POLITICS OF ECONOMIC REFORMS IN NIGERIA: A COMPARATIVE ANALYSIS OF NEEDS AND SAP

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Abstract

Since the declaration of Nigeria’s independence in 1960, the country has witnessed series of upheavals. This has to do with political and economic destabilization. Hence, our leaders have tried chains of economic policies or reforms that are hoped to place the country on a sound footing. As a result Structural Adjustment Programme (SAP) was adopted under General Ibrahim Babangida’s Military administration in 1986, but could not yield the desired result. Nigeria in a bid to find a lasting solution to her economic predicament, implemented National Economic Empowerment and Development Strategy (NEEDS) under president Olusegun Obasanjo’s civilian regime. NEEDS as a medium terms plan strategy was a blue print for new order. It contains all the envisaged policies and programmes of the federal government for the period of 2003-2007 and far beyond and serves as the foundation of much touted Obasanjo reforms. NEEDS is not only a microeconomic plan document, but also a comprehensive vision, goals and principles of a new Nigeria that would be made possible through four key policies of wealth creation, employment generation, poverty eradication and value reorientation. Using evidence from political and economic variables, this study examines the politics of economic reforms in Nigeria, analyzing NEEDS and SAP. To that extent, this study gears towards actualizing three outstanding objectives which includes: to ascertain if there is any fundamental relationship between NEEDS and SAP as economic reform strategies; to find out if there is any prospect that NEEDS will succeed in Nigeria where SAP has failed. And lastly, to know whether the market reforms that form the essential policy thrust of NEEDS is reconcilable with the social charter of NEEDS. As a framework of analysis, Marxist theory of social production and reproduction will be used to analyse the phenomenon in question. And finally to offer options to realizing stronger economic stability in Nigeria.

Keywords: Politics, Economic, Reforms

Introduction

The growing appeal for economic reforms the world over is not unconnected with the ideology of neo-classical economists, whose desire reduced government intervention in the economy, and believe in the superior economic performance of the private sector (Kumssa, 2000). According to the neo-classical economists, a free market economy without state intervention will lead to economic prosperity that would likely “trickle down” to the poorest members of the society. Hence, government intervention in the economy is considered necessary to place the country on a sound footing. As a result, the Structural Adjustment Programme (SAP) was adopted under the General Ibrahim Babangida regime in 1986, sponsored by the International Monetary Fund (IMF) and the World Bank, but still did not yield much fruit. As it is, Nigeria is in a very serious economic
crisis in which National Economic Empowerment and Development Strategy (NEEDS) came to the rescue under President Olusegun Obasanjo.

Meanwhile, in this research work we are going to unfold the strategy adopted, which has the overreaching goal of achieving sustainable poverty reduction by the enhancement of human capacities and livelihoods, through a broad based wealth creation and empowerment operation. The similarities between SAP and NEEDS are also to be pointed out and, their various contributions towards economic growth in the country at large.

Statement of the problem
Economic reform has been a challenge to Nigerian governments, since her political independence in 1960. However, general efforts have been made in the past by various governments in Nigeria to move the country forward through various economic reforms, such as the Structural Adjustment Programme (SAP), which started September 1986, to the National Economic Empowerment and Development Strategy (NEEDS) (2004-2007) by the Obasanjo administration. Hence, this study is going to dwell on the comparative study of the two of such economic reforms namely; NEEDS (2004-2007) SAP (1986-1994). In Nigeria following the collapse of oil price, Nigeria was besieged by severe economic crisis characterized by economic recession, external debt problems, financial fragility & rising inflation. The federal government responded to the deteriorating economic conditions with Structural Adjustment Programme designed with the assistance of World Bank to actualize the central aim of poverty alleviation. The World Bank support of Structural Adjustment Programme (SAP) began in September 1986 with a trade policy and export development loan amounting to $ 452 million. The objective of the export led economic growth of SAP included the following; to restructure and diversify the productive base of the economy in order to reduce dependence on oil and imports, to lay the foundation for long-term economic growth by encouraging exports, to strengthen fiscal and balance of payments position, to improve the efficiency of the private sector’s growth potentials.

Unfortunately, the success of SAP measured in terms of poverty alleviation indicates that SAP was very far from being a success. Consequently, the democratic government of Obasanjo in a bid to transform the country’s economy in 2003 introduced the market driven and private sector led development programme called National Economic Empowerment and Development Strategy (NEEDS) aimed at poverty reduction, wealth creation, empowerment generation and value re-orientation, under a Macro Economic framework that focused on the reforming government and institution, growing the private sector and social charter vis-à-vis human development and as the strategy for achieving the above stated goals of NEEDS.

Therefore, this comparative study of NEEDS and SAP will try to answer the following research questions.
1. Is there any fundamental relationship between NEEDS and SAP as economic reform strategies?
2. Is there any prospect that NEEDS, will succeed in Nigeria where SAP failed?
3. Are the market reforms that form the essential policy thrust of NEEDS compatible with the social charter of NEEDS?

Objectives of the study
The study seeks to aid a more vivid picture of the Nigerian development strategies, hence a comparative analysis of the economic outlook during and before the introduction of NEEDS and SAP.
The indication is that the structure of international political economy coupled with her colonial antecedents has posed formidable obstacles to her socio-economic advancements. The broad objective of Nigeria’s economic reform, therefore, is to remove all the alienating and debilitating material conditions that tend to distract economic reforms in Nigeria. To this end the study aims generally at arriving at a rigorous systematic and in-depth explanation and understanding of organic link between SAP and NEEDS.

Specifically, the study is oriented towards achieving the above stated objective, hence to ascertain whether NEEDS succeeded where SAP failed.

**Hypotheses**

Hypothesis, as we know, is a tentative statement, which may be true or false. Based on this, we shall put up some hypotheses, which will either be validated or otherwise, to buttress, the theoretical stand. The study specifically will test the understated hypothesis:

1. **The NEEDS and SAP, as an economic reform strategies has fundamental relationship.**
2. **NEEDS is not likely to succeed where SAP failed in Nigeria.**
3. **The market reform of NEEDS is not compatible with the social charter of NEEDS.**

**Review of related literature and theoretical framework**

In the cause of this research, the Marxist theory, of social production and reproduction is most suitable. This is more appreciable because of the fact that it pays particulars attention on the economic structure of the society in analyzing the society. The chief proponents of this approach are Karl Marx and Engels.

Marx and Engles (1884) argued that according to the materialist conception, the determining factor in history is the last resort to the production and reproduction of immediate life. But, this in itself is of a twofold character. On one hand, the production of the means of subsistence, of food clothing and shelter and the tools requisite thereof, on the other hand, the production of human beings themselves, the propagation of the species. The social institutions, under which men of a definite historical epoch, and of a definite country line are conditioned by both kinds of production by the stage of development of labour, and of the family on the other. The less, the development of labour, and the more limited its volume of production and therefore, the wealth of society, the more preponderantly does the social order appears to be dominated by ties of sex (Marx and Engels, 1884)

The choice of this approach stems from the fact, as Ogban (2005) noted that;

> What can be produced and reproduced at each point in time depends on a combination of the quality of labour power (physical strength, knowledge and skill) non-human physical resources for production tools and objects for applying the tools and interpersonal relations of production. Who decide what is to be produced, exchanged, distributed and consumed, as well as who does what and gets what is produced.

In social production and reproduction, there must be people to make binding decisions on what is produced, distributed, exchanged and consumed by who and for who. Those who decide what to produce also control the social production process and in their favour. They generally have the most of what is produced and they are often satisfied than the other group within the production process and tend to protect their position in the production process.

The implication of the above is that student of social phenomenon like politics of economic reforms, comparing NEEDS and SAP as a study must pay particular attention to production which constitutes the economic structure of the society. The real foundation upon which arises the legal and political superstructure like politics of economic reforms. Thus, the productive system in Nigeria is largely based on rentierism. As a result, the ruling classes that control political power
see the apparatuses as instrument of primitive accumulation. Hence, class relation both within the ruling class and between the ruling and dominated classes in a peripheral economy like Nigeria are highly fractious and antagonistic. The relation within the ruling class is fractious because access to political power is not seen to arise from the actual control of the social relations of production but a matter of opportunity or sheer luck.

In this light the social institution of the state becomes a regressive instrument of the advantage fraction of the ruling class in subjugating the rest of the society and fostering primitive accumulation of the advantaged ruling class as well as protecting their relations in the production process. NEEDS as an institution of the state, saddled with the responsibility of poverty reduction, wealth creation, employment generation and value re-orientation. Past leaders have become notorious for double standard, Nigerians were deceived by both NEEDS and SAP document that it is a Nigerian home grown economic reform strategy. According to Tribe (2004) the endorsement of NEEDS by both World Bank and IMF and their indication of financial and logistic commitment to its realization certainly put a question mark on their neutrality. In his word, Amadi (2004) stated;

\[ \text{Hence the rhetoric of poverty alleviation into a concrete programme of poverty alleviation and the over-emphasis on privatization, deregulation and liberalization, cast NEEDS in the mould of post World Bank hoisted SAP with its promotion of less government.} \]

Meanwhile, it has conspicuously ignored or failed to negotiate with World Bank officials, whose interest are in harmony with that of the dominant class. In this regard, the state apparatus (NEEDS and SAP) were manipulated in favour of the ruling class interest and at the expense of the other classes within the state. Basically, the logic of the foregoing is that NEEDS and SAP has been conceived as the instrument of domination in the hands of the ruling class over the dominated class, there would be a continuous primitive accumulation to strengthen the power. This implies also that there is no doubt that some of the programmes of the reforms are well meaning and philosophy of the reform constrains the administration apparatuses of the state and fails to recognize the importance of the state as a business participant in ensuring real and evolving economic development.

Thus, the inevitable tendency of one class struggle for maintenance of domination over another accounts for the paradox of dual legitimacy of financial crimes but communally legitimizing it and the strong and ineffective state in Nigeria. The prerequisite for the maintained dominance is solely base on their position in relations of production and the state power. Hence, the economic problem and the attendant institution like NEEDS and SAP can be best appraised in the context of Marxist theory of social production and reproduction.

The history of Nigeria economic reforms gained impetus from the plummeting economy of the 1970s, when in the 1980s the policy of austerity measures was introduced tying Nigeria to American capitalist economic formation and by implication immersed the nation economy deeper into economic practice of liberalization, commercialization, privatization and deregulation in pursuit of “sound macro-economic environment” (Umane Mutallah in Thisday, 2009), yet, Nigeria’s economy hopelessly continues its downward spin in the late 1970s with all the various economic experiments. The serial development is surmised by Ukim (1995) Thus;

\[ \text{The Obasanjo administration introduced in late 1970s, economic austerity programme, which was abandoned by the Shagari} \]
regime’s profligate spending; the Buhari administration reintroduced austerity measures and strict regulation of the economy but the administration was short-lived. Then the Babangida administration introduced the structural adjustment programme in 1986 to champion economic reconstruction programme based on a free market approach involving floatation of the exchange rate of the naira, wide-range reforms including privatization and commercialization of all State industries and parastatals that were considered loss-making in their operations, financial sector and the deregulation of the economy.

Babangida set the tone for the country’s economic liberalization and deregulation and inaugurated the political Bureau on January 13, 1986 with a very broad range of terms of reference including, inter alia to review Nigeria’s political history and identify the basic problems which contribute to our failure in the past and recommend ways to resolving and coping with the problems, identify a basic philosophy of government, which will determine goals and services as guide to the activities of government; and deliberate on their political problems as maybe referred to it from time to time.

The Bureau, in its report, recommended among other things, for socialist economic system with direct economic imperative where the state socialization of the commanding heights, enterprises, which require heavy capital expenditure; enterprises and property, which are tied up with the political integrity and security of the nation; and other monopoly-type enterprises “which generate inflation in their most efficient use such as the distribution of their most prevent use, such as the distribution of essential commodities”. The Bureau also recommended for a political transition period starting from 1987 and ending by October 1, 1990 as directed by the government in the inauguration address as well as setting up transition implementation agencies which include the Directorate of Social mobilization and Political Education; National Commission on Political Parties and Elections; National Population Commission; Code of conduct Bureau and Code of conduct Tribunal; and National Revenues and Fiscal commission (to draft a new Revenue Allocation Formula).

However, the basic, socialism, was jettisoned by government in its usual wisdom of acceding to the interests of the ruling elites and in its place, adopted capitalist mode explicitly anchored on liberation, deregulation, privatization and commercialization (Mafunagu, 1991) after Nigeria rejected IMF loan, which caused the unwillingness of credit lines to Nigeria, because of its heavy debt burden. Deregulation, was therefore, part of Babangida administration’s tough choices to restructure and liberalize the Nigeria economy through IMF/World Bank cure dictates. Government’s argument for a second-tier foreign exchange under deregulation and SAP, Babangida stated in a broad cast, could involve;

*Measures to correct the continuous over valuation of the naira through the setting up of a viable and substantial second-tier foreign exchange market simultaneously with downward adjustments of the official exchange rate, the aim of this two-pronged action is to achieve a convergence of the various exchange rates of the naira before the end of the structural adjustment programme .... (Akinrinade et al 1986).*

Babangida used SAP to get back what he was denied under the IMF loan; he got credit line through the introduction of IMF conditionality by fiat against public anxiety in order to convince Nigeria’s creditors- IMF and World Bank, that Nigeria is serious about restructuring its economy
and to further to woo the Bretton Woods twin financial agencies into giving their backing in rescheduling Nigeria’s external debt (Akinrinade et al., 1986).

However Sani Abacha’s regime preferred guided deregulation because of the conviction that while fire enterprise is the bedrock of a democratic political system, “deregulation is a long-term goal, which should moisture gradually. The regime was only forced by international economic order dictated at General “Uruguay Round” talks of the Group of seven (G.7) nations to adopt trade liberalization as a far-reaching conscious measure to address global economic recession (Ojewale, 1993).

Elzinger in Zwick (1990) exposes the protectionist policy of dependency by Europe in the north-south debate under what he refers to as the rule of 3cs concurrence, by companies agreeing not to underbid each other; coordination by the firms creating a mechanism to carry out their plan; and compliance by the conspirators, enforcing their plan. The regime reduced the bureaucracy and encouraged private sector initiative through contract leasing option to avoid giving out government’s assets at low prices because economic policies are not inherently averse to macroeconomic policies of controlling and stemming ugly economic consequences of high rate of inflation unemployment and underemployment.

It has been held that except when, for national economic growth and development, it is implemented methodically, piecemeal and incremental with the mastery of its inherent difficulties and challenges as typified in the much error-free goals of the Asian example (Zagorin, 1999), deregulation is disastrous to fledging economies. Guided deregulation was one strategic policy option the Abacha administration to canvass for technology transfer. Shamsudeen Usman in Ejimofor (2010) reinforces the point in case, contending:

*The contract leasing approach provides cautious foreign entrepreneurs the opportunity not only of doing business with minimum risk in Nigeria, but also of assessing the economic and investment climate for future investment.*

Economic reform blueprints in Nigeria are usually externally induced, towards implementing economic principles that are not endogenous to Nigeria’s local expertise and control, eg the Nigeria’s economic liberalization, deregulation, privatization and commercialization in the guise of what Umaru Mutallab in This Day (2009) refers to as institutionalization of “sound macroeconomic environment”, in the immediate years, the monitors and evaluators through British High Commissioner to Nigeria, Christopher MacRac in Tell (1992) criticized the Nigerian experiment of SAP observing that it was wrong to have a parallel black market rate Bank, declared it “a hope betrayed” (Ukim, 1995). Among critics, Bolaji Akinyemi in Compass (2009) regrets the situation where.

*For almost 40 years, it is the World Bank and IMF that have been preaching to us; lay-off, downsize government, privatize. Remove regulation and any African state that tried the opposite, they come down upon that African state like a thorn. And now that the World is faced precisely with the problems, we in Africa or the Third World have been confronted with, the United States, EU; they are now adopting the opposite to the IMF and World Bank problems.*

Akinyemi, therefore, urged Nigerian government to use its abundant resources to launch into home-grown development plan by going back to government providing employment and pumping subsidy into agriculture, industries and factories maintaining as Adamu Ciroma in Agbese (1991),
Achebe (2009), and Larewaju (2008) that Nigerian leadership must get Nigeria back to serious work and avoid deregulation because an unregulated market is a disaster to development. Igboke (2009) sees industry as a quick reminder in Mahatma Ghandi’s “seven blunders of the World; wealth without work; pleasure without conscience; knowledge without character; commerce without morality; science without sacrifice and politics without principles. It become most germane to pontificate, therefore that if home-grown economic development were any virtue to Nigerian’s, capitalism and its individual ownership and competition is very alien, anachronistic and mundane practice to African traditional values because of its assumption that completions among unequal members of the society is the best economic shibboleth without pondering that a formidable segment of the society is vulnerable to predation, African virtue is no vice. In 1660, under Charles II, the English monarchs were entitled to royal subsidies of “grant approved for them by the House of Commons to augment their income from taxes and aids that were collected under the royal prerogative” but when things changed with the affluence of the Queen, she is placed under pressure to pay tax like other citizens. In comparative terms, the stages of development between Nigeria and Britain are so wide that Nigeria cannot afford to jump start economic policies that cohere with the developed capitalist World to her detriment (Ekpu, 1993). Countries all over the world operate one form of subsidy in vital sectors of their economy; Nigeria’s vital sector is the oil industry and subsidy is imperative to protect the citizens from the activities of the wolf in sheep’s clothing? The basis is to cushion the fundamental drawback of free market, which is imperfection, manipulated by the international financial institutions with phooey statistics (Amenu et al 2009) and apparently policy instabilities of developing countries as illustrated by Salau (2009) who report that oil producer Trade Section Group of the Lagos Chambers of commerce and industry have raised the idea of Petroleum industry Bill (PIB) expressing misgiving over their neglect by the NNPC to make input on the new structures of the joint ventures (JV’s) which empowers the joint ventures to source operating capital from financial markets for their business purposes and payment of dividends to shareholders. Proffering for a “new global architecture” in the face of the financial tsunami that struck Asian July 1997, Zagorin (1999) opines that;

Debt relief for the world neediest nations, the so called heavily indebted poor countries, or HIPC’s, will be one focus architectural reform and the subject of an important new initiative.…. There will also be much discussion, a great deal of it arcane, of ways to make the World economy safer moderated capital flaws, more transparent accounting standards, more effective regulation.

The questions that agitate the mind, therefore, are; who is this supreme regulator or moderator of standards in an economic system adjudge best under market forces? Is the call for effective regulation not an expression of disappointing failure in the market economy?

Accoding to the crisis of capitalism and its cause’s Stiglits in Zagorin (1999) blames the international monetary Fund, IMF and the U.S. Treasury for bad “engineering” in the way they foisted overheated capital flows and privatization on emerging markets, nearly all of which lack the financial institution and regulatory apparatus to absorb an influx of private cash that in Asia alone reached nearly $ 500 billion between 1993 and 1997.

The point of anxiety for the Third World countries is that the appearance of ‘noble’ objectives of the IMF and the World Bank do not protect their interest (Olukosli, 1990), except to continually shop for those with structural weaknesses in their economies for reforms in an extended period enough to open and rape such economies under the weight of extended fund facilities, concessional lending facilities, e.g; the poverty reduction and growth facility (PRGF), supplemental reserve facilities and emergency assistance (Ndubuisi, 2009).
Cumulatively, while the IMF proclaims in its objectives to promote the exchange rate stability and facilitate international trade, the World Bank pushes to cater for the economy of Europe, etc…. both IMF and World Bank through policies by egregious, unproductive and unrepentant compradors in national leaderships covertly lure developing countries like Nigeria into the international hallucinating opium of aid to clip their wings and hold their economies hostage. These economically and technologically advanced countries perpetuate the subjugation of their Third World counterparts by refusal to grant them technological transfers couples with the corresponding ineptitude of these Third World countries to transform their intelligence into technical skills and knowledge that can generate creativity and enhance the management of technological progress (Essia, 2004).

Summers (1999) relies on his thesis of “overarching moral problem” of the 20th century to express the sub Saharan African situation where more than 34 states that have adopted different economic policies have not shown success of the policy yet they are tied to the policy while cap-in-hand receiving aid to cushion the biting effect of the economic policies non-result oriented effects. Summers, therefore, opens another clear perspective, arguing that development assistance does not help to provide support unconditionally neither does it help to provide aid to countries that are not truly committed to reduced poverty and foster growth. “It surely does not help trap them, and as, in a cycle of lending, perpetuated only to ensure that past loans can be repaired”.

Thus far, one quickly appreciates the fact that rather than market forces in a liberal economic system, aid becomes both the opiate and a soothing balm for the injuries done on the economies of the impoverished, essentially to further perpetuate poverty and penury subjugating the third World mass to international political limbo.

It was no surprise that at the summit of the Group of 7 World economic giants, G7 in Cologne, that the leaders committed the international community to learn these lessons with an expounded initiative for the Heavily Indebted Poor Countries. The Cologne initiative had to boost the amount of debt relief from $13 billion to as much as $90 billion but with a caveat that it will be delivered in the context of far-reaching reforms to ensure that all the assistance provided under development assistance goes to policies and governments with proven capacity “to reduce poverty”. As a result, therefore, the U.S; to build on its economic superiority which it won in the 1930s and secured through the Marshall Plan from where the Bretton Woods institutions were created, calls for a new framework for supporting poverty reduction, with four core elements which includes:

- a growth –oriented, integrated poverty- reduction plan, drawn up by countries themselves, with the support of the World bank and IMF and centered on measurable and monitor able, targets for infant mortality, literacy and other key indicators; a requirement that the recipients of debt relief earmarks the savings for genuine additional spending on poverty reduction; a requirement of concrete steps to raise transparency, for example, through mandatory publication of national budget and new mechanisms to monitor and improve the quality to public spending; and mandated steps to enhance national ownership and public understanding of programmes; for example, through involvement of more civil-society groups in the celebration of the poverty-reduction plan and through more extensive dialogue between these groups and the World Bank and IMF (Summers, 1999).

It becomes clearer from the unique basic considerations of the above four elements that the fundamental requirements place these highly-indebted poor countries under irretrievable condition.
of slavery and manipulation through a well coordinated World Bank and IMF measurable and mentionable system as supposed integrated poverty-reduction plan. Aid, therefore, becomes more the effective and tantalizing ploy to further strongly yoke the already poor nations of the Third World into irretrievable subjugation to poverty and penury that obscure them from active global politics, using local compradors.

The Obasanjo regime saw to the consolidation of the democratic space through abuse of the electoral process and fraudulent electoral victory in 2003. In other words, the regime’s first four years in office was characterized by political repression, galloping inflation. Daily devaluation of the naira against other currencies, unemployment, especially of the graduate variant, endemic poverty, and escalated crime rate, amidst corruption, lack of transparency and accountability twice earning Nigeria, the second most corrupt country perception index (Ti –Cpi). It is against this backdrop that we shall examine and understand the NEEDS package aimed not just at changing the image of the regime as grossly insensitive to the plight of many Nigerian and as a corrupt and unaccountable government lacking in transparency, but also to instill renewed vigor and ideas in the implementation at the market reforms of the regime in order to avoid the failure of NEEDS era. In other words, NEEDS serves dual purpose as society net. First as an economic strategy in response to the vagaries of the asymmetries of SAP which expects development amidst stringent market norms and market dislocations and secondly as an image making device for the already battered image of the regime as corrupt, unaccountable insensitive and unresponsive to the poverty plight of the people.


According to the executive Summary of the document” NEEDS is not just a plan on paper, it is a plan on grand and sounded on a clear vision, sound values and enduring principles. It is a medium term strategy (2003-07) but which derives from the country’s long term goals of poverty reduction wealth creation employment generation and value re-orientation. NEEDS is a nationally coordinated framework of action in close collaboration with the State and local governments. (with their State-Economic Empowerment and Development Strategy – SEEDS) and other Stake holders to consolidate on the achievement of the last four years (1999-2003) and build a solid foundation for the attainment of Nigeria’s long term vision of becoming one of the largest and strongest African Economy and a key player in the world economy. (NEEDS doc: 2004).

The Obasanjo economic reforms have created a contradictory legacy. There has been some success in macroeconomic stability but the poor have not benefited from it and the strategy is based on a market driven model that makes it possible to achieve the noble aims of the NEEDS social charter. A “successful” economic reform that leaves the majority of the people behind is a failure. As a matter of fact the market reforms of NEEDS does not reconciles with the social charter of National Economic Empowerment and Development Strategy (NEEDS). Thus, the NEEDS package and its implementation were complemented by adjustments in international behaviour/relations of Nigeria State to suit the interest of the dominate class that initiated the reform agenda. The inability of the leadership to evolve participatory development strategy and their unquenchable thirst to remain in power, as “good boys” of international capital drove the leadership into personalizing the structure and process of policy making and implementation even at the detriment of the survival of Nigerian state.
The importance of private sector led reform cannot be overemphasized, but how the informal and private sectors are co-opted into a national development effort has never been frontally considered and approached, except as the least proffered option. This raises the suggestion of whether it would not be useful to expand the NEEDS and SEEDS policy programmes, at the lowest political governance level possible to leave it with the (public private, or public private) actors that would best undertake it, and to keep the poverty alleviation programmes current timings and deliverables. While the governments of developing countries, and Nigeria in particular, certainty respond to external policy demands each country’s respond to such reforms are not holistic enough to enable other sustainable development components, such as policy commitment in the area of trade, investment, security and technology transfers. Therefore, countries responses to policy issues do not depend on the extent these policy approaches could affect the livelihoods of the already poor living on less than a dollar per day, rather on the political benefits.

Most economic reforms in Nigeria reflect the direct opposite of economic theory and accepted practices in many developed countries that have accepted reforms and policy programmes as a path to sustainable development. The result of distrust by the political elite of extant administrative machinery, for getting political programmes to work, produces a perpetual, prostrate and unproductive sector. E.g. the jointly owned virgin Nigeria Airways is the key issue in the pursuit of policy reforms which are in understanding with the nature of political bureaucracy and goal displacement that could be associated with the nature of such policy reform, especially where there are no in built processes used to access the likely consequences and the actual consequences. Utomi, (2006) contends that,

*In many ways service provision has been the victim of non-stop reform with most of the reform becoming a source of moral crisis. Each crisis seems, to create a pool of change, survivors who have come to believe that every reform will soon go away, so they act, with every reform process waiting to return to the old ways. The consequence is the service delivery continues to deteriorate. Each failure triggers citizens frustration, and each round of frustration erodes further the legitimacy of the state, deepening the problem of effective policy implementation due to limited support from those whose attitudes the policy seeks to change.*

The economic reform processes in Nigeria are in need of projects that will usher in sustainable development through economic growth democracy and good governance. Without economic growth, the society stagnates, is backward, is traditional, is limited, will operate below its potential, will lose its potentials, will lose its competitive edge and advantage and consequently will be reduced to a theater of crime and violence, where stakeholders would begin to compete for the limited opportunities and resources in place. Economic reforms is a reality that can bring about economic propensity for the Nigerian people, lead to greater support for the programs and policies of the government of the day and motivate workers and citizens to find self-satisfaction, while exploring their potentials and talents for their good and for the good our neighbours.
Fig 1. NEEDS at a Glance
Source: National Economic Empowerment and Development Strategy (NEEDS, 2005:5)
Methodology
The nature of this study makes use of qualitative descriptive analysis quite imperative. This method of analysis according to Asika (1991) especially has to do with summarizing the information generated in the research verbally. This method of analysis is not limited as to the types of variables that may be measured or the context in which the data are created or presented since other methods of analysis like table presentation is equally adopted. Thus, analysis of material collected from secondary sources such as textbooks, journal, article, magazine, Newspapers, and overall documentaries etc, will subscribe strictly the use of qualitative descriptive analysis and tables. The use of these methods of analysis as stated above is to read meaning into the information gathered from materials and other secondary sources as well as to categorize data in their scale of measurement where necessary.

Conclusion
This study has tried to x-ray NEEDS and SAP as an economic reform strategy nay their relationship. Both economic reforms almost share the same aim and objectives. Within the context of both reforms objectives poverty is the watch word. However, this evaluation in terms of poverty alleviation is inconsistent with the World Bank claim that the major spill over benefit of these conditionality was poverty alleviation though efficient sustainable economic growth and development.

Salop (1992) asserted that “suitable poverty reduction is Bank’s overwhelming objective” also the former World Bank president, Lewis Preston, had stressed that reduction of poverty and economic growth were the two bench mark by which the Bank would measure its success in Africa.

Although preliminary assessment of SAP in the period immediately preceding the SAP, and during the SAP, suggested that the performance of the Nigerian economy form a macroeconomic viewpoint was better since the implementation of the SAP (Mosley, 1992).

Available statistics shows that the poor did not fare better. For instance, according to the figure released by the World Bank in 1980, the poverty level in Nigeria was 28.1% by 1986 the era of the introduction of SAP, the level of poverty has risen to 46.3% by 1993 reducing by 42.7%, is that, SAP strategies of poverty reduction involved a plethora of sub-strategies which comprise of several conditionality that tend to overlap and overflow. In the case of Nigeria it appears that the overflow of conditionality were not clients driven or need based but rather based on the interests of various actors in the economy namely, the World Bank, IMF, donor countries and the domestic bourgeoisie, thus exhibiting lack of leadership (inefficiency).

Basically implementing plans follows the typical top bottom paradigm with policies and decision made without consulting the poor. SAP generally improved real economic growth to an average of 2.6% from 1986. Nevertheless, this real growth rate is far below what is needed to significantly alleviate poverty. World Bank/IMF (1986) stated that sub-Saharan African countries required at least an average of 5-7% growth rate to attain necessary spillover benefit for the poor.

It was this past failure of SAP that the correction necessitated the birth of NEEDS meanwhile, to show that it is a medium term strategy (2003-2007) which is distinguished in three different areas. The participatory process which will ensure ownership and sustainability, scope and terms of content, which is a more focused, realistic and reform based, this reform programme adopted such policies agents like independent corrupt practices commission (ICPC) Economic and financial crime commission (EFCC) and due process or budget monitoring.

While these anti-graft bodies are to checkmate corrupt practices, due process and certifies government contracts to ensure value for money, the result of which several millions of naira were saved though on the contrary they were basically used to witch hunt the government’s enemies instead of the purpose for which they were established.
The prevailing dynamics of the Nigerian State ensured that these institutions were ill-empowered to discharge their statutory function. Accusations have been leveled against these authorities as promoting selective justice in the fight against corruption. The public service reform was another cardinal pillar of the reform agenda of the Obasanjo administration. The reform focus was to identify and deal with the various disincentives which have affected the public services. These included overstaffing, poor pay, lack of training, low morale and productivity amongst other. The reforms were therefore intended to bring about efficiency, accountability, transparency, responsiveness and better service delivery. The reform was also intended to “realized the civil service, professionalize it and make it more result oriented. Through its reform policy of downsizing the public sector of the economy, the Obasanjo administration retrenched thousands from the public services (NEEDS, 2004).

Perhaps the political reforms agenda was one area that was both contemporaneous and attracted much attention. It was also one area that should be of concern (in terms of prioritization) if the other jigsaws are to fall in place “if the political is correct, all the other areas would follow suit” Dike (2005).

According to Dike, 2005, he contends that;

*The basic political problem however, was the excessive monetization and, as a result, corruption of the political system the core value of federalism and presidentialism, for instance may have been accepted as a framework for governance in Nigeria, but the question.... How do or can they as well as other values such as justice transparency get upper hand and begin to define the parameters of Nigeria’s political relationships which must find expression in a democratic order?*

This is a very important issue to which answers cannot be wished into existence by fiat. Getting the right mix of solution is a painstaking process requiring in the first instance are- orientation of attitude.

As a final point it is difficult to avoid the conclusion that because the NEEDS reforms advanced by the Obasanjo administration were foreign inspired just like SAP and not home grown as the NEEDS document stipulated, they tend to ignore and divert attention from Nigeria’s fundamental problems of over-centralization, ethicist, and sectionalism; increasing inability to produce good political leaders; and scant attention to human resource development.

The environment of democratic change provided an opportunity for Nigeria to endeavor to get out the hitherto vicious cycle of military rule and grapple with the complex economic problems facing it. The Obasanjo administration was expected to work hard to sustain democracy, establish ethnic harmony, revamp the economy, maintain law and other, promote and respect citizens’ right, tackle corruption and make government more transparent and accountable.

To effectively address the issue of economic reform in Nigeria, corruption has to be re-visited, the basic value system in the country must also be visited. Many Nigerians erroneously believe that the evil called corruption is solely that of leadership.To this extent the National Economic Empowerment and Development Strategy of the Obasanjo regime, (NEEDS) did not actually succeed not because SAP failed or the both economic reform programmes where foisted and sponsored by the same organization World bank /IMF, but because it was of short term plan and moreover, the managers, were ill equipped. One may conclude that the reform may have spur growth but does not look promising with regards to poverty reduction, economic and social empowerment of the poor.

The Obasanjo economic reforms have created a contradictory legacy. There has been some success in macroeconomic stability but the poor have not benefited from it and the strategy is based on a
market driven model that makes it possible to achieve the noble aims of the NEEDS social charter. A “successful” economic reform that leaves the majority of the people behind is a failure. As a matter of fact the market reforms of NEEDS does not reconcile with the social charter of National Economic Empowerment and Development Strategy (NEEDS).

Thus, the NEEDS package and its implementation were complemented by adjustments in international behaviour/relations of Nigeria State to suit the interest of the dominate class that initiated the reform agenda. The inability of the leadership to evolve participatory development strategy and their unquenchable thirst to remain in power, as “good boys” of international capital drove the leadership into personalizing the structure and process of policy making and implementation even at the detriment of the survival of Nigerian state.

The importance of private sector led reform cannot be overemphasized, but how the informal and private sectors are co-opted into a national development effort has never been frontally considered and approached, except as the least proffered option. This raises the suggestion of whether it would not be useful to expand the NEEDS and SEEDS policy programmes, at the lowest political governance level possible to leave it with the (public private, or public private) actors that would best undertake it, and to keep the poverty alleviation programmes current timings and deliverables.

While the governments of developing countries, and Nigeria in particular, certainly respond to external policy demands each country’s respond to such reforms are not holistic enough to enable other sustainable development components, such as policy commitment in the area of trade, investment, security and technology transfers. Therefore, countries responses to policy issues do not depend on the extent these policy approaches could affect the livelihoods of the already poor living on less than a dollar per day, rather on the political benefits.

Most economic reforms in Nigeria reflect the direct opposite of economic theory and accepted practices in many developed countries that have accepted reforms and policy programmes as a path to sustainable development. The result of distrust by the political elite of extant administrative machinery, for getting political programmes to work, produces a perpetual, prostrate and unproductive sector. E.g. the jointly owned virgin Nigeria Airways is the key issue in the pursuit of policy reforms which are in understanding with the nature of political bureaucracy and goal displacement that could be associated with the nature of such policy reform, especially where there are no in built processes used to access the likely consequences and the actual consequences.

Utomi, (2006:10) contends that,

> In many ways service provision has been the victim of non-stop reform with most of the reform becoming a source of moral crisis. Each crisis seems, to create a pool of change, survivors who have come to believe that every reform will soon go away, so they act, with every reform process waiting to return to the old ways. The consequence is the service delivery continues to deteriorate. Each failure triggers citizens frustration, and each round of frustration erodes further the legitimacy of the state, deepening the problem of effective policy implementation due to limited support from those whose attitudes the policy seeks to change.

The economic reform processes in Nigeria are in need of projects that will usher in sustainable development through economic growth democracy and good governance. Without economic growth, the society stagnates, is backward, is traditional, is limited, will operate below its potential, will lose its potentials, will lose its competitive edge and advantage and consequently will be reduced to a theater of crime and violence, where stakeholders would begin to compete for the limited opportunities and resources in place. Economic reforms is a reality that can bring about economic propensity for the Nigerian people, lead to greater support for the programs and policies
of the government of the day and motivate workers and citizens to find self-satisfaction, while exploring their potentials and talents for their good and for the good our neighbours.

**Recommendations**

Nigeria has abundant investment potentials to become super industrial giant and a competitive economy on the continent and globally irrespective of the reform programmes adopted. To attain this, Nigerian government should endeavour to see that the reform policy is effectively implemented by being totally committed. To this extent, it should ensure that (NEEDS) National Planning Board, National Economic Council etc, is given absolute independence in its decisions and action. This will empower the body to expedite action on the programme.

Government should embark on an extensive programme aimed at educating the people on the virtue of the programme. The youths and women should be involved in the planning process. This will not only remove apathy or phobia from many Nigerians, but as well make them aware of the reform agenda.

However, Nigeria reform programmes should not lose sight of establishing industrial clusters among the geopolitical zones in order to top the natural resources and investment opportunities in the zones.

A geographical cluster refers to the concentration of firms producing similar products to facilitate specialization. Manufacturers in Asia and South East Asia operate in cluster and it is therefore recommended to Nigeria.

In other words, Nigeria government has a role to play in reviving manufacturing. The government should discourage young manufacturers from paying taxes, double taxations and levies. There is need to offer tax holdings and lower taxes, to encourage manufacturing. Nigerian government should use her oil money to launch her into the global economy by investing heavily in infrastructure. The Bank of industry should be recapitalized and placed in a position to provide long term loans for business development. Federal government must at this juncture intensify efforts at providing an enabling environment for the oil and non-oil sectors of Nigeria’s economy to thrive by encouraging the establishment of special funds to refine the non-oil sector businesses. Furthermore, Nigeria bilateral relations are huge, strategic and have continued to grow exponentially especially during the Olusegun Obasanjo years (1999-2007). Nigeria’s relations with china have evolved from ideologically driven solidarity at anti colonialism and the cold war, to pragmatic market oriented economic engagement. Chinese and Nigerian business concern has enabled a gradual increase in bilateral trade and investment. Today, Nigeria is benefiting enormously from the rise in commodity prices driven by Chinese demand. Also China is widely seen by Nigeria as a model for modernization; more responsive to African needs than Western partners; and able to provide consumer goods that are better suited for Nigerian pockets.

All these come with some costs or consequences as we have repeatedly shown in this study. There is therefore, the urgent need for Nigerian to leverage on the Chinese success. Nigerian leaders should learn about the great transformation of China and turn the existing disadvantages in relations to opportunities for development. The Chinese did the same, learnt from developed economies that developed before then especially America and adopted the lessons to their own circumstances. It is however sad to note that Nigeria does not seem to have any strategy for engaging the Chinese. Moreover, Nigeria’s rampant corruption has also proved to be a serious cultural obstacle that must be overcome if Nigeria is to successfully leverage its demands on China. Nigeria can also learn some lessons from Ghana and Angola. Today, the Chinese are collaborating with Ghana to improve power supply in Ghana while they exchange technology for oil in Angola. All these are the leveraging in question. Nigerian does not have this kind of arrangement or understanding with China. The country therefore, need to develop a comprehensive and long terms development strategy that will effectively leverage on the Chinese success and by so doing create
plan for sustainable development that resonates with Nigerian citizens. Our position therefore remains, that for Nigeria to begin to shake off underdevelopment and poverty, it must do more than sell oil to China and the World or depend on them for trade guarantees.

Above all, the economic development strategy of most developing countries laid emphasis on the deployment of agriculture in the drive for poverty reduction among other measures. Across the ages, improvements in agricultural productivity have been a major driving force for social and economic advancement in human societies. This pattern of development was first observed in Europe, North America and Japan and then later in China and India, which has followed a dynamic trajectory to structural transformation, which starts from subsistence agriculture and progresses to a productive, diversified economy with emphasis on manufacturing and service delivery.

Agriculture is the principal source of food and livelihood in Nigeria, and employs nearly three-quarters of the nation’s work force. Despite the dominance of the country’s oil sector, Nigeria thus has a large agricultural economy, principally serving domestic consumption needs. Nigeria is mainly rain-fed and is dominated by small holder farmers (about 90%) in the rural areas, with an average farm size of less than 2 ha.

According to Adedeji (2009) the average age of farmers in Nigeria is put between 55 to 70 years. The dwindling replacement of ageing farmers, the drudgery in agriculture, drift to urban areas by the youth, non-availability of critical inputs, poor infrastructures, market imperfections and the low societal and economic status of farmers are some of the factors which constitutes a debilitating draw back on agriculture productivity and development and the attainment of economic reforms. It is hoped that the current leadership will commit to building on the foundations that have been laid and reengineer a new prosperity that will enhance welfare for all and help to create an industrial-technological state of the first rank among the nations.

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