's meetings was said to be one of generalized debates examination of policies.

Conscious of its relative weakness NEC established the Joint Planning Committee (JPC) in 1958 as its intellectual and technical arm which was charged with the advisory task of formulating planning objectives and of coordinating the planning proposals of the federal and regional governments. This committee, chaired by the economic adviser to the prime minister had officials (permanent secretaries of planning ministries) of the governments of the federation as members. Its specific duties among others were:

1. To examine and report upon any matters remitted to it by the National Economic Council or individual governments.
2. To advise the National Economic Council, in particular by:
 - (a) Preparing a statement of fundamental objectives for the guidance of the planning committees of the several governments in the federations of their development plans for each succeeding period.

- (b) Examining the plans formulated by the governments and advising what modifications should be made to them in the light of the fundamental objectives agreed for this purpose in order that the plans together may form a coherent whole.
3. To direct its secretariat in:
- (a) The preparation studies, reports and surveys.
 - (b) The collation, coordination, and dissemination of information.

Although the JPC was supposed to be a committee of experts drawn from the federal and regional governments, most of those who took part in its deliberations were not economists but generalist administrators. Other weaknesses of the committee according to Oyovbaire (1975), include the fact that its members were not only impermanent, its meeting were generally attended only by junior regional and federal officials (representatives of the relevant permanent secretaries). The high rate of mobility of civil servants between ministries and between ranks caused a (rapid) turnover in the committee's membership, few participants in its activities were said to be there under the same schedule for more than two years running. By and large, the politics of the regional governments, their rivalries and political alignments seeped through to the JPC. Although the officials were expected to attend and to discuss the issues before them passionately and in the interest of the country as a whole, the divergent views of the members of the JPC, according to Okigbo, often reflected the positions taken by the governments whose delegates they were. In fact the rivalry between the regions became a regular feature of the meetings of the JPC and this rivalry was often transferred to the meetings of the National Economic Council. The fact that the committee was subservient to NEC, and the need to reflect in its own deliberations the political bargaining of the council, made the JPC succumb to political pressure.

SELF-ASSESSMENT EXERCISE

What in your opinion were the weaknesses of NEC and JPC?

4.0 CONCLUSION

The weaknesses of the machinery for planning were reflected in the 1955 – 60 plans. The various plans (federal and regions) were not related to one another or to any quantitative or qualitative overall national objective. Each government struck off in an independent direction. The only common frame of reference was the report of the World Bank Mission, titled 'The Economic Development in Nigeria' and which was even left entirely to the discretion of each government. By 1959, the

federal plan and the plans for the three regions which were to cover 1955 – 60 were at variance with one another and NEC, being strictly an orthodox federal institution which lacked and constitutional status, could not restrain any of the governments regional as well as federal. However, at its tenth meeting in 1959, the National Economic Council decided that the national development plan be prepared for the country and this decision gave birth to the 1962 – 68 plans.

5.0 SUMMARY

Even though the revised 1951 – 56 plan was not due to run its course until March 1, 1956, it came to an end prematurely in 1955 because of the adoption of a federal arrangement in the country in 1954. Since the new constitutional arrangements made each of the regions autonomous, the federal government plan for the period, 1955 – 60 thus rendering the revised plan irrelevant and unable to attain

ANSWER TO SELF-ASSESSMENT EXERCISE

1. NEC was an orthodox institution lacking constitutional power to enforce discipline.
2. It was chaired by the Vice-President which made its role advisory.
3. JPC was chaired by the Vice-President which also made its role advisory.
4. They did not have the power to enforce compliance.

6.0 TUTOR-MARKED ASSIGNMENT

It is generally claimed that federation and development planning are incompatible. Discuss this statement with reference to 1955 – 60 plan.

7.0 REFERENCES/FURTHER READING

Okigbo, P.N.C. (1989). *National Development Planning in Nigeria* 1900 – 1992. London, N6: Valliers Publications.

UNIT 7 THE 1962 – 68 PLAN

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The Plan
 - 3.2 The Scope of the Plan
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit introduces you to the first national development plan in Nigeria and some of the key issues involved in the plan.

2.0 OBJECTIVES

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

- identify the objectives of the plan
- describe the scope of the plan.

3.0 MAIN CONTENT

3.1 The Plan

At this tenth meeting in 1959, the National Economic Council (NEC) decided that a national development plan be prepared for the country. This decision gave birth to the 1962 – 68 plan. Under the plan, a total investment expenditure of about ₦2.130 million. Was proposed, out of this, the public sector investment was expected to be ₦1,352.3 million while the remaining investment expenditure of ₦780 million was expected to be undertaken by the private sector.

The statement of national objectives expressed in the 1962 – 68 plan appeared clear and articulate (Okigbo, 1989). These objectives were basically the achievement and maintenance of the highest possible rate of increase in the standard of living and the creation of the necessary conditions for this, including public support and awareness that will be required.

In concrete terms, these objectives were translated to cover:

1. a growth rate of the gross domestic product at 4 per cent per annual;
2. savings ratio to be raised to 15 per cent on of the gross domestic product;
3. an annual investment of 15 per cent of gross domestic product;
4. acceptance by all governments that the highest priority should go to agriculture, industry, training of high level and intermediate manpower.

However, the procedure for formulating these objectives was no more than an educated guess work as the planners did not have as their disposal the relevant information on the main parameters such as consistent national income series, data on population growth and its characteristics, productivity costs and financial flows. For example, the rate of growth of 4 per cent annum was arrived at, by using the 1950 – 57 data on national income to calculate the income for the base year 1962 and this was extrapolated to 1968 (Anyebe, 1955). In the absence of such detailed information the cost of decisions could become prohibitive and the possibilities of inconsistent decisions become greater and greater. This was what made Stoppor (1966) describe the 1962 – 68 Development Plan as ‘planning without facts’.

Nevertheless, the plan, which came out in 1962, was considerable improvement over the 1955 – 60 development programmes in many ways. First, all government had a uniform plan period. Second, efforts were made to set and quantify national economic goals, and finally all governments accepted the same priorities. The plan, according to the then Minister of Economic Development, ‘is a manifestation of the growing recognition... of the need to work towards common ends’ (1962 – 68 plan document, pg. 5). In fact, the 1962 – 68 plan was described as the first national plan. The plan was so described because it was the first post-independence plan, the previous ones having been formulated and executed during the colonial era with little participation (especially during the ten-year plan of development and welfare) by Nigerian nationals. It was even claimed that the 1962 – 68 plan rectified the defects in the previous plans. It has therefore, become necessary to see how far this claim is true and to what extent the 1962 – 68 plan established a procession of truly national plan.

SELF-ASSESSMENT EXERCISE 1

In four sentences attempt to translate the objectives of the 1962 – 68 plan into concrete.

3.1 The Scope of the Plan

In 1962 Nigeria was governed by the federal government at the centre and three regional governments. The 1962 – 68 plan was made up of four units, one for each government. Each government's plan was however developed relatively independently, the unifying factor being the consensus among the governments' plans covered the area within their jurisdiction while the federal government plan extended to all parts of Nigeria where the federal government either had projects in existence or was contemplating the establishment of some new facility or aiming to modify, maintain or improve an existing facility.

Since the powers of the federal government and the regional governments had to be coordinated in the areas within the jurisdiction of the regional governments' the federal government was so anxious to respect the integrity of the regional governments that it left to them the planning of the economies of the regions. The centre therefore, criticized for being too weak to impose its will on the politically powerful regions. The consequence was that in economic planning the regional government went their ways taking control of their respective economies except when there were projects, which they sought to attract to their particular regions. The federal government was not strong enough to discourage a regional government from embarking on a scheme that, in its own opinion, the particular region was not suited for, for example, the plan of the east to foster cocoa production, which was a specialty of the west, and the west's plan to encourage the growth of rubber and cotton, which were specialties of the mid-west and north respectively.

The lack of uniformity in the organisation of the plan can be traced to the federal structure of the country and the independence constitution which left the regions in a relatively powerful position vis-vis the centre. It may be traced also in a more direct sense to the fact that the respective leadership of the political parties at the time had their bases in the regions; the main political parties were represented in the federal government not by the party leaders but their deputies while the leaders themselves assumed the headship of the regional governments.

In this political environment, the federal government worked more as a delegate of the regional governments than as their master. It was careful in its dealings with them and scrupulous to avoid a shoe of overriding

constitutional authority. Besides, the governments in each three main regions, the northern, eastern and western were run by different political parties. The Northern Peoples Congress (NPC) formed the government of the Northern Region while the National Council of Nigerian Citizens (NCNC) formed the government of the Eastern Region. The Action Group (AG) governed the Western Region, with the Mid-Western Region having an NCNC government. The federal government was a coalition of two political parties, NPC and NCNC. Attitudes at the National Economic Council reflected these political realities; the Northern Region dominated by its Premier, Sir Ahmadu Bello, controlled the federal government through its Prime Minister, Sir Abubakar Tafawa Balewa, who was only Bello's deputy as leader of NPC. The Eastern Region with Dr. Michael Okpara as Premier had a number of ministers in the federal cabinet. The Western Region whose ruling was not in the central coalition had a number of ministers in the federal cabinet; its own government of Western Region was run by the deputy leader of the Action Group, Chief S.L. Akintola, since the leader, Chief Obafemi Awolowo, was then out of office.

The situation was over-ripe for the political coalition. For each major issue new realignments appeared from time to time, depending on what subject was before the National Economic Council. According to Okigbo (1989), the need for strategic behavior developed out of a practice whereby as the agenda and memoranda for each meeting were circulated to the governments, each government took a position in its own executive council. Since the leaders of the delegations were (except for the federal government) themselves heads of their own governments and presided over their executive councils they had to be seen to bargain vigorously, especially if it appeared that the final resolution of the National Economic Council would be different from positions they had previously taken.

The bargaining was not entirely conducted in the open. Each government or region had its own men in the federal council of ministers. Each government therefore, put consideration pressure on its representatives at the centre to ensure that the attitude of the federal Prime Minister was sympathetic to its course. It usually required the Prime Minister's astuteness to hold the council together and to steer as objective a course as possible. At the centre, a coalition of two parties gave the government a comfortable majority. While in theory it was easy to carry through any resolution it wanted, in practice, difficulties arose because of the divergence in the political manifestos and philosophies of the parties in the coalition. When political rivalry descended into the arena of economics, it retarded the possibility of developing a truly national plan.

There was another sense in which the 1962 -68 plan was not national. A national economy can be divided into two sectors; the expectations and responsibilities of each sector and the means whereby each sector was to achieve targets set for it. The 1962 - 68 plan was confined to the public sector and made no attempt to indicate what the private sector was expected to achieve, except by way of a residual target in aggregate investment. The only area where it indicated clear targets and policies for the private sector was in the level of contributions from the private sector in taxes and other revenues. It remained silent on the degree of participation by private sector in overall development and indeed even the extent of cooperation between the public authorities and the private sector in realizing the targets set for the public authorities. There was virtually no participation by the private sector in the preparation of the 1962 – 68 plan, planning was entirely the work of public officials without any pretence of consultation with the private sector. Institutions like the Nigeria Employers' Consultative Association, Nigeria Manufacturers Association, Chambers of Commerce, etc. were occasionally consulted on specific issues especially on tariffs and protective measures for nascent industries but there was no organised forum in which the organised private sector could air its aspirations except by means of periodic delegations to the minister concerned. The federal and regional governments did not incorporate in their respective plans the aspirations, intention or projects envisaged by private entrepreneurs. The coverage of the 1962 – 68 plan was consequently limited in its national scope.

It should be pointed out also that most of the regional governments made no attempt to encourage local authorities to prepare their own plans and integrate these plans into the regional plans. Planning at the local level was a neglected area in the 1962 - 68 plan.

Several problems were encountered in the machinery designed for the preparation of the 1962 – 68 plan. Most of the agencies, particularly at the regional level lacked adequate personnel to handle the task at hand. Economists, statisticians and other technical staff required for drawing up a comprehensive plan were in short supply. Therefore, considerable reliance had to be placed on the service of foreign experts (who might not fully understand the social and political setting of the country, or might not be fully committed to its development) in the preparation of the plan (Tomori, 1979).

The Economic Planning Unit (EPU) created in the federal Ministry of Economic Development during the preparation of the 1962 – 68 plan could not help much in the plan preparation. The EPU which was a major planning agency of the Federal Government had as at 1960 only two senior civil servants and eight by early 1962. Only two of these

eight remained in the agency by December 1965 (the departure of the three American planners accounted for only half of the loss of six staff members). But ten new members joined the agency, most of them rather young and had been in ten civil service for three and half years or less; several had received their first degrees in 1962 or later, and only one was a holder of a doctorate in economics (Dean, 1972). Clearly, in spite of serious efforts made to develop the EPU, it was too small and inexperienced a body to serve as an adequate control agency for a programme as huge as a national plan. Furthermore, the body had little control over the federal ministries and none at all with regard to the regional governments. Clark (19630, who worked in the EPU, described an unfortunate situation in which the size of the total programme of each government became the central issue of the planning exercise supplanting the cooperative efforts needed... for the national planning. Comments in the progress report (1964 pp. 6 and 7) give a frank and accurate description of the problems of executive capacity in the plan preparation and implantation: ... The professional technical planning and other staff required for carrying out the plan was in great shortage and the organisation of the machinery required for the execution of the plan implantation activities was generally lacking.

SELF-ASSESSMENT EXERCISE 2

In your opinion was the 1962 – 68 plan national?

4.0 CONCLUSION

The 1962 – 68 plan was limited in its national scope and could be described as national only because it bore the national symbol for the four disparate plans.

5.0 SUMMARY

It can be seen from the above description that the formal elements necessary to make a plan 'national' in character include planning institutions, the control mechanisms and the definition of planning objectives and all these were put in place at least in a formal sense, for most part of the 1962 - 68 plan. However, the separateness of the units for which the plan was formulated and the political divisions of the country all worked against the preparation of a 'truly' national plan. Each region presented its plan as if, except for unified preamble, it was a plan for a different country. Each region had its own list of projects and programmes that read like that of any other region. The centre found itself unable to coalesce the regional plans into a unit and indeed, such an attempt would have been stoutly resisted. There were, therefore, in

effect, four plans, one for the centre and three for the regions, all put together under the same outer jacket.

The plan, which was initially expected to be a five year plan, was extended to six years in order to accommodate demands of 'patronage projects' from the regions. Notwithstanding, many of the major projects embarked upon during the plan period were successfully completed. These include the Port Harcourt Oil Refinery, the Nigerian Security and Minting Plant, the Jebba Paper Mill, the Bacita Sugar Mill, The Niger Dam, the Niger Bridge, some trunk roads and the Lagos Port extension.

After the coups of January and July 1966, economic planning lost its relevance, which accompanied them, dominated government activity.

ANSWER TO SELF-ASSESSMENT EXERCISE 1

In concrete terms, the objectives of the 1962 – 68 plans can be translated to cover.

1. A growth rate of the gross domestic product at 4 per cent per annum.
2. Savings ratio to be raised by 15 per cent of the gross domestic product.
3. An annual investment of 15 per cent of gross domestic product.
4. Acceptance by all governments that the highest priority should go to agriculture.

ANSWER TO SELF-ASSESSMENT EXERCISE 2

The 1962 – 68 plan was not national for a number of reasons. The separateness of the units for which the plan was formulated and the political divisions of the country all worked against the preparation of a 'truly' national plan. Each region presented its plan as if, except for the unified preamble, it was a plan for a different country. Each region had its own list of projects and programmes that read like that of any other region. The centre found itself unable to coalesce the regional plans into a unit and indeed, such an attempt would have been stoutly resisted. There were, therefore, in effect, four plans, one for the centre and three for the regions, all put together under the same outer jacket. The 1962 – 68 plan was thus limited in its national scope and could be described as national only because it bore the national symbol for the four disparate plans.

6.0 TUTOR-MARKED ASSIGNMENT

It was claimed that the 1962 – 68 plan established a procession of truly national plans. In your opinion is this claim true? Discuss.

7.0 REFERENCES/FURTHER READING

Anyebe, A.A. (1995). 'Federalism and National Development Planning in Nigeria: A Case Study of the 1981 – 1985 Plan; (unpublished Ph.D Thesis, Postgraduate School, Ahmadu Bello University, Zaria.

UNIT 8 1970 –74 PLAN

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The Plan
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit discusses the second national development plan in Nigeria and the some of the salient issues involved in the plan.

2.0 OBJECTIVES

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

- describe the objectives of the plan
- explain the principal focus of the plan.

3.0 MAIN CONTENT

3.1 The Plan

Before the expiration of the 1962 – 68 plan and just about the time that the preparation of the next plan was to commence, the country experienced a national crisis of proportions which seriously affected the operations of the planning institutions. The National Economic Council and Joint Planning Committee ceased to function because of the crisis. They were both replaced by the National Economic Planning Advisory Group in 1966. One of the functions of this body was to review the progress of the economy since independence. The advisory group was unable to function effectively in an environment that required a rigorous and constant interventionist policy by the government in the economic affairs of the nation.

The Second National Development Plan (1970 – 74) was formulated and implemented under a military regime and it was launched shortly after the end of the civil war, with the aim of reconstructing the war battered economy and social development in the country. Under normal conditions, the preparation of the Second National Development Plan

would have been finalized much earlier but because of the civil war, the implantation of the First National Development Plan was extended to 1970. The experience and the lessons of war, no doubt influenced the national philosophy which served as the principal focus of the plan. This philosophy was spelt out in the objectives which were to establish Nigeria as:

1. a united, strong and self-reliant nation;
2. a great and dynamic economy;
3. a just and egalitarian society;
4. a land of bright and full opportunities for all citizens; and
5. a free and democratic society.

This was the first attempt to express the social philosophy underlying the country's planning efforts. The plan was much bigger in size (the total capital expenditure was about ₦4.9 billion) than its predecessors. According to Ayo (1988), the second plan was more diversified in its project composition than the earlier plans and it was in fact the first truly national and fully integrated plan which viewed the economy as an organic unit, the twelve states being fully integrated in the plan. However, Okigbo (1989), described the objectives of the 1970 – 74 plan as general or what would be regarded as dynamic. There was no way to measure or assess whether the claim of a particular policy was valid with respect to making Nigeria great and dynamic. The inclusion of the objective of a free and democratic society, he constituted, took the planners outside the realm of economics.

The splitting of the country into twelve states in 1967 brought another dimension to the problem of planning. The machinery which had been designed to formulate and coordinate national planning when there were five governments became inadequate to withstand the demand of thirteen governments, most of which lacked the relevant institutional machinery and manpower resources for economic planning. With the exception of perhaps the Western and Mid-Western States, all other states were still relatively new for planning purposes during the 1970 – 74 plan period, and this included the East-Central State which had just emerged from being the main theatre of the civil war. What emerged therefore, was a clear recognition that the federal government must take the lead and coordinate the national efforts in formulating plans. This greater role was exercised through the Federal Ministry of Economic Development and Economic Planning Unit (EPU) located in that ministry. The EPU, in essence, became the centralized agency for coordinating federal and state projects through mutual consultations.

As to the institutional machinery for planning after the civil war, the pre-war practice and methods became inadequate. Therefore a professional

planning body the Central Planning Office (CPO) was created in 1972 under the umbrella of the Federal Ministry of Economic Development and Reconstruction. The CPO replaced the EPU. To ensure that all the sectors of the economy were given adequate consideration in the formulation of the plan, a National Economic Advisory Council (NECA) was set up in 1972. This was in response to the criticism that the private sector had been planned for but not taken into confidence. This council was presided over by the Federal Commissioner for Economic development and Reconstruction and its membership cut across the various sectors of the economy comprising the representatives of various organisations in the private sector of the economy such as the trade unions, the Nigerian Chambers of Commerce and Industry, Manufacturers' Association of Nigeria, university teachers, some acknowledge individual professionals and officials of the Central Bank and the Nigerian Institute of Social and Economic Research. It was to advise the government on economic matters.

It is arguable to what extent the inputs of these organised private sector representatives in the council adequately took care of the sector's interests in the subsequent development plans. In fact, the Udoji Public Service Review Commission cynically observed in 1974 that, '... the performance of NEAC has so far fallen below expectation. Its performance has been more or less limited to consideration of papers prepared by the Central Planning Office'.

This was definitely not sufficient. The council was expected to identify problems independently, commission its own studies and make positive recommendations to the government on the integration of the private sector in the planning process.

Another body, the Joint Planning Board (JPB), which drew its membership from the federal and state ministries, the Central Bank of Nigeria and the Nigerian Institute of Social and Economic Research (NISER) was set up to harmonise the economic policies and development activities of the federal and state governments and to examine in detail all aspects of planning and make recommendations to the government. In the military era, the draft went from the Joint Planning Board to the higher decision making bodies such as the Conference of Minister/Commissioners for Economic Planning, Federal Executive Council or National Council of Ministers and the National Council or the Armed Forces Ruling Council for approval. This body was the highest authority making policies, projects and programmes during a military regime and it was composed of the head of state and commander-in chief of the armed forces as chairman, the chief of staff supreme headquarters or chief of general staff, the secretary to the

Federal Military Government, heads of the Nigeria Army, the Navy, the Airforce, the Police and a few other top ranking military officers.

The second national development plan was largely the responsibility of the federal governments. The plan differed from its predecessor (that is, 1962 – 68 plan) as it was addressed more to reconstruction than to growth. Unlike predecessor, it was born out of hopes generated by the euphoria of independence but out of frustrations and fear generated by a pernicious, fratricidal civil war. It required that the policies used to see the country through three years of civil service be remobilized for peace to see the country resettle on a normal course. It required that even where the same criteria were used to select the main channels of investment, the policies would have to be different because the environment had to be radically altered to re-align it to peace time objectives.

There were a few other significant differences between the 1971 – 74 plan and the 1962 – 68 plan. The state governments proposed an allocation of 17.8 percent of their capital programmes on agriculture between 1970 and 1974, for all governments combined, that is, including the federal government. The overall proportion was 9.9 per cent. This was clearly below what could have been expected if the emphasis of 1962 – 68 plan had been continued into 1970 – 74.

The lion's share of the allocations in the 1970 – 74 plan went to transport and communications, roads, waterways and telecommunications. These represented some 40.1 per cent of the federal government capital programme compared with 32.5 per cent in the 1962 – 68 plan. Social services accounted for 26.6 per cent for all governments' programmes compared with 13.5 per cent of the 1962 – 68. Finally, defence and security represented as much as 10.3 per cent of the overall programme and 17.9 per cent of the federal governments programme. This new development reflected the increasing emphasis of the federal government on security and defence problems as a result of the civil war.

Even in the field of agriculture, there was a significant difference in the approach taken by the federal government in 1970 from the stand it took in the 1962 – 68 plan. To that the nation was able to feed itself the 1976 – 80 plan reviewing the 1970 to 74 plan declared, government (federal) established food production companies which have brought into cultivation more than 60,000 acres for the production of substantial quantities of food items such as rice, maize, cassava, etc. This was the first time the federal government had entered into direct production in agriculture. Hitherto, it was content to leave that to the state (regional) governments which established farms and plantations. The expectation

of the federal government that by its entry into this field the food problem would be nearer to its solution reflects the prevailing philosophy and a lack of appreciation by all governments of the economics of state government intervention in direct production. This miscalculation of the 1970s has continued to influence successive governments which, in the face of unsatisfactory results, have multiplied their involvement instead of pulling out of direct production.

SELF-ASSESSMENT EXERCISE

What in your opinion was the focus of the 1970 – 74 plan?

4.0 CONCLUSION

The second national development plan was formulated and implemented under a military regime with the experience and the lessons of the civil war influencing the national philosophy, which served as the principal focus of the plan. It was addressed more to reconstruction and rehabilitation.

5.0 SUMMARY

The 1970 – 74 plan, which was formulated and implemented under a military regime, had a number of objectives. The plan was addressed more to reconstruction because of the frustrations and the fears generated by the civil war. It differed in a number of ways from its predecessors, for example, in investment in agriculture.

ANSWER TO SELF-ASSESSMENT EXERCISE

Its focus was to rebuild that nation after the war.

6.0 TUTOR-MARKED ASSIGNMENT

Critically assess the main objectives of the 1970 – 74 plan and explain how the plan differed from the 1962 – 68 plan in terms of philosophy and investment.

7.0 REFERENCES/FURTHER READING

- Okigbo, P.N.C. (1989). *National Development Planning in Nigeria 1900 – 1992*. London, N6: Valliers Publications.
- Ayo, J.E. (1988). *Development Planning in Nigeria*. Ibadan: University Press Ltd.

UNIT 9 1975 –80 PLAN

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The Dimension of the Plan
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit discusses the 1975 – 80 plan with some of its key features pointed out.

2.0 OBJECTIVES

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

- identify the objectives of the plan
- explain the features of the plan
- explain the problems associated with the plan.

3.0 MAIN CONTENT

3.1 The Dimension of the Plan

It has been observed second national development plan 1970 – 74, as formulated, were not operational. The view as also expressed in a different way concerning the third national development plan, 1975 – 80, the statement of the objectives merely provided a broad view of the ultimate aspirations of the society. The five cardinal objectives of the second national plan were modified and expanded into seven short-term objectives for the third national plan:

1. Increase in per capital income
2. More even distribution of income
3. Reduction in the level of unemployment
4. Increase in supply of high level manpower
5. Diversification of the economy
6. Balance development
7. indigenization of economic activities

The third national plan was an improvement over the second plan in terms of definition of objectives. The overall strategy of the plan was to utilize the resources from oil to develop the productive capacity of the economy and thereby improve the standard of living of the people.

The huge size of the plan was as a result of the optimism generated by the unusually favourable financial circumstances under which the country was operating on the eve of the plan. There had been sharp increases in both the price of crude oil as well as its level of production. By March, 1975, the country's oil production was at a record level of 2.3 million barrels per day while the price stood at 14.69 dollars per barrel having risen from 3.55 dollars per barrel in 1973. Nigeria's oil production was projected to reach 3.0 million barrels per day by the end of the plan period. This was however, not realized due to the prevail world economic depression which resulted in production and price decline to the extent that the estimated value of oil exports in the first year of the plan in 1975 – 76 fell by about 1 billion dollars. Apart from this, barely two months after launching the plan, a number of other problems of disturbing proportions, which were not much in evidence at the time of the plan preparation, surfaced to pose a serious threat to the successful implementation of the plan. These included the effects of the growing congestion at the ports and the acceleration of inflation, which was not only distorting the plan priorities but also eroding living standards all over the country.

With the change of government in July 1975, a reappraisal of some of the national objectives was undertaken. Consequently, the third plan was reviewed with more emphasis placed on those projects which had direct effect on the living standard of the common man. Sectors such as agriculture, health, housing and water supply were therefore given more priority. For instance, the target number of hospital beds proposed earlier in the plan was raised from 82,000 to 120,000. The target number of housing units was raised to 200,000 as against 60,000 units.

One of the most significant features of planning since the beginning of military rule in Nigeria, according to Abdusalami, was the noticeable national trend towards greater centralization; the increasing federal share of available national resources, increasing scope of federal responsibilities, increasing dependence of states on federal sources for their resources and the increasing integration of the inter-governmental authority of the military had an impact on the style of government at this time. These features destroyed the old regional rivalry and consequently enabled the central government to assert itself and to prepare a plan that is more comprehensive and more integrated. The second and the third national development plans were formulated and implemented by military regimes.

SELF-ASSESSMENT EXERCISE

What in your opinion were the objectives of the 1975 – 80 plan?

4.0 CONCLUSION

The plan was an improvement over its predecessor, that is, the 1970 – 74 plan in terms of definition of objectives.

5.0 SUMMARY

The 1975 – 80 plan was formulated and implemented under military regimes and had measurable objectives. It promoted national integration among other things. The plan equally encountered a number of problems of disturbing proportions, for example, the world economic recession and the congestion at the national plan.

ANSWER TO SELF-ASSESSMENT EXERCISE

The objectives of the second national plan were modified and expanded into seven short-term objectives to form the objectives of the third national plan:

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 high level of manpower
5. Diversification of the economy
6. Balanced development
7. Indigenisation of economic activities

6.0 TUTOR-MARKED ASSIGNMENT

One of the problems of development plans in the developing countries is planning in an environment of uncertainty. Discuss this assertion with reference to the 1975 – 80 plan in Nigeria.

7.0 REFERENCES/FURTHER READING

- Okigbo, P.N.C. (1989). *National Development Planning in Nigeria 1900 – 1992*. London, N6: Valliers Publications.
- Ayo, J.E. (1988). *Development Planning in Nigeria*. Ibadan: University Press Ltd.

UNIT 10 1981 –85 PLAN

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The 1981 – 85 Plan Objectives
 - 3.2 Dimension of the Plan
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

The 1981 – 85 plan which was the fourth national development plan in Nigeria was launched by a democratically elected government based on the presidential constitution. Here we still discuss the objectives and dimension of the plan.

2.0 OBJECTIVES

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

- identify the plan objectives
- explain the problems of the plan.

3.0 MAIN CONTENT

3.1 The 1981 – 85 Plan Objectives

Towards the end of the military administration in 1979, the federal military government issued guidelines for the fourth national development plan. The five year plan was not launched until January 1, 1981. The reason for the delay was to enable the new civilian administration which was installed on October 1, 1979, to participate in the formulation of policies and programmes of a development plan that it was to implement. The 1981 – 85 plan will provide for an investment of ₦82 billion was therefore launched by a democratically elected government under a new constitution based on the presidential system of government.

The plan was intended to further the process of establishing a solid base for the long-term economic and social development of Nigeria. High priority was consequently accorded agriculture particularly food

production, manufacturing, education, manpower development and infrastructural facilities. Social services like housing, health and water supply were also emphasized with a view to improving the quality of life in both urban and rural areas.

Although the guidelines adopted in the outline for the 1981 – 85 plan accepted almost the specific objectives of the third plan as still valid, it criticized the focus on growth in the previous plan as wrong and misconceived. It raised, perhaps for the first time and appropriate too far for the incoming civilian politically elected administration, the basic questions, what kind of society did Nigeria wish to evolve and what was development? The guidelines proceeded to answer that true development must mean the development of man, the realization of his creative potential enabling him to improve his material condition of living through the use of resources available to him. It went further to articulate the need for self reliance ... and concluded that a conscious effort be made to mobilize the masses - the entire Nigerian population for the implementation of the fourth plan. The specific objectives set for the plan were:

1. Increase in average income of average citizen.
2. More even distribution of income among individuals and socio-economic groups.
3. Reduction in the level of unemployment and underemployment.
4. Increase in the supply of skilled manpower.
5. Reduction of dependence of the economy on a narrow range of activities.
6. Balanced development, that is, achievement of a balance in the development.
7. Increased participation by the citizens in the ownership and management of productive enterprises.
8. Greater self-reliance, that is, increased dependence on local resources in seeking to achieve the various objectives of societies. This also implied greater efforts to achieve the optimum utilization of Nigeria's human and material resources.
9. Development of technology.
10. Increased productivity.
11. The production of a new national orientation conducive to greater discipline better attitude to work and a cleaner environment.

SELF-ASSESSMENT EXERCISE 1

Identify the objectives of the 1981 – 85 plan.

3.2 Dimension of the Plan

The machinery for planning used during the 1981 – 85 plan was not much different from that used during the 1975 – 80 plan except that there was a new expectation: the local governments were to be involved in planning activities following their constitutional position as a distinct level of government with specific responsibilities. Indeed, the guidelines went so far as to assert that they were to be involved in supervising and monitoring the execution of state and federal projects located in their areas of authority. This was definitely no more than a pious homily. The local governments were as then constituted and staffed, hardly in a position to undertake such a large responsibility. However, the guidelines held out an ideal which, if fulfilled, would offer the prospect of a significant change in the architecture of planning in the country.

The outline did not go so far as the guidelines but it did claim that, for the first time, local governments were accorded a place in the new constitution and in the plan since the statement of the capital programme of the state often contained references to local governments. It was for the state government to integrate the local government programmes into their own. The restraint in the outline was in full consonance with common sense.

In 1981, Nigeria was governed by the federal government at the centre and the nineteen state governments. The 1981 – 85 plan was therefore, made of twenty units, one for each government, and the planning institutions (for example, the National Economic Council, The national Planning Office, the Joint Planning Board, etc.) were in place at least in a formal sense. These institutions were intended to prepare plans for the nation, ensure the implementation of planned projects and to monitor any revision of the plans. The question then arises: how nationally integrated were the plans?

The shortage of executive capacity especially in the area of project formulation and preparation in some federal ministries and corporations and even more so at the state level can affect the integration of national plans. Ayo (1988) asserts that except for the National Planning Office which had a cadre of specially trained planning officers, very few ministries and agencies at both the federal and state levels had such cadre of staff to undertake planning functions on a systematic basis. Planning duties, therefore had to be taken by the administrative officers who were given adhoc training prior to the commencement of plan preparation. What usually emerged from this arrangement was the production of planners who were amateurs in the planning activities. In fact, many of state ministries and their agencies were unable to evaluate

the guidelines issued by the National Planning Office to know the implication for their states and so the requirement for drawing up comprehensive documents encompassing details of local need was out of the question. Consequently, most of the projects submitted to the National Planning Office by many of these state ministries and their agencies for inclusion in the plan were mere ideas lacking the necessary preliminary appraisals, feasibility, as well as scope and estimated costs. Thus, a considerable number of ideas admitted into the plan as projects were not properly studied, designed and costed and as a result, their full implications were unknown at the time of their admission.

The inadequacy in the plan integration can also be traced to the limitation in the techniques at data collection and processing. The unsatisfactory attempt at population censuses since the country's independence, the atrophy of several branches of economic data collection and even more so of the organisation of the Federal Office of Statistics all point in the direction of a weakening of the database for national planning in Nigeria. Consequently, the preparatory work that should lead to a sound plan was often perfunctory. The procedure for formulating development targets was in most cases, no more than an educated guesswork.

In addition, it has been established that a federal system, which stresses the autonomy of the constitute units, is responsible for generating conflicts in objectives and priorities in the national development plans. It can be recalled that the 1981 – 85 plan was intended to further established a solid base for the nation. This was not possible because its targets could not be realised due to shoddy and uncoordinated planning activities.

SELF-ASSESSMENT EXERCISE 2

In your opinion what does shortage of executive capacity mean with reference to 1981 – 85 plan?

4.0 CONCLUSION

The elements necessary for preparing a nationally integrated plan were put in place at least in a formal sense for most part of the 1981 – 85 plan. It has been established the preparatory work that should lead to an effective and integrated plan was often lacking because of shortage of executive capacity and regional autonomy.

5.0 SUMMARY

The 1981 – 85 plan which provided for an investment of N82 billion was intended to further the process of establishing a solid base for the long term economic and social development of Nigeria. This was not possible because its targets could not be realized due to inadequate executive capacity and regional autonomy.

ANSWER TO SELF-ASSESSMENT EXERCISE 1

The objectives were:

1. Increase in the average income of the
2. More even distribution of income among individuals and socio-economic groups.
3. Reduction in the level of unemployment and underemployment.
4. Increase in the supply of skilled manpower.
5. Reduction of dependence of the economy on a narrow range of activities.
6. Balanced development, that is, achievement of a balance in the development.
7. Increased participation by the citizens in the ownership and management of productive enterprises.
8. Greater self-reliance, that is, increased dependence on local resources in seeking to achieve the various objectives of societies. This also implied greater efforts to achieve the optimum utilization of Nigeria's human and material resources.
9. Development of technology.
10. Increased productivity.
11. The production of a new national orientation conducive to greater discipline better attitude to work and a cleaner environment.

ANSWER TO SELF-ASSESSMENT EXERCISE 2

The shortage of executive capacity especially in the area of project formulation and preparation in some federal ministries and corporations and even more so at the state level can affect the integration of national plans. Ayo (1988) asserts that except for the National Planning Office which had a cadre of specially trained planning officers, very few ministries and agencies at both the federal and state levels had such cadre of staff to undertake planning functions on a systematic basis. Planning duties, therefore had to be taken by the administrative officers who were given adhoc training prior to the commencement of plan preparation. What usually emerged from this arrangement was the production of planners who were amateurs in the planning activities. In fact, many of state ministries and their agencies were unable to evaluate

the guidelines issued by the National Planning Office to know the implication for their states and so the requirement for drawing up comprehensive documents encompassing details of local need was out of the question. Consequently, most of the projects submitted to the National Planning Office by many of these state ministries and their agencies for inclusion in the plan were mere ideas lacking the necessary preliminary appraisals, feasibility, as well as scope and estimated costs. Thus, a considerable number of ideas admitted into the plan as projects were not properly studied, designed and costed and as a result, their full implications were unknown at the time of their admission.

6.0 TUTOR-MARKED ASSIGNMENT

Discuss in detail the problems associated with the 1981 – 85 plan.

7.0 REFERENCES/FURTHER READING

Ayo, J.E. (1988). *Development Planning in Nigeria*. Ibadan: University Press Ltd.

UNIT 11 PROBLEMS OF PLANNING IN NIGERIA

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Planning Problems
 - 3.2 Shortage of Executive Capacity
 - 3.3 Conflict Areas in Planning
 - 3.4 Advisory Role of the Planning Machinery
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit introduces you to the problem of planning in Nigeria. These problems range from inadequate executive capacity to conflict areas in planning, plan indiscipline and the advisory role of the machinery.

2.0 OBJECTIVES

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

- identify at least three problems of planning
- explain the problems identified.

3.0 MAIN CONTENT

3.1 Planning Problems

Planning as a term implies the formulation of a strategy for the future. In economic parlance, it may mean the assessment of one's resources at present and its allocation among different uses as to meet some specific goals in the future. For example, an individual might plan for secure income in his old age by allocating his income between present consumption and saving in various schemes like taking an insurance policy or simply keeping his money in a bank. A business firm might also plan to double production in, say, two years time in which case it has to decide how much resources it can raise internally, how much to borrow, what equipment to buy, etc.

When a nation plans its economy, it is more or less a similar exercise, though on a larger scale. The nation has to assess its resources and

allocate these resources among different competing uses, depending on specific priority of each use. The planning authority has to access how much of these resources are available and how they are to be exploited and further developed for meeting the goals set for the economy. The time-frame by which these goals are met also has to be fixed. Planning in a developing economy goes further to attempt to fulfil the objective of transforming the economy from a low level of production to a higher level of self-sustained growth. This is done by planning for a more effective use of existing resources, developing resources for future use and dismantling institutional and other constraints which hamper the growth of the resource base of the economy.

Nigeria's planning experience dates back to the 1940s when the British colonial office requested the colonies to prepare development plans which would assist it in disbursing the Colonial Development and Welfare Funds. In response to this request, the administration in Nigeria prepared the ten year plan of development and welfare covering 1946 – 1956. Since Nigeria became independent in 1960, it has formulated and implemented at least four development plans (1962 – 1968, 1970 – 1974, 1975 – 1980 and 1981 – 1985).

In spite of the apparent faultless process and machinery for development planning in the country, success has been mixed, due to problems which the planning agencies have had to contend with. These problems range from shortage of executive capacity to conflicts in areas of planning, plan indiscipline, and the advisory role of the planning machinery.

3.2 Shortage of Executive Capacity

Ayo (1988) asserts that except for the former National Planning Office (NPO) which had a cadre of specially trained planning officers, very few ministries and agencies at both the federal and state levels had such an institution to undertake planning functions on a permanent basis. Planning duties therefore, had to be undertaken by administrative officers who were given ad-hoc training prior to the commencement of plan preparation. What usually emerged from this arrangement was the production of planners who were amateurs in planning activities. In fact, many of the state ministries and their agencies were unable to evaluate the guidelines issued by the former National Planning Office to know the implications for their states, and so the question of drawing up comprehensive documents encompassing details of local needs did not arise. Consequently, most of the projects submitted to the office by many of these state ministries and their agencies for inclusion in the plan were mere ideas lacking the necessary preliminary appraisals to establish not only their feasibility but also their scope and estimated costs. Thus, a considerable number of ideas admitted into the plan as

‘projects’ were not properly studied, designed and costed and as a result, their full implications were unknown at the time of their admission.

The inadequacy of plan integration can also be traced to the limitations in the technology of data collection and processing. The abortive attempts at population censuses since the country’s independence, the atrophy of several branches of economic data collection and even more so of the organisation of the Federal Office of Statistics all point in the direction of a weakening of the database of Nigeria planning. Consequently, the preparatory work that should lead to a sound plan was often perfunctory. The procedure for formulating development targets was in most cases, no more than an educated guess work.

SELF-ASSESSMENT EXERCISE 1

In your opinion what does shortage of executive capacity mean with reference to planning in Nigeria.

3.3 Conflict Areas in Planning

It can be recalled for example, that the 1981 – 1985 plan was intended to further the process of establishing a solid base for long term economic and social development of the country and, so key sectors like agriculture, manufacturing, education and manpower development were accorded the highest priority.

However, it was known that projects which bore no relation to the policy objectives underlying the plan which did not reflect the established priorities in the plan document featured in the plans of most states during the 1981 – 1985 plan period. For instance, in the course of execution, projects such as colour-television, laundry, lottery, amusement parks, furniture factory, etc. which were not in any way strategic to the economy and which could be left to the private sector featured prominently in the programmes of most states while investment in industry and agriculture were given less priority. In fact, it was stated that the former National Planning Office had unofficial knowledge of a number of projects undertaken by some state governments which were not only outside the plan document but quite wide of their sectoral priorities. The official reports submitted by the NPO to the appropriate authorities complaining about these manifestations were often lost amidst the bureaucratic web of indecision.

The machinery for plan formulation is deliberately geared towards minimizing conflicts. The preparations guidelines which passes through all the stages of planning process is designed to ensure full agreement on what are desirable goals for a plan period. As such, conflicts ought to be

minimized at the macro-economic level and to some extent at the micro-operational level. Also, conflicts in objectives as between states and with the federal government are supposed to be minimal once the guidelines are jointly prepared and passed through all the planning stages. This was to ensure a harmonization of the programmes of the federal and state governments.

In practice, however, there arose conflicts in plan objectives due to:

1. The existence of separate state plan documents apart from the national document which led to a distortion of objectives and indeed, the distortion of the national plan itself.
2. The deliberate deviation from the plan to process and implement non-plan projects, for example, lottery, amusement parks, etc. during the 1981 – 1985 plan which in themselves were tailored to no known objectives except, perhaps objectionable ones.
3. The existence of communication and credibility gaps between the states and the centre with the attendant misunderstanding of objectives. The resultant reactions of such situations naturally generate either conflicts or disruptions of activities especially in the planning milieu with such a diverse and almost competing interests. A national plan has to be accepted with its discipline to minimize conflicts as the latter militate against accelerated development which is the primary objective of any plan.

SELF-ASSESSMENT EXERCISE 2

What are the major causes of conflicts in planning in Nigeria?

3.4 Plan Indiscipline

Plan discipline constitutes a major bane of Nigeria's planning efforts. A development plan is not supposed to be a rigid blueprint to be followed that reasonable changes cannot be made especially to take care of contingencies. In other words a plan is not supposed to be conceived as a law akin to that of the Medes and Persians, but rather as a flexible instrument. However, a situation where many executing agencies frequently introduce new projects which compete for resources with the approved projects the plan is likely to be known out of focus. This has the effect of distorting the plan and indeed the national priorities. Unfortunately, the National Planning Office had no more power to enforce discipline than the sanctions of a gentleman's agreement, especially in areas of regional prerogatives.

SELF-ASSESSMENT EXERCISE 3

Why is discipline important planning activities?

3.5 Advisory Role of the Planning Machinery

One poser that readily arises is why the National Development Council in India (NDC) has been able to achieve a measure of effective coordination of India's national plan while its Nigerian counterpart, the National Economic Council (NEC) has failed, in spite of the fact that both bodies have been consultative in nature and both countries have been practicing liberal democracy. In India, even though the NDC is a consultative body, its conclusions on any planning matter are as good as government decisions because it has the prime minister as chairman and all the chief ministers as members. Therefore, the council derives its authority and pre-eminence from its membership rather than from the formal powers assigned to it. The inclusion of the chief ministers and their approval of the schemes included in the plan (and remember that the same party has been in power at the centre as well as in almost all the states). However, in Nigeria the situation is different. The National Economic Council is chaired by the vice-president (the number two man). This gives an impression that the council is merely an advisory body lacking in authority to enforce its decision. In fact, this point is complemented by Okigbo, (1989) who says:

Its (the Council's) role was advisory as its resolutions were not binding on the President though they might have strong moral force. Its inherent weakness (was) that although the President and Vice-President constitute a team, the moral force of the resolution of the Council would have been stronger if the Council were presided over by the President himself.

Also, the Indian constitution assigns the power of planning to the central government and establishes institutions enabling cooperative participation (of the states) in a much stronger position in matters relating to development planning by having assigned to them both concurrent and residual functions. This arrangement makes the places actual roles of the central government that of leadership and the coordination of national plans. However, NEC, being strictly, an orthodox federal institution which lacks any constitutional status, cannot impose its decisions on the various cabinets – state as well as federal.

Apart from the National Economic Council, there are quite a number of inter-governmental institutions at both ministerial and official levels with specific responsibilities for coordination of policies. Examples of

such institutions include: the National Planning Office (now National Planning Commission, NPC) the Joint Planning Board (JPB), Conference of Ministers/Commissioners for Economic Planning and federal and state executing ministries. Most of these agencies are not really equipped to handle planning matters adequately. For example, the Joint Planning Board which is supposed to be a technical advisory body and should examine issues on their merits and advise objectively has failed to perform this role. Many of the state representatives tend to merely advocate those points of view favoured by their respective governments. The screening of states projects (which is supposed to be based on viability and on how the projects relate to national objectives and priorities) often turns the board into a quarrelling arena. The 'quarrel' is usually between the state officials interested in pushing through their programmes unamended and their counterparts (federal and other states officials) interested in relating individuals state's planning proposal, the state concerned could appeal against the ruling of the board and still get the rejected project approved at the higher planning institutional level. The situation described here is considerably better according to Ayo, than it was in the Joint Planning Committee (the fore-runner of JPB) during the First Republic when the representatives of regional governments on that body usually viewed each other with the intense suspicion and were often unwilling to compromise. However, there is still much to be done to ensure a national outlook in that forum.

Another deficiency of JPB is that very little initiative tends to be forthcoming from the state officials who constitute a majority of the membership of the board. This is because the state officials on the board are permanent secretaries. Generalist administrators as most of them are, they are not often as bale to handle certain technical planning questions as are their federal counterparts on the board. Thus, the technical planning issues examined by the board are virtually only those proposed by the secretariat and modifications to proposals originated by the secretariat are usually insignificant. This deficiency of the JPB must have caused the 197 Udoji Public Service Review Commission Report to recommend that it would be profitable if the (board) was restructured in such a way that professional planners were in the majority. In this way all technical planning problems could be discussed and solved by the board. The Federal Military Government merely noted this commission's recommendations.

SELF-ASSESSMENT EXERCISE 4

What are the weaknesses of NEC?

4.0 CONCLUSION

In spite of its elaborate process and machinery for development, Nigeria has not been able to achieve a fully coordinated national plan because of the many difficulties which the machinery has to contend with. The proposals for reforms are aimed at strengthening the inter-governmental planning institutions and consequently ensuring an adequate coordinated plan. This, it is hoped, will assist policy makers and planners to realize a nationally integrated plan with a view to achieving plan success.

5.0 SUMMARY

The unit has been discussing the problems of planning in Nigeria. These problems range from shortage of executive capacity to conflict areas in planning, plan indiscipline and the advisory role of the planning machinery.

ANSWER TO SELF-ASSESSMENT EXERCISE 1

Shortage of executive capacity means inadequate manpower to undertake planning activities on behalf of the nation.

ANSWER TO SELF-ASSESSMENT EXERCISE 2

1. The existence of separate state plan documents apart from the national document which led to a distortion of objectives and indeed, the distortion of the national plan itself.
2. The deliberate deviation from the plan to process and implement non-plan projects, for example, lottery, amusement parks, etc. during the 1981 – 1985 plan which in themselves were tailored to no known objectives except, perhaps objectionable ones.
3. The existence of communication and credibility gaps between the states and the centre with the attendant misunderstanding of objectives. The resultant reactions of such situations naturally generate either conflicts or disruptions of activities especially in the planning milieu with such a diverse and almost competing interests.

ANSWER TO SELF-ASSESSMENT EXERCISE 3

A plan is as good as the discipline that sustains it. Discipline helps to minimize plan distortion.

ANSWER TO SELF-ASSESSMENT EXERCISE 4

The National Economic Council is chaired by the vice-president (the number two man). This gives an impression that the council is merely an advisory body lacking in authority to enforce its decision.

The Council's role was advisory as its resolutions were not binding on the President though they might have strong moral force. Its inherent weakness (was) that although the President and Vice-President constitute a team, the moral force of the resolution of the Council would have been stronger if the Council were presided over by the President himself.

The council has so far shown that it has no teeth and serves merely as a forum for exchange of views or for the states to vent their grouses on its policies.

6.0 TUTOR-MARKED ASSIGNMENT

In spite of apparent faultless process of planning in Nigeria the achievements have been mixed. Identify and explain at least four planning problems in Nigeria using illustrations.

7.0 REFERENCES/FURTHER READING

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UNIT 12 PROSPECTS FOR PLANNING IN NIGERIA

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Prospects for Planning in Nigeria
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

In this unit you are introduced to the prospects for planning in Nigeria. The unit recommends how to strengthen the planning machinery, involve the private sector and why the plan should go to the National Assembly for authorization.

2.0 OBJECTIVES

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

- recommend three ways of improving planning in Nigeria.

3.0 MAIN CONTENT

3.1 Prospects for Planning in Nigeria

In spite of all the problems highlighted in the course of this study, there are still projects for using the planning process to achieve Nigeria's development objectives. As indicated earlier, except perhaps the National Planning Commission which can be said to have some trained planning officers, very few ministries and agencies at both the federal and state levels have officers with relevant training to undertake planning functions on a permanent basis. Planning duties have therefore, been undertaken by administrative officers who are given ad-hoc training prior to the commencement of plan preparation.

Efforts should be made possibly in conjunction with the World Bank to expand and strengthen the Planning Institute at Ibadan in order to provide specialized training for officers in the ministries and planning agencies at the federal and state levels. This will facilitate the phasing out of the present arrangement whereby administrative officers are given ad-hoc training to undertake planning functions. In the interim, the

National Planning Commission could second its personnel to the executing ministries and agencies. In this manner, the information that comes to it for planning purposes will come on a format appropriate for its use and will conform to the requirements of the commission. If the NPC collaborates with the executive agencies through their own personnel in formulating the plans of these agencies, there will be a greater chance that these plans will find a place in the national plan as prepared subject only to overall considerations of constituency and availability of finance.

Although we have moved a long way from the days of 'planning without facts', the basic problem of securing adequate, reliable and up-to-date data is still very much present. A possible solution to the problem posed by an inadequate database lies in better coordination of statistical agencies. The present Federal Office of Statistics should be transformed into a bureau of statistics in order to offer adequate room for expansion and modernisation. The transformation of the office is expected to involve the adoption of modern techniques of data collection, processing and storage and allow for easy retrieval of data. The reorganisation should also ensure provision for adequate funds for the purchase and maintenance of computers as part of the necessary inputs to the establishment and operation of a data bank. It is hoped that with improved conditions of service, the bureau should be able to attract qualified staff to complement the planned expansion programme in the office. If the activities of this bureau of statistics and the state statistical agencies are strengthened and properly coordinated, optimal use of scarce resources will be ensured.

Planning has to be accepted with its discipline to minimize conflicts as they later militate against the objectives of planned development. Therefore, there should be a closer collaboration among the levels of government in drawing up plans while a free-flow of communication and the executing agencies. The national plan document should take care of the interests of various governments.

Also, while a plan is not supposed to be so rigid that reasonable changes cannot be made to meet contingencies, conscious efforts should be made by all agencies to avoid indiscriminate or uncontrolled changes in the programmes approved for them, otherwise the plan may be seriously distorted and thrown out of focus. Where a federal agency finds it absolutely compelling to introduce a new project for implementation during a plan period, it should promptly inform the NPC about such a project, provide full justification and seek formal approval to the National Economic Council for consideration. No new project should be admitted into the plan until necessary approval is communicated to the relevant agency by the NPC. A state government agency wishing to

introduce a new project should seek approval from the state Ministry of Economic Planning which should, after necessary clearance, forward the details to National Planning Commission. As in the case of federal projects, commission should take steps to place the project before the National Economic Council for consideration. Such a project should not be admitted into the state plan until the decision of the National Economic Council is communicated to the state in writing.

Each ministry, department or parastatal is responsible for the execution of its plan projects. It is also responsible for monitoring the implementation of such projects and for supplying detailed information to the National Planning Commission which is in turn responsible for producing progress reports on the plan. In order to facilitate plan implementation effort, it is suggested that each federal ministry and parastatal should set up a programme implementation and monitoring committee consisting of heads of departments or divisions of the agency. The National Planning Commission should also be represented on each of the committees so as to facilitate a regular flow of information on projects to that office. The committee should meet regularly to review progress on the implementation of the projects of the ministry or parastatal and to identify any deviation or any problem. A central plan implementation and monitoring committee should also be established in the presidency to review progress and problems which the implementation of the projects may encounter. The state government and local government authorities should adopt the institutional arrangements with appropriate modifications to suit their peculiar situation.

Most of the problems that have bedeviled Nigeria's development planning, for example, plan indiscipline can be traced to the weak structure of the planning machinery. Although Nation Planning Commission has been charged with the responsibility of planning for the nation, it does not have the authority to enforce plan discipline. The planning commission has been removed from the Federal Ministry of Finance to the Presidency, but it is headed by the Chief Economic Adviser to the President with the Vice-President as its nominal chairman. The mere physical location of the commission in the Presidency (or office of the head of government) does not necessarily provide the solution. The solution lies in the policy location of the commission, its normal distance from the President. Being located in the Presidency implies that instructions, directives and requests from the commission will bear the hallmark of imprimatur of the office of the national president. If, as is the case in some countries, the national chairman is also the head of government, it confers on the commission and on the planning as a function of government, a serious purpose that cannot be enjoyed by any other functionary of government.

From a formal point of view, the status of the commission is assured because of its location in the Presidency. But the influence will derive in parts from its head's mastery of the responsibilities and his ability to convey the technical problem of planning and their solutions to the members of cabinet in part from his political clout within the party to which he belongs and in part on the confidence that he enjoys with the head of government. If the ministers believe and perceive that he has no clout with the head of government and therefore derivately, that the head of government has no confidence in planning as a function, they will not take him seriously and he will not be able to get the protection he needs, either for himself or for his commission or his function as the nation's planner. If he is too academic in his approach to the problem of planning, he will soon alienate the less sophisticated members of the team in government. The person to be appointed to head the commission and also serve as vice-chairman should therefore be a personal choice of the head of government, someone for whom he has deep respect because of its intellect, directness and probity, and he should also be a person who can tread the difficult path between a mastery of the brief of his commission and a way of presenting it to ministers that would not intimidate them. The head of the commission should preferably be trained in one of the professions and / or have established practical experience in his chosen field of economics, engineering, finance, etc. Finally, the commission should be empowered to recruit and train its own staff to enable it cope with the challenges of that office.

The National Economic Council which is the highest planning authority in 1999 Constitution is chaired by the Vice-President of the country. This gives an impression that the council is merely an advisory body lacking in authority to execute decisions. The view is generally held that in a country where national development is taken seriously, the chief executive of that country should head the highest planning body in order to give the body prestige and power to enforce its decisions. It is therefore recommended that the President should chair the National Economic Council during the subsequent plans so as to turn it into a decision making body in the spirit of cooperative federalism. This is not to say that the federal cabinet should abdicate its powers to the body. It is advisable also for the plan to go to the legislature for authorization to give a political legitimacy which is imperative for the plan to be an acceptable package.

Participation in the planning procedures by the local governments has been negligible mainly because this government lack the personnel to plan beyond the specification of their basic needs. Really, there is very little to be gained from carrying the planning functions much further down vertically to the local authorities until these authorities are

sufficiently strengthened with personnel to undertake more serious articulation of their requirements, objectives and programmes.

Today, one visible gap existing in the institutional machinery is lack of consultative with the private sector of the economy. The National Economy Advisory Council is moribund and does not adequately take care of their interests. Although, ad-hoc meetings are arranged between the representatives of the sector and government ministries whenever there are issues of common interest to discuss, a well-structured forum for discussing planning activities on a regular basis will certainly be useful. National Economic Commission is probably in the best position to spearhead the creation of the required forum, while representatives of the private sector could be drawn from such associations as Nigerian Employers Consultative Assembly, The Manufacturers Association of Nigeria, etc. This will ensure greater participation of the private sector in the planning and it will help to obtain the sector's views on target set for the economy as a whole and on existing policies as they affect the sector. It is hoped that in the near future, arrangements will be made for the private sector to prepare programmes of development for various sub-sectors for inclusion in the national plan instead of the present government indicating planning for the sector.

SELF-ASSESSMENT EXERCISE

Suggest three ways of improving planning in Nigeria.

4.0 CONCLUSION

In spite of the problems encountered by the planning machinery in Nigeria, there are still prospects for planning in Nigeria.

5.0 SUMMARY

In this unit we have studied the prospect for planning in Nigeria. The unit also made some far reaching recommendations which include: transforming the Federal Office of Statistics into a Bureau of Statistics; making the head of government chairman of both the National Economic Council and the National Planning Commission.

ANSWER TO SELF-ASSESSMENT EXERCISE

1. Strengthen the planning institutions;
2. Enforce plan discipline;
3. Involve the private sector.

6.0 TUTOR-MARKED ASSIGNMENT

Suggest ways of strengthen the planning machinery in Nigeria with a view to achieving plan success in the country.

MODULE 5 PUBLIC ENTERPRISE AND THE PRIVATISATION DEBATE

| | |
|--------|---|
| Unit 1 | Public Enterprise |
| Unit 2 | Privatisation of Public Enterprises: Economic Benefits and Managerial Efficiency Issues |
| Unit 3 | Privatisation of Public Enterprises: Ideological and Accountability Issues |
| Unit 4 | The Future of Development Administration |

UNIT 1 PUBLIC ENTERPRISE

CONTENTS

| | |
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1.0 INTRODUCTION

This unit deals with reasons for establishing public enterprises especially in the developing countries. Some of problems faced by these enterprises are also discussed.

2.0 OBJECTIVES

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

- identify and explain the reasons for the existence of public enterprise
- identify some of the problems faced by these enterprises.

3.0 MAIN CONTENT

3.1 Reason for Establishing Public Enterprises

In the post-independence period, government was the prime agent of economic development, providing infrastructure and producing foods and services. This was often provided through the medium of the public enterprises. Developing countries used public enterprises to a greater

extent than most Western countries. For example, in 1977, Tanzania's 400 state-owned enterprise accounted for 38 per cent of gross fixed capital formation, a similar level as in Ethiopia (Jorgensen, 1990 – 62).

There were some good reasons for this greater use of public enterprises. There was a chronic shortage of capital and capital market such that private ownership would necessarily mean foreign ownership. Also, in many cases, no one from the private sector was interested in providing utility services for nation-building, this for the nation to have necessary infrastructure it had to be provided through the public sector. It was hard to develop exports without adequate port facilities, or rail links, addition, at the time of decolonization, in the 1950s and 1960s, public enterprise was considered an appropriate form of organisation. This is not surprising given the major role given to public enterprises in the former colonial powers such as the United Kingdom and France. At a time in which public utilities in European countries were in public hand, allied with the expectation that public enterprise could be used to advance the cause of socialism, it was natural that Tanzanian or Bangladesh would develop a large public sector. Indonesia even gave public enterprise a protected role in its constitution. India was industrialization as the key to reducing poverty and state ownership of industry as the means of controlling.

Much of the reliance on public enterprises was misplaced and the results were not what had been hoped for. Instead of serving as an agent of national development, many public enterprises accounted for 23 per cent of formal employment in Africa and 3 per cent in Asia, while the poorer the country the larger the relative size of the sector (Turner and Hulme, 1997:176). Even if it could be argued that infrastructure needed to be provided through public hands, there seemed little justification for government ownership of jute factories in Bangladesh, mines in Africa or national airlines almost everywhere.

In some countries, public enterprises controlled almost all economic activity. From the late 1960s, the public enterprise sector in Zambia constituted about 80 per cent of all economic activity with the private sector accounting for the remaining 20 per cent (Kaaunga, 1993). The sector was structured with one enterprise, ZIMCO, a holding company, controlling the other enterprises and with the government in turn, particularly the Zambia President, controlling ZIMCO. This meant the government, and particularly the president, could control the overwhelming proportion of economic activity, as well as political activity. If economic success had followed, the public enterprise sector would have been lauded. However, Zambia declined, the period from 1960 to 1990 showing an average annual growth rate of minus 1.9 per cent compared to an average real increase of 2.9 per cent for other low-

income countries (Simpson, 1994 – 2120). The external debt of public enterprises in Zambia was 55 per cent of GDP in 1986 (World Bank, 1995: 31). This is a high figure for total external debt for any nation but this was just the debt contribution of the public enterprise sector.

Government in Nigeria since independence has been an active player of the economic scene. The rationale at independence was to accelerate the pace of development by direct investment in all strategic areas of economic activities, given the low capital formation capacity of the private sector at that time. In the 1970s the reconstruction and development efforts in the aftermath of the civil war accounted largely for the increased level of government in economic activities, such that by December 31 1983, the federal government was in no less than 110 enterprises spanning transport, aviation, shipping, oil telecommunications, power and manufacturing. The value of the federal government's investment in these enterprises was then estimated ₦17.8 billion. The quantifiable return on this stage volume of investment was however not seen as satisfactory in the light of the realities of the Nigerian economy in the eighties.

Despite some success, public enterprises in developing countries were characterized by low profitability, poor return on investment and being without strategy. There were a number of problems managers were poorly trained and lacked direction; there was an inefficient organisational structure with 'overstaffing common' inadequate financial control system, political interference and the opportunistic misuse of state-owned enterprises by private individuals, bureaucrats or joint-venture partners' government budgets with the central government subsidies to state-owned enterprise in Tanzania equal to 72 per cent of spending on education and 150 per cent of spending on health (World Bank, 1955: 1). Money that was used to subsidise public enterprises could not be spent on more urgent needs.

By the early 1980s the popularity of the instruments of the public enterprise was in decline allied to some general questioning of the economic role of government. Privatisation was adopted by many developing countries in the 1980s following the apparent success of the programme in the UK. By 1987, fifty-seven developing countries had commenced programmes of privatisation (Ramamurti, 1991). While privatisation is under way in many developing countries it is difficult for the private sector to overcome its problems of insufficient capital expertise.

SELF-ASSESSMENT EXERCISE

List at least two reasons for the existence of public enterprises in Nigeria.

4.0 CONCLUSION

Public enterprise has long been an important part of the public sector especially in the developing countries but with the adoption of privatisation, the size and importance of the sector is declining.

5.0 SUMMARY

The post-independence period witnessed a pervasive involvement of government in economic activities in the developing countries. The motive was to accelerate the rate of development and one vehicle used was the public enterprise.

6.0 TUTOR-MARKED ASSIGNMENT

In your opinion what were the main reasons for the Nigerian government's involvement in establishing public enterprises?

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UNIT 2 PRIVATISATION OF PUBLIC ENTERPRISE: ECONOMIC BENEFITS AND MANAGERIAL EFFICIENCY ISSUES

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Economic Benefits
 - 3.2 Managerial Efficiency Issues
- 4.0 Summary
- 5.0 Conclusion
- 6.0 Tutor-Marked Assignment
- 8.0 References/Further Reading

1.0 INTRODUCTION

Some fundamental questions about public enterprises are whether or not governments should be involved in the enterprises and the circumstances in which government ownership should be retained or discontinued. After the election of the Thatcher government in the United Kingdom in 1979 there was an intense debate over privatisation, which led to an extensive and continuing programme of sale of public enterprises. The apparent success of the United Kingdom programme made of for its adoption by other countries, who saw privatisation as a way concentrating on core activities and also as a handy means of raising revenue. Privatisation of public enterprises has become a worldwide movement with, first, developed countries and, secondly, developing countries selling all kinds of enterprises. By 1992 some 7000 enterprises had been privatised worldwide, some 200 in developing countries (World Bank, 1995). For example, a total of 146 public enterprises were stated for privatisation in Nigeria in 1988 (Zayyad, 1992). International agencies like the World Bank and the International Monetary Fund courage privatisation as a part of any programme of assistance.

The word 'privatisation' can mean many things. As the name suggests, it can mean returning publicly-owned assets to the private sector, usually 'where control of an activity is passed from the public sector to the private sector by means of an issue of shares' (Ohashi and Roth, 1980). This view, though, is too narrow. It makes more sense to see privatisation as the reduction of government involvement in general: not just a reduction in production, but also a reduction in provision, subsidies or regulation, or indeed any combination of the four instruments. Steel and Heald (1984) argue that privatisation can be

carried out through charging, contracting-out, de-nationalisation, and load-shedding, or liberalization. An even broader view is that of Jackson and Price (1994), who argue that the menu of activities which make up a definition of privatisation includes: the sale of public assets, deregulation, opening up state monopolies to greater competition, contracting-out, the private provision of public services, joint capital projects using public and private finance, and reducing subsidies or introducing user charges.

Most of the arguments about public enterprises are about selling enterprises reducing production by de-nationalisation but the other features are also crucial. There is often an inter-connection between selling assets and reducing the regulatory environment. Liberalisation, by means of reducing regulation, is a critical part of privatisation, while contracting out and charging are occurring right across the public sector.

There are a number of reasons advanced for the privatisation of public enterprises. This unit therefore, attempts to examine the reasons with a view to drawing lessons for the future. The main arguments are about economic benefits, efficiency, ideological conception of what the role of government in society should be and accountability.

2.0 OBJECTIVES

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

- explain the economic benefits and managerial efficiency issues involved in the privatisation of public enterprises.

3.0 MAIN CONTENT

3.1 Economic Benefits

Economic arguments for privatisation include: reducing taxes by using the proceeds from sales; exposing activities to market forces and competition; and reducing both government spending and government's share of economic activities. Arguments against privatisation include the problems of monopolies, in which new private monopolies could use their power to raise prices, cut services and make consumers worse off.

Simulating competition is an attractive part of privatisation programmes. In theory competition provides powerful incentives to produce and price efficiently. When faced with competition, public enterprises that do not operate in accordance with consumer demand, or who over price their products, will lose customers. Any failure to match the performance of competitors will soon become apparent in the form of

the loss of market share and deteriorating financial performance. Effective competition in the markets served by public enterprises who also reduce the need for detailed, intrusive and costly government control and monitoring mechanisms.

If completion is seen as desirable, the different instrument of privatisation need to be compared. Completion could be introduced by selling or deregulating to allow the entry of competitors. Selling assets only improves competition if an enterprise is already in a competitive environment; selling a monopoly with its regulation intact does nothing for competition. While a government might sell a public enterprise to improve competition, it is financially tempting to effectively sell the monopoly as was done with a number of public enterprises in the United Kingdom. British Telecom was privatised in 1984 with its regulatory protection largely intact and without effective competition been established. Only one competitor, Mercury, was licensed and with a host of restrictions in its operations. Only much later did the government alter the regulatory environment to improve competition.

Converting a public monopoly to a private one does not improve competition and can have the additional effect of making future competitive changes more difficult to bring about. As Kay and Thompson point out (1986: 29) if, as we have argued, the privatisation of large, dominant firm is at best pointless and possible harmful in the absence of effective competition, the result is that no benefits of economic performance are likely to be achieved. Privatisation of this kind will not, of course, be the first ineffectual restructuring of relationships between government and nationalized industries, which has had a lengthen history. But it is potentially more damaging than the others because of privatisation makes it more difficult to introduce competitive incentives in the future.

The easiest way to introduce completion is to deregulate the industry, rather than self assets, unless deregulation occurs as the same time as assets are sold. In this regard, the privatisation of Australian Airlines was carried out in a better way than many of the privatisation in Britain. The Australian government would have received a higher price if it had sold the airline with the two-airline agreement restricting competition intact. By selling the airline after deregulation the beneficial effects of competition were encouraged, with fares being reduced for consumers and new players entering the market. In Britain there seem to be little or no benefit to ordinary consumer from changing public monopolies into private monopolies as was done in the first wave of privatisation.

Preventing monopoly exploitation was once regarded as one of the main reasons in favour of public ownership of enterprises but this reason is

now less significant. Advances in economic theory, particularly 'contestable market theory', suggest that monopolies are constrained from being predatory by the potential entry of competitors (Baumol, Panzar and Willig, 1982). They cannot charge too much above reasonable prices because a competitor may appear. If a monopolist is being constrained in way, there is no need for government intervention. In addition, even where there are genuine monopoly problems, as in electricity and telecommunications, these may only occur in part of an enterprise's operations. Duplicating local telephone and electricity networks is so expensive that these may be instances of natural monopoly. But electricity generation is not, and neither is long-distance telecommunication, so rather keeping the entire enterprise in public hands, it is argued the competitors should be allowed entry into those areas, which can attract competition. Even where local networks are too expensive to duplicate, it is possible to franchise particular areas to private companies or to regulate in such a way that the network must provide access to competitors. The overall result is that public enterprises may not be needed even for natural monopolies and even if a private monopoly is created, its potential for abuse of monopoly power may be no worse than the public monopoly it replaces.

According to another study of privatisation in Britain, the biggest problems there have occurred over the privatisation of utilities. Criticisms have centred around the degree of regulation required after privatisation (Vickers and Yarrow, 1988: 428).

The problems of organisation and control in utility industries such as telecommunications, gas, electricity and water are among the most difficult in the field of micro-economic policy. Indeed our view is that under public ownership is to be preferred. When there are massive economies of scale of scope, high entry barriers, or externalities, private ownership performs poorly. The incentive and opportunity to exploit consumers threaten a locative deficiency, and lack of competitive benchmarks lead to internal inefficiency and slack. The fact the public ownership is also far from perfect in these circumstances reflects the inherent difficulty of economic organisation in such industries.

Privatisation of utilities need not be rules out, but there certainly should be far more care taken than would be required in privatizing other parts of the public enterprise sector. In the United Kingdom, privatisation has occurred throughout the public utility sector with even water being privatised. It is fair to say, however, that there have been greater problems with privatisation in the public utility area than in other areas.

Even after privatisation governments cannot totally remove themselves from the public utility sector for several reasons. First, utilities remain a

matter of political importance even when privatised. A utility is just that, used by everyone and its price and condition of supplies are political matters. Secondly, by not establishing a competitive framework at the beginning, the government made it difficult for one to be set up later. Thirdly, although having a specific office to regulate an industry seems reasonable, the absence of effective competition means there must be conflict over price between the enterprise and the regulator, as well as potential 'capture' by the industry. The regulatory system has led to a 'perpetual system of ordered competition' in which regulation remains permanent and firms rely for their profits on the regulatory environment rather than competition (Burton, 1997: 184). For these various reasons, the United Kingdom is not a good example of how to privatise, particularly the privatisation of public utilities. At the beginning of the programme, private monopolies replaced public monopolies and consumers did not greatly benefit, neither was there much benefit to industries which use these services as inputs.

As the programme extended there were some benefits, especially as government became convinced of the need for competition. Bishop, Kay and Mayer (1994) argue that there were only modest benefits in a financial sense, but beneficial effects on information through greater transparency, and some weakening of government control, although 'failure to establish appropriate industrial structures at the outset has been that periodic government intervention to restructure e has been and will continue to be necessary.

A further economic argument for privation has been to reduce cross-subsidies. This is where an enterprise varies its prices so that, within its overall functions, profitable activities subsidise unprofitable but desirable activities. Privatisation is seen as a way of charging for services in accordance with their true costs. Cross-subsidies are now argue to be economically undesirable as true costs and inefficiencies can be hidden. They are unspecific ways of assisting those disadvantaged or having particular political strengths. Other mechanisms are preferable, such as direct cash transfers to those to be given assistance, or by direct funding from the budget. If the government desires the provision of specific services, it should provide the funds for the purpose.

These are some of the economic arguments for privatisation. The most power is the beneficial effect of competition. If privatisation does not result in great competition there are unlikely to be major benefits.

SELF-ASSESSMENT EXERCISE 1

In your opinion is the economic argument enough justification for the privatisation of public enterprises?

3.2 Managerial Efficiency Issues

The managerial efficiency argument for privatisation claims that private management is inherently superior to public management. Management of private and public sector organisations do operate in quite different environments and often have quite different objectives. There are theoretical differences between them in the structure of incentives available to management, and, because public enterprises operate in a political environment, management there may be said to be less straightforward. Perhaps public service conditions are not conducive to excellence. But the managerial argument is more than this: it is that public management is inherently inferior. The private sector is assumed to have a time-tested set of incentives and accountabilities in place, and as these are not present in the public sector, there must be inefficiency. The only problem with this view is that evidence is hard to find, and far from persuasive, when it is found.

Systematic evidence on the relative efficiency of public and private production is extremely limited and 'universal generalizations are drawn on the basis of a few empirical studies and impressionistic example' (Heald, 1983). For small-scale operations there is more evidence. For example, a comparison of private and public refuse collection shows that private contractors tend to be cheaper than public ones (Savas, 1982). At such a local level, there may be construction. In fact, governments of all persuasions are increasingly using contractors, and this trend will continue. It is, however, only a minimal form of privatisation. It is still a government service or asset, and the only saving is the difference between contractors and government day labour, which varies according to the activity itself. Often the ease of gaining data at the lower level means that studies about refuse collection are used to substantiate the general case for private provision over public. But it is a far cry from this to the level of large enterprises.

Millward and Parker (1983: 258) studied available evidence on public and private enterprise efficiency in numerous countries and industries and concluded that there was no systematic evidence that public enterprises are less cost-effective than private firms. They added, 'the poorer performance, in this respect, exhibited in the studies of refuse collection and water supply... has to be balanced against the absence of any significant differences in Canadian railways and Australian airlines and the superior performance in United States electric power'. Also, according to Vickers and Yarrow (1988: 40), for all the theoretical benefits of private ownership, evidence is rather mixed, and 'the evidence does not establish the clear-cut superiority of private ownership in respect of cost efficiency'.

The absence of systematic differences is surprising. Perhaps the proponents of privatisation make the mistake of comparing actual public sector management practices with an idealized private management world. In this ideal management is controlled by, and is accountable to, its shareholders; workers feel part of their enterprise; the share price reflects the value of the company; and the final sanction for poor management is the threat of takeover. In some cases these views may be realistic, but private managers are often averse to taking risks, treat their shareholders with contempt and takeovers may be concerned with making paper profits rather than improving management. The available evidence seems to suggest no measurable difference between the two sectors. The differences which do exist are more related to the regulatory environment than to ownership and some parts of the public enterprise sector may have greater inefficiencies than others. It seems evident that public firms in competitive industries can be as efficient as private firms. Reviewing the evidence available on Canadian railways where there is also a public and private carrier in competition and Australian airlines, Kay and Thompson (1986: 243-5) argue that because of the regulatory regimes imposed by governments, there is very little difference in their performance. They add, 'no simple generalization about superiority of private sector performance can be sustained'. It is most likely that inefficiency in the whole airline industry as a result of regulation-originally imposed to protect the private carrier in Australia overwhelms any difference in efficiency as a result of ownership.

Against this is the abysmal inefficiency of public enterprises in the former Eastern Bloc nations and the haste with which former public enterprises are being privatised. Even if good economic evidence of relative public enterprise inefficiency is hard to find, perhaps in the end ownership does matter.

SELF-ASSESSMENT EXERCISE 2

In your opinion is management in the private sector superior to that in the public sector?

4.0 CONCLUSION

The economic benefits and managerial efficiency arguments for privatisation are not altogether convincing.

5.0 SUMMARY

The unit has been discussing economic benefits and managerial efficiency issues for privatisation by comparing these issues as they affect both the public and private sectors of the economy.

6.0 TUTOR-MARKED ASSIGNMENT

Briefly but critically assess the economic benefits and managerial efficiency arguments for privatisation of public enterprises.

7.0 REFERENCES/FURTHER READING

- Aharami, Y. (1991). 'On Measuring the Success of Privatisation' in R. Ramamurti and R. Vernon, (eds). *Privatisation and Control of State-Owned Enterprises*. Washington', D.C.: World Bank.
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UNIT 3 PRIVATISATION OF PUBLIC ENTERPRISE: IDEOLOGICAL AND ACCOUNTABILITY ISSUES

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Ideological Issues
 - 3.2 Accountability Issues
- 4.0 Summary
- 5.0 Conclusion
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit introduces you to the ideological and accountability arguments for privatisation.

2.0 OBJECTIVES

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

- explain the ideological and accountability arguments for privatisation.

3.0 MAIN CONTENT

3.1 Ideological Issues

If there has been an ideological debate over privatisation, it has certainly been won by those favouring privatisation, judging by the policy outcome. However, it is not so much that the debate was won but that the counter debate was either not made or made weakly. In any case pragmatic rather than ideological arguments seem to have held sway. Even in Britain, where the ideological debate was supposed to be most fervent, the most cogent reason for continuing privatisation programme was pragmatic one of raising revenue rather than changing the shape of society.

Looking again at the different kinds of public enterprises in competitive benefits would only be certain to arise from selling enterprises in competitive environments. For the other kinds, notably utilities, the economic benefits would be greatest by encouraging competition

through deregulation with the change in ownership being less important. Vickers and Yarrow (1988: 3) argue that 'the degree of product market competition and the effectiveness of regulatory policy have rather effects on performance than ownership per se'. Even there, though, the benefits may not be large. There would seem to be little advantage in privatising loss-making areas such as railways, although there may be some attraction in simply getting rid of these kinds of enterprises.

The debate has now been won by those in favour of privatisation. This has happened even though the economic arguments for privatisation are less than overwhelming, there is no incontrovertible evidence supporting the superior efficiency of private sector provision (although there is a similar lack of evidence of any public sector superiority) and, the ideological arguments remain unconvincing. Aharoni (1991: 83-30) argues that the goal of improving economic efficiency is rarely shared by the major stakeholders and in the end, the largesse of privatisation may come in subtle and indirect ways, for instance, where privatisation is widely believed to make a difference, it may prove a self-fulfilling prophecy. The expectation of government agencies, the public, the labour force and the managers themselves may be altered by the changes in ownership of the enterprises concerned. Those changes in expectations may prove more important in the long run than the measurable economic consequences.

SELF-ASSESSMENT EXERCISE 1

In your opinion is the ideological argument for privatisation justified?

3.2 Accountability Issues

Once any organisation is in government hands, there's bound to be questions about its accountability. In theory all parts of government are accountable to the political leadership and finally to the people. The question of accountability was once the major concern in public administration studies of public enterprise and statutory authorities. Concern about ownership came much later. Although the main question now is certainly that of privatisation, the concern with accountability remains important.

According to Aharoni (1986: 6), public enterprise inefficiency is not necessarily the result of ownership. That accountability is a fundamental problem can be seen from the three distinguishing characteristics of public enterprises. 'First... they must be owned by the government. Second... (they) must be engaged in the production of goods and services for sales.... Third, sales revenue... should bear some relationship to cost'. These characteristics can lead to confusion in

accountability. Public enterprises are organisations designed to be a part of the government sector, but also to operate commercially. They operate commercially but have no shareholders – they are government-owned. They have their own management and boards of directors, but are also responsible to a minister. A public enterprise is often required to meet other objectives, rather than simply trying to maximize profit like a private company.

The theory of principal of principal and agent suggests that accountability problems are inherently worse in the public sector and in public enterprise in particular. This means that poor accountability is a justification for privatisation in addition to the economic rationale set out earlier. According to Zechauser and Horn (1989: 35): The separation of ownership and control in any enterprise creates an agency problem. In private corporations, the shareholders' ability to sell their stock or vote out management creates incentives for those who control the enterprise to serve the interests of owners. The very diffuse, non-transferable share-holding that characterizes government ownership, by contrast, reduces these incentives. Consequently, those who control the public enterprise pay less attention to the interests of their taxpayer shareholders, and group with more concentrated interests, such as suppliers consumers and employees, can influence management to favour them over the taxpayers.

Both public enterprise and private enterprise have principal agent problems but these are likely to be greater in public enterprise. Public enterprises are usually set up as statutory authorities with a degree of managerial freedom. On the one hand, there is not the same political accountability to shareholders commonly seen as great advantage in private enterprise. Even if private enterprise accountability is, in practice, far less than theoretical optimum, public enterprises do have special problems of accountability deriving from their position between the two sectors. A public enterprise is subject to political influence and is often required to further 'the public interest', rather than simply trying to maximize profit like a private company.

The problem has been to find a mutually satisfactory accountable system for both government and the enterprise. At present different parts of the accountability system have particular problems. All government operations are under the control of a minister, but the minister has political goals that may not necessarily relate to enterprise performance. And, in a way unlike accountability in a government department, the minister is somehow responsible for commercial performance in the market place, as well as political performance. Balancing these two goals is, in practice, very difficult and leads to problems. The minister is directly lobbied by interest groups, voters, unions and workers, other

members of the government, the bureaucracy of the minister's own department, bureaucrats in other departments, as well as what could be considered 'normal' links with the board and management of the enterprise. With such complexity it is not surprising that problems of accountability occur.

Enterprise management is often regarded as risk-averse. Desirous of the quiet life, without adequate rewards or sanctions, and not as competent as in the private sector, in part because the ultimate sanctions of dismissal or company failure are muted. With goals and objectives being vague, it may not be possible to decide how good public enterprise management actually is. Poor accountability relationships allow the opportunity for evasion of responsibility. Management can blame government for any shortcoming, governments can blame both.

The questions of privatisation and accountability are linked. One of the arguments for privatisation is that public ownership means an absence of real accountability. In this view, the absence of the kind of accountability is presumed to exist in the private sector implies that public enterprises have no place in society. Part of the early public sector reform process involved re-asserting control over public enterprises, making them pay larger dividends and devising better means of ensuring accountability. The success of these changes was mixed and inevitably led to further privatisation. If accountability is poor and improvements not possible, the case for privatisation becomes much stronger.

SELF-ASSESSMENT EXERCISE 2

In your opinion is the accountability argument for privatisation justified?

4.0 CONCLUSION

In concluding, it is necessary to address questions of organisation and management as well as ownership of public enterprises. Both have been problematic in practice and have led to governments reducing their reliance on public enterprise as an instrument of policy. There are really two options for the future. The first is to improve the sector, aiming for greater efficiency and better public control, hopefully permitting public enterprises some independence, while retaining the benefits of public ownership. In other words, reforms can work, ownership does not particularly matter and improvements can be made, particularly in accountability.

The second perspective is that whatever is done, public enterprise is still inefficient. The option then is to dispose of assets. Perhaps there are

some public enterprises which could be privatised with little adverse effect. Where purchases are frequent, information abundant, the costs of a bad decision small, externalities minimal and competition is the norm, privatisation could be pursued.

The response of most governments at the present time has been to privatise in those circumstances where it could be done, so to a great extent, the experiment with government ownership of enterprises is coming to an end. There may even be benefits for consumers in the long run, even if they may be slow in arriving.

The public enterprise sector is interesting for public management as a topic in its own right, and also as the area of government to change the most dramatically over the 1980s and 1990s. It serves as a test case for what is likely to occur in the public sector as a whole. From economic theory, studies were carried out which purportedly showed that public enterprises were inherently less efficient than private enterprises. Although the evidence was mixed and far from conclusive, this change in theory led to the adoption of policies by governments to reduce or even eliminate enterprises from the public sector. The full effects of this are not yet apparent. Although when privatisation has been carried out hastily and with insufficient thought as to the regulatory and competitive environment, the outcome for consumers have not been markedly better. Perhaps there is a lesson in this for public management in general. The privatisation of public enterprises may be a general test case for the whole public sector, but it is one which shows that care needs to be taken in developing clear objectives and with implementation being crucial for desirable results.

In the final analysis it seems difficult to see any long-term future for the public enterprise sector in any advanced or developing country, especially for those enterprises supplying goods or services on a large scale. There may be a continued existence for smaller enterprises or ones set up in cooperation with the private sector, but that will be all. The reduction of the public enterprise sector in 1980s 1990s says something about the public sector in general. The fact that government entities may have lasted a long time is no guarantee of continued existence. The shrinking of government through privatisation occurred through a process of economic theory feeding into policy-making. The same process is occurring in the core public sector, where the results may be even more significant than in the once-important public enterprise sector.

5.0 SUMMARY

In this unit we have discussed the ideological and accountability arguments for privatisation making references to views of several writers.

6.0 TUTOR-MARKED ASSIGNMENT

Briefly but critically assess the ideological and accountability arguments for privatizing public enterprises.

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UNIT 4 THE FUTURE OF DEVELOPMENT ADMINISTRATION

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The Future of Development Administration
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit discusses the future of development administration in the face of challenges posed by privatisation.

2.0 OBJECTIVES

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

- explain the status of development administration
- predict its future.

3.0 MAIN CONTENT

3.1 The Future of Development Administration

Development administration was thought to be all that was needed to overcome tribal authority and superstition and accelerate the rate of development. However, it was rather patronising, as Turner and Hulme (1997: 12) argue:

It was a form of social engineering imported from the West and embodying faith in the application of national scientific principles and the efficacy of the Keynesian Welfare economics. In its early days at least, it reflected the naïve optimism and ethnocentricity of modernisation theory, that there were straightforward technical solutions for underdevelopment and the West possessed them

It was true that motivations of the practitioners of development administration were high but there were problems as Dwivedi and Henderson (1990: 13-140) argue:

Development administration was supposed to be based on professional oriented, technically competent, political and ideologically natural bureaucratic machinery... The ostensible output was modernisation-induced and predictable social change following Western perceptions – preceded by institution building and modernisation of the indigenous bureaucratic machinery to undertake development tasks... But what was missing from the expected picture-perfect imitation in the Third World was the necessary set of conditions for bringing about a number of social, economic, cultural and political changes. These included an expanding economic base, a tax base, professionally trained manpower, political legitimacy, cultural secularisation, and strong political superstructure capable of governing.

Development administration is interesting for public management as a topic in its own right and also as the area of government to change dramatically over the 1980s and 1990s. It serves as a test case for what is likely to occur in the public sector as a whole.

In the final analysis it seems difficult to see any long-term future for development administration in any advanced or developing country. The reduction of the public enterprise sector in 1980s and 1990s says something about the public sector in general. The fact that government entities may have lasted a long time is no guarantee of their continued existence. The shrinking of government through privatisation occurs through a process of economic theory feeding into policy-making. The privatisation policy may be a general test case for the practice of development administration but it is one which shows that care must be taken in developing clear objectives and with the implantation being crucial for desirable results.

SELF-ASSESSMENT EXERCISE

In your opinion what will be the future of development administration in Nigeria?

4.0 CONCLUSION

Although the evidence is mixed and far from conclusive, this change in the theory has led to the adoption of policies by government to reduce or

even eliminate public enterprise (a vehicle for development administration). Development administration is therefore, fading and the privatisation movement portends a shaky future for the once cherished field.

5.0 SUMMARY

In this unit we have been examine the current status of development administration by making reference to the views of some writer. And from these views we can predict a shaky future for development administration.

6.0 TUTOR-MARKED ASSIGNMENT

Briefly but critically assess the current status of development administration in Nigeria and predict its future.

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