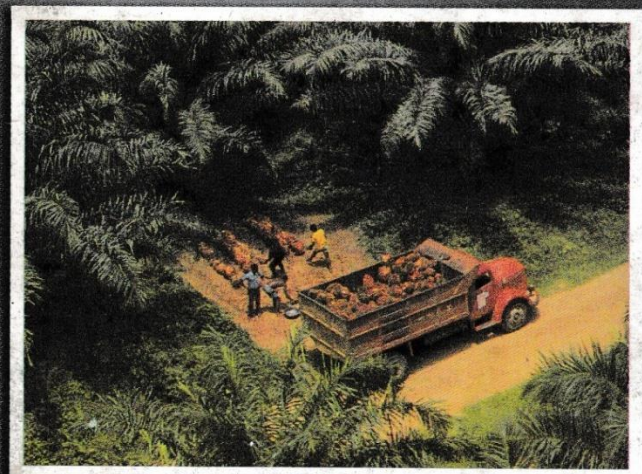


Revenue Generation & Tax Administration

In
Akwa Ibom
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Chapter Four

TOWARDS ECONOMIC SELF RELIANCE FOR LOCAL GOVERNMENTS IN AKWA IBOM STATE

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INTRODUCTION

Economic self reliance could be looked at as the ability of a nation to achieve its development objectives through the production of most of the goods and services required or the possession of the wherewithal to achieve the goals without having to depend so much on external aids. This could be achieved through the possession of this ability by the various units that make up the nation. So in a federal system such as Nigeria, the self reliance of the economy could be viewed in terms of the State economies and the Local Government economies. When this is achieved, the productivity of the macro-economy shall be boosted, thus promoting the development of the nation.

Generally development connotes the overall improvement in the standard of living of the people, which involves the proper channeling of the prospects of economic growth in such a way that the welfare of the people are improved upon. But economic growth is the rise in output, which reveals the productive state of the economy. When the economy is productive, output is expected to be on the increase. A downward trend in output is an indication that the economy is not as productive. We can then say that without growth there is no development. So pursuing the attainment of the developmental goals of the Local Government Areas of Akwa Ibom State is what inform this paper.

Akwa Ibom, which is one of the nine States that make-up the Niger Delta, is highly endowed with a lot of mineral resources, which are useful for its development and that of the nation. At the moment oil mineral is being produced in the state for the betterment of the entire economy. But there are other numerous

resources deposited in various Local Government Areas of the State yet to be tapped. A journey through the various Local Government Areas reveals a nation ravaged with severe poverty and gross underdevelopment. The Poverty Alleviation Programme of government was established in the attempt to fight this menace. So it is as a way of contributing to this effort of government that this paper is considering how to realise the developmental goals of the Local Government Areas through a self-reliance agenda.

Therefore for a proper discussion of the issue, the paper has been divided into four sections. The first section introduces the paper while the second section dwells on self-reliance and economic development. section three considers a note to Akwa Ibom State Local Government Areas while section four concludes the paper.

2. SELF RELIANCE AND ECONOMIC DEVELOPMENT: HOW IT COULD BE ACHIEVED

As noted earlier, self-reliance concerns the situation in which an economy has been able to fully develop its potentials for the purpose of maximising its economic gains. When this is achieved, the process of development is speedily activated and the attainment of development becomes faster. But the development of an economy's potentials involves some basic activities, which could be summarised in human and physical capital development. We would discuss this fully. Other scholars who shared this view are Chamberlain (1972) and Bowen (1972).

Therefore, as mentioned earlier, human capital development is the development of the mental faculty of man by which he is able to contact the required information/revelation needed for a change of the status quo. This information/revelation triggers discoveries/inventions, which triggers reformation/revolution, which culminates in development. These terms are discussed thus:

2.1.1 Information and Revelation

Information is the knowledge regarding a phenomenon

while revelation connotes the bringing to the limelight what was hitherto hidden. In most cases, the reason why people are poor is because they lack adequate information (which comes through education) required to change their situation. A nation may be endowed with all manner of resources, but the resources would remain latent until it knows what to do with them and how to do it. This is what education offers through the provision of information.

When information is in place, revelation can now be brought to view. In essence, information can be upheld to be the forerunner of revelation. This is because with information, a nation is able to gain insight to what was not known before. For instance, discovering a particular method of doing something better than what used to be, thus making life easier is a product of revealed fact in that aspect. This is why we say that information and revelation together form the trigger for discoveries and inventions. So since these things come through education, it therefore implies that without education, a nation and its people could remain ignorant, poor and undeveloped.

2.1.2 Discoveries and Inventions

Discoveries involves bringing something that has been existing but not yet known to the limelight, while invention is the creation of something which is considered not in existence before. For instance, finding the solution to a known medical problem is termed discovery because the plants/herbs carrying the healing agent were already in existence, it only takes a finding to locate them. On the other hand, fabricating a machine that produces something is termed invention because the technology would bring about an entirely new way of doing certain things.

The things that make life easier today are all products of discoveries and inventions, which would not have been possible without education. In fact, the sustenance of the world today can be credited to education. So assuming that there was no education, the survival of man would have been a more difficult task. For instance, it would have been difficult to travel round the world if transportation technology such as airplane was not invented.

Therefore, since the world is where it is today through discoveries and inventions, moving from this point will equally take

discoveries and inventions. This is why human capital development is very important.

Inventions in the world of communication technology, which has turned the world into a very small community today, would not have been possible without education. This is why it is very imperative for Nigeria to place education very high in its priority ranking. The benefits from investment in education always outweighs its cost in the long run; so any wise nation would take the initiative to invest heavily in education. This is the secret of the more developed countries (MDCs).

2.1.3 Reformation and Revolution

These involves the creation of a radical and complete change in the status quo of a nation, by taking definite actions, not minding the cost. Great changes are never cheap, rather they are costly, and that is why they are reserved for the few who would be diligent enough to pay the price. Those who want to sit and watch things happen would never see development. But those who are ready to take the bull by the horn, thus exposing their mental faculty to rigorous process of change would have their situation turned around aptly. This is why human capital development is both crucial and necessary for the Local Government Areas of Akwa Ibom State to attain sustainable economic development through a self-reliance agenda.

2.1.4 Some Evidence on the Role of Human Capital in Self-Reliance Development

Empirical literature shows that the development that some nations are experiencing today are as a result of their heavy investment in human capital development. For instance, the East Asian economies in a bid to transform the economy had to plan reduction of technological gap through heavy investment in human capital. According to Stiglitz (1996), this was achieved by encouraging the transfer of technology from foreign investors, investing enormously in human capital, and educating large numbers of skilled engineers who are able to adapt the most

Solow model assumes movements in the supply of hours of work (labour hours) as given: hence the volume of investment in new capital equipment is taken as the most determinants of output growth (see Solow R.M. 1962

advanced technology. This position is supported by Ekpo (1987) when he stated that a country's productive capacity grows through the accumulation of capital, quantitative and qualitative expansion of the labour force and changes in the technique of production. Thus, "investment is essential to the process by which additions to the labour force are accommodated and is the primary means whereby new technology is introduced" (Ackley, 1978: 608). It is on this premise that Mankiw, Romer and Weil (1992) extend the Solow model to include human capital. They assume that the accumulation of human capital is guided by that of physical capital, finding that investment performance can account directly and indirectly (through the parallel accumulation of human capital). This is in part the endogenous growth model.

The World Bank (1995:3), on human capital development, stated that investing in people through education, health, nutrition, and other aspects of human development is a crucial struggle to raising living standards and reducing poverty in the developing world. Also it stated further that investing in people is a proven element of a strategy for poverty reducing growth. The implication here is that even when an economy is greatly endowed with enormous resources, the proper exploration and exploitation of such resources would depend to a very large extent on the extent to which the human resources are developed. An unenlightened populace may even be living in the midst of resources without knowing, thus continuing in poverty.

Therefore, the productivity of any economy is traceable to the extent and level of training of its labour force. This is because it is training that determines the capability of people to work. Card and Sullivan (1988), found this out in their work when they discovered that a large part of the measured effect of training on earnings is as a result of increases in the post-training employment and earning of trainees. This was given the fact that those employed after training did contribute more to productivity and the earning capacity of the firm than those employed before or without training.

The findings of Revenga, Ribond and Tan (1994) also supported this position when they discovered in their study that training has positive and statistically significant effects on monthly

earnings and hour of work. But they further found out that, in general, earning-and-hours effects exhibit an inverted U pattern, being lowest for the least-educated men, rising with years of education to a peak at the secondary school level, and thus declining for the most educated individuals with post secondary education. The implication here is that moving the Local Government Areas forward requires the basic acquisition of knowledge, which may not necessarily be acquirable in the institutions of higher learning, but within the primary, secondary and technical educational system. As a result, a system may not need a large number of higher institution graduates, but a few, in order to offer such services which cannot be offered by the lower level graduates. Thus putting a lot of people into the post secondary school programme could amount to a waste of scarce resources.

The point we are making here is that Local Government Areas should invest in training people who would be able to contribute positively and optimally to the development of their economies. In essence, the Local Government Areas should discover those who are gifted in various areas and invest in improving their knowledge. This would speed up the self-reliance dream of the areas. Otherwise, the investment in education may amount to effort in futility. This was the line of thinking of Hanushek (1995) when he exposes the incidence of paying too much for the performance obtained from schools. Given the revenue base of the Local Government Areas, they cannot afford so much waste of resources. This is why it is very important and necessary to study their economies very well in order to know the exact path to follow in labour development and training for the purpose of achieving a sustainable and self-reliant development.

2.2 Physical Capital Development

Traditionally, there exists a very strong link between investment and growth of output. This is based on the premise that development is impossible without investment. Investment can therefore be perceived as the process of capital formation. This process is crucial if an economy is to realize its developmental objectives.

Capital formation is important for achieving long-term economic growth. However, capital formation is achieved through capital accumulation. But the process of capital accumulation involves savings. Economic agents borrow from the accumulated savings for investment purposes. Consequently, savings and investments are important variables in the long-term growth process.

Therefore, by implication, planning for long-term self-reliant economic development will be less cumbersome with information available on the strength and direction of investment determinants. The investment climate in Nigeria has been gloomy in recent years thus affecting investment in the Local Government Areas and rendering productive activities below capacity. The resultant effect of this is a declining growth with a worsening effect on poverty.

Realising this problem, the Federal Government was propelled to make "the stimulation of private investments (both domestic and foreign) in the country" as the policy thrust of the 1997 budget. The aim was to enable the country to substantially raise its production level for the purpose of achieving the growth and development goals of the nation. In the same manner, the Local Government Areas of Akwa Ibom State need to embark on the stimulation of both domestic and foreign investment. This could be achieved by the creation of conducive environment, which would attract both domestic and foreign investors. Such conducive environment to the Local Government Areas may be in terms of good access roads, portable water, markets, electricity, telecommunication, hospitals, access to credit facilities and other social amenities.

The existence of the problem as stated was the motivating factor behind the works of scholars such as Ekpo (1987), Soyibo and Adekanye (1992), Soyibo (1996), and Ogwumike and Omole (1997) on investment. These researchers examined resource mobilization and its transmissibility to investment.

3 A NOTE TO AKWA IBOM STATE LOCAL GOVERNMENT AREAS

Given the presentation in this paper, we would like to pose some notes to the Local Government Areas. The notes are to help in the realisation of self reliance, which shall boost both the economies of the Local Government Areas, the State and the nation's economies. The notes are presented thus:

- (i) The Local Government Areas should invest heavily in human capital development. This would enable them to develop adequate human resources required to take up the challenges of economic development.
- (ii) Explore and exploit possible areas of output growth in the Local Government Areas. That is, the Local Government Areas should be involved in such activities that would enable their output to grow perpetually and positively. By this, the Local Government Areas would not have to depend on either the State or the Federal Government for fund as they shall be able to generate their own fund.
- (iii) The Local Government Areas should create positive and conducive environment for investment to thrive. This would attract investors thus helping the Local Government Areas to realise their self-reliance goal.

4. CONCLUSION

We would like to conclude this paper by stating that the realization of a self-reliant agenda for the Local Government Areas would be easier if the discussion herein is taken into consideration. At least, the recommendations here are considered useful.

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