

## Chapter Eighteen

### PERSPECTIVE REGIONAL PLANNING IN NIGERIA: THE CASE OF BASIC SOCIAL SERVICE

#### INTRODUCTION

Since independence, Nigerian policy-makers have attempted to accelerate economic growth and development through the preparation and implementation of at least four National development plans. These plans have essentially been medium-term ones. It is generally agreed that after twenty-eight years, the country is yet to lay a solid foundation for economic take-off. The reasons for this are many but one cogent explanation is whether the type of economy Nigeria operates can actually be planned. An economy that depends for the most part on market forces may not necessarily require a comprehensive macro-planning.

Presently, the government has decided to embark on long-term planning, that is, perspective planning. Given the fact that no social formation is fixed, the idea seems laudable.

This paper argues that any meaningful long-term, planning must guarantee the provision of basic social needs to most if not all Nigerians. This is a sine qua non for any serious industrial take-off. By basic social needs we are referring to issues of food, clothing, shelter, education, health, employment, clean drinking water, and electricity (power) supply.

Furthermore, the paper maintains that the best approach to planning for social needs is through perspective regional planning. Within this context, the present states in the country must be viewed as regions. The paper is organized thus: Following the introduction, Part I looks at the conceptual framework. Part II examines the importance of regional planning of basic needs drawing from experiences of other countries. In Part III, we offer some recommendations and conclude the paper.

#### PART I: CONCEPTUAL FRAMEWORK

It is customary to define planning as "an organized, conscious and continual attempt to select the best available



# NIGERIA Development or Underdevelopment



(Selected Seminal papers)

AKPAN EKPO



alternatives to achieve specific goals" (Waterston, 1979, p. 26). Today, virtually all economies, capitalists and socialists adopt some form of planning. Nevertheless, it is an established fact that planning in contemporary times emanated out of the experience of socialism. Socialism by essentially 'abolishing' market forces had to resort to planning in order to accelerate economic development.

Plans have varied duration. There are short-term, medium-term and long-term plans. The duration of each plan depends on the country but generally a short-term plan may not exceed five years while for medium-term it is a period not exceeding ten years. Long-term planning (perspective) lasted for a period exceeding ten years. Some countries have plans for ten, fifteen, twenty and twenty-five years. Hence, the precise duration hinges on what an economy wants.

Countries that are capitalistic do not necessarily carry out comprehensive macroeconomic planning. Rather, such economies depend on market forces as a form of planning - usually referred to as indicative planning. Furthermore, such countries rely on yearly budgetary pronouncements as a way of guiding and directing their economies. This does not suggest the absence of planning. On the contrary, firms carry out micro plans.

On the other hand, socialist economies rely heavily on planning. Here again the style of planning vary from country to country. While a country may prefer central planning another could choose decentralized planning.

African countries regardless of the social formation have utilized development plans beginning in the early 1960s. However, 'none' of the countries have so far been successful in terms of radically transforming their economies through plans.

Perspective planning have succeeded in countries that are socialist in orientation at least. The reason is not far fetched. Under such a social formation, the state (the working class in power) has both the rigour and the opportunity not only to show the optimal ways of allocating society's resources, but also to practicalize such allocation in the interest of the nation. The class that produces the surplus value can plan in its interests to overcome long-term obstacles.

Furthermore, at an earlier stage of development, long-term

central planning is necessary in order to ensure the balanced development of all areas of an economy. Theoretically and practically, perspective planning under capitalism seems impossible. For the most parts, capitalism thrives under uneven development - it is a social formation in which private ownership and control of the means of production reigns supreme. How can such a state whose interest is in private capital carry out perspective planning for the entire economy. There appears to be a serious contradiction when a capitalist economy attempts to embark on perspective planning.

Development planning may also be regional. Regions could be defined as political or economic. An economic region implies an area with similar economic and social problems while a political region connotes a geographic area earmarked as a governmental administrative unit within a country or dependent territory (Waterston, 1979, p.22). regional planning is becoming increasingly important since certain areas within an economy may have peculiar problems warranting special attention. Regional planning could be subnational or multinational.

*Consequently, sub-national regional planning implies one of the following.*

- (i) Planning for a city, state or a depressed part of an economy.
- (ii) Is the preparation of a series of regional plans encompassing an entire country as an aspect of preparing a national plan. In this case, the aggregation of regional plans is supposed to add up to a national plan.
- (iii) The fitting of projects under a national plan in order to insure the best possible location of industry. The aim here would be to reduce economic disparities among the regions in a country.

*On the other hand multinational regional planning centres on the following:*

1. It could refer to planning for an economic region which extends beyond the boundaries of one nation. For



example, regional planning for the Nigeria-Chad Authority.

2. It could imply planning for one or more economic sectors or two or more countries.

For example, ECOWAS (Economic Community Of West Africa States) may co-ordinate the activities of say Ghana and Togo.

3. It may refer to the co-ordination of national plans or to the setting of integrated targets for economies of several countries belonging to an international regional organization.

### **IS PERSPECTIVE PLANNING POSSIBLE IN NIGERIA? •**

Nigeria has attempted to implement since independence at least four national development plans. Regional planning is not necessarily new in Nigeria. Erstwhile regions and eventually states have prepared their own plans stressing either the peculiarities in their states or mirroring the direction the Federal Government perceives the economy. However, all these plans have not only been medium-term ones but have also had several problems at both preparation and implementation stages (Stopler, 1966; Nigerian Economic Society, 1985).

The problems may not be derived from the conventional difficulties of lack of data, wrong projections of revenue, reliance on one commodity as foreign exchange earner, fluctuations in world prices, debt issues, etc. the fundamental question to ask is whether the Nigerian economy can be planned at all either in the short-term, medium-term or long-term?. The Nigerian economy is not only capitalistic but peripheralized hence a marginalized one. A capitalist economy is essentially an unplanned economy. Empirically, the ruling class pretends to be interested in accelerating growth and development hence the desire to intervene. But capitalism cannot function against its own laws.

The means of production in Nigeria are owned and controlled either by the foreign bourgeoisie or their domestic allies. The Nigerian petty-bourgeoisie is either lumpen and / or comprador. Multinational Corporations dominate the economy - their

manipulations create distortions in the economy. How can an economy not owned and controlled by Nigerians be planned by Nigerians for Nigerians. These fundamental problems were pronounced in all the previously prepared development plans.

Presently, the economy has intensified its belief in market forces as a result of the Structural Adjustment Programme; the country's currency is worthless, the external debt is mounting, inflation has reached runaway rates, the rate of unemployment is unusually very high and deteriorating social services - all add to questioning the viability of perspective or long-term planning. In other words, the problems which render other plans inoperative are still present.

Perspective planning depends on total centralization of an economy. It negates the heavy reliance on market forces. Perspective planning makes sense only in an economy where at least 80 - 85 percent of the means of production are owned and controlled by the state. Furthermore, the state must direct distribution and exchange in the interest of society.

At an early stage of development, perspective planning becomes necessary in laying the foundation for growth and development. A country may be determined to electrify most areas of its economy within fifteen years knowing that power supply is essential for industrialization, etc.

It is therefore not surprising while the socialist countries have done very well in macro- Perspective planning. These economies are sheltered from external shocks and inherent internal fluctuations hence long-term planning becomes feasible. The socialist economy, say that of the Soviet Union at its earlier stage, relied on central control. Now that she has achieved growth and development, planning still takes place but in the context of decentralization.

For Nigeria, perspective planning seems diametrically opposed to capitalism. However, no social formation is fixed hence if Nigeria must plan she must do so with the understanding of its implications.

It seems to us that Nigeria ought to concentrate in the next fifteen years on the provision of basic social services. Consequently, we argue that this could be 'planned' through regional Perspective



plans. One way of doing this is to view each State as a region and thus ensure that the State provides social services within a specified time period. Another way is to group two or more states into regions. Each regional plan will identify the special needs of the area and will be mandated by the Federal government to provide social services within a specified time period. For example, new States like Akwa Ibom and Katsina have different problems when compared to the older States. Furthermore, some States are subject to erosion problems while others have other difficulties.

The type of perspective regional planning we are alluding to is not synonymous with State Development Plans. Rather, the National Planning Commission will divide the country into regions and plan for the provision of basic social services within say ten or fifteen years.

### REGIONAL PLANNING MODELS

There exist several models of regional planning. These models are mostly influenced by economic theory other than by regional theory. We would analyse two of such models - econometric and input-output.

Econometric models are multiple-equation systems that attempt to describe the structure of a regional or local economy and predict aggregate variables such as income, employment and output. "There is no single theory of regional growth that is implicit in the development of these models. Rather, model builders generally take an eclectic approach and incorporate specifications that are specific to the region being analyzed" (Pleeter, 1980, p. 18). Econometric models do differ considerably in their degree of sophistication. The elementary ones adopts the expenditure framework of economic base models and are usually recursive in structure. In this form, econometric models stress external factors including growth or decline in a region.

The more sophisticated econometric models will treat both internal and external sources of growth. For example prices and wages for a region will be determined with the system of equations and therefore factor movement becomes a consequence of exogenous shocks to the system. These models stress labour supply and migration patterns (Fishkind, 1977). These complicated models

would consider the interdependence of the economic agents that compose the regional economy, and typically would demonstrate this interdependence by a simultaneous equation system. Under such a scenario, each endogenous variable is determined at least partially by other endogenous variables. This could be shown thus:

$$W_t = W_t(W_t, P_t) \quad (1)$$

where:

$W_t$  = endogenous variables

$P_t$  = exogenous variables

Equation (1) will then be a long-term representation of an economy. It will contain aspects of changed structure like productivity change, demographic composition, and industrial composition.

Thus such a model provides sources for growth.

A simultaneous econometric model can be shown in a matrix form as:

$$Ay_t + Bz_t = U_t \quad (2)$$

where:

$A$  = a nonsingular matrix coefficient of the endogenous variables ( $G \times G$ ).

$y_t$  = a vector of  $G$  endogenous variables in period  $t$ .

$B$  = a matrix of coefficient of the exogenous variables ( $G \times K$ ).

$Z_t$  = a vector of  $k$  exogenous variables (including lagged endogenous variables) in period  $t$ .

$U_t$  = a vector of  $G$  random error terms in period  $t$ .

If the structural model is linear in both parameters and variables then the reduced form, utilized in forecasting the impact of exogenous changes on regional output, employment and income can be represented as:

$$y_t = aZ_t + V_t \quad (3)$$

where:

$$\Pi = -A^{-1}B \quad (4)$$

$$v_t = A^{-1}U_t \quad (5)$$



It is important to note that when there are nonlinearities in the variables, the structural form has to be "solved" by some numerical method in order to obtain the endogenous in terms of the predetermined variables. It is also possible to include the unique situation of each region in the model.

Input-output models offer a great deal of detail on the economic transactions that take place within a local economy and provide some knowledge as to how impacts originating in one sector are transmitted throughout the economy. A regional table can be used in drawing up a development programme that is designed to sole complex development tasks in the different regions of an economy. It could solve problems of unemployment, and lower standards of living. It could also be utilised to ascertain the impact new industries have on regional development.

A significant aspect in regional input-output tables is played by indices showing the inter-regional import and export of goods, which determine the nature of specialization and the extent to which goods are exchanged in one or another region.

A Soviet scholar (Fedrenko, 1975) suggested two methods of approach in drawing up a regional table in order to reflect in it the demand for imported goods:

- (i) inputs of imported and domestically produced goods for productive and final consumption ought not to be distinguished;
- (ii) productive and final consumption of goods by regional sectors should be kept separate from inputs of goods imported for similar purposes. The second approach is difficult to work out. However, the first approach has several advantages. Input coefficients are more stable because they rely solely on the economic and technological conditions of production and are not very sensitive to changes in the ratio of local and imported inputs.

In an input-output model each industry in the regional economy is dependent upon every other industry. Sales by companies are sequented into intermediate and final uses. Assuming linear and homogenous production functions, constant prices and wages and the non-existence of supply constraints, a typical input-

output structure can be represented thus:

$$\sum_{j=1}^n a_{ij} X_j + \sum_{f=1}^t Y_{if} + e_i = X_i \quad (I=1, 2, \dots, n) \quad (6)$$

where:

- $X_i$  = sales of regional industry  $i$  to regional industry  $j$
- $Y_{if}$  = sales of regional industry  $i$  to regional final demand sector industry  $f$
- $e_i$  = export sales of regional industries  $i$
- $X_i$  = total sales of regional industries  $i$
- $n$  = number of industries
- $t$  = number of final demand sectors excluding exports.

On the input side, the model will be:

$$\sum_{j=1}^n a_{ij} X_j + \sum_{u=1}^t Z_{uj} + m_j = X_j \quad (j=1, \dots, n) \quad (7)$$

where:

- $X_j$  = total production in industry  $j$
- $Z_{uj}$  = value-added by final payment sector  $u$  in industry  $j$
- $m_j$  = imports by industry  $j$

Because of the assumption of fixed coefficient production function, each input must be bought in fixed proportions to other inputs in order to produce a unit of output. The coefficient specifying the amount of input  $i$  needed to produce a unit of  $j$  is shown as  $a_{ij}$  and is given as:

$$a_{ij} = \frac{X_{ij}}{X_j} \quad (8)$$

Substituting equation (8) into equation (7), we can show the input-output system in matrix form as:

$$AX + Y + E = X \quad (9)$$

Where the elements of the  $y$  vector are:

$$Y_i = \sum_{f=1}^t Y_{if} \quad (10)$$



$$f=1$$

Solving equation (10) for X we have

$$B(Y+E)=X \quad (11)$$

where:

$B = (1 - A)$  and  $b_{ij}$ , an element of the matrix reflecting the direct and indirect purchases of industry  $i$  from industry  $j$  so as to produce an additional unit of final demand. Within the context of the above model, various multipliers could be derived.

It should be noted that the regional models we have attempted to analyse have both conceptual and technical problems. Moreover, the price model to be used will depend on the realities of a particular economy. In most developing countries like Nigeria, the paucity of data could limit the utilization of regional input-output planning model.

For perspective planning to make sense in Nigeria, the planning for basic social services should be of paramount importance. The Nigerian economy has ignored this aspect for the last twenty-eight years.

## **PART II: PLANNING FOR BASIC SOCIAL SERVICES**

The basic needs approach perceives economic development in terms of progress toward ameliorating poverty, unemployment and income inequalities. We have argued elsewhere that the performance of the Nigerian economy in the provision of basic needs for the period 1962 - 1985 was discouraging (Ekpo and Ndebbio, 1985).

Basic needs can be properly defined as:

The minimum standard of living which a society should set for the poorest groups of its people. The satisfaction of basic needs means meeting the minimum requirements of a family for personal consumption; food, shelter, and clothing. It implies access to essential services such as safe drinking water, sanitation, transport, health and education; it implies that each persons available for and willing to work should have an adequately remunerated job. It should further imply the satisfaction of needs of a more qualitative nature; a

healthy humane and satisfactory environment and popular participation in the making of decisions that affect the lives and livelihood of the people and individual freedom (Zuvekas, 1979, pp. 286-287).

We can safely add to the definition that the provision of electricity and other infrastructure by government constitutes basic social services.

Considering the food situation, it is embarrassing to note that since 1975, Nigeria has been a net importer of basic foods yet the country possesses enormous agricultural potential. In recent times, even starchy foods are out of the reach of an average Nigerian. A regional perspective planning must include the food situation. Certain regions in the country ought to be planned now and in the next fifteen years to serve as the food belt of the country. Presently, government adhoc policies on food and agriculture not only send confusing signs to the farmers but further worsen the situation through flip-flop policies. A country that cannot feed its population ought not to exist.

Electricity is vital for industrialization. Power continues to be a serious problem both for private and company user. There is need to plan to electrify the entire country within ten (10) years. Experiences from other countries testify to the importance of power supply in industrialization. The Soviet Union, the USA, Cuba and virtually all-socialist countries in Eastern Europe devote a large sum of money and a specified period of time to electrify their respective countries.

Basic social services like education, safe drinking water, housing and employment continue to be a problem despite years of national planning. Ensuring that most Nigerians have access to safe drinking water for example could go a long way in eradicating some medical problems. Only healthy workers could engage in production.

It is also important not just to declare full employment as an aim but to plan towards eradicating unemployment. The right to work guarantees the right to life. The Soviet Union had to plan and by December 1930 unemployment seized to exist (Gregory and Stuart, 1981).

There is an acute shortage of residential accommodation in the country; about 73 percent of the households in Lagos live in one-



room flats. If the house situation is well planned, all things being equal, the economy would experience some growth. Housing construction is an important part of investment.

It must be noted that Economists have debated the importance of basic needs. Critics of basic needs maintain that it leads to a reduction in the rate of growth because it emphasizes activities that are consumption-oriented. Proponents that the approach raises productivity and thus minimizes poverty. The question "growth versus Basic Needs is there a trade-off?" Hicks, 1979, pp. 85-95), is often settled within an economy by running a multiple regression of the type below and interpreting the signs of each coefficients:

$$Y^* = F(X_1, X_2, X_3, X_4, X_5, X_6, X_7, \dots, X_n)$$

where:

$Y^*$  = growth of gross national product per capita at constant prices,

$X_1$  = life expectancy at birth

$X_2$  = growth rate of imports

$X_3$  = adult literacy rate

$X_4$  = primary-school enrollment ratio

$X_5$  = food per capita

$X_6$  = population per doctor (in thousand)

$X_7$  = calorie consumption per capita

$X_n$  = any other basic needs index.

In the last eight years, the situation on the provision of qualitative basic social services have grossly, deteriorated. Between 1981 - 1985, Benin City and Sokoto were listed as cities in which more than 95% of human waste disposal is by pit latrine. "A well-known city like Calabar in the Cross River State can only boast of 3.5% of its houses having flush toilet (Ekpo and Ndebbio, 1985).

In the entire country, safe-drinking water is a problem. In fact, it has become a national cancer. Between 1974 and 1978, daily supply of treated water increased from 1,022.27 billion litres to 1,105,3.16 million litres representing an increase of 3.0 percent. "This represents daily output of about 13.2 litres per population. Compared with the minimum of 180 litres daily requirement of water per head of population prescribed by the United Nations, this

must be seen as grossly inadequate" (Economic and Statistical Review, 1978, p.11).

The mass transit system in the country is not 'primitive' but disastrous. Workers go through pains to get to and from their places of work. The State has a responsibility to plan for it. In terms of communication, most state capitals are not well linked by telephones not to talk of other towns. Those Nigerians who are privileged to own telephones have nightmares in trying to use such equipments. These services need thorough long-term planning.

Table 18.1 highlights some capital expenditure on basic needs. The 1975-76 - 1979/80 era clearly shows that even in terms of allocation, government showed no interest in the provision of basic needs. The percentages for health, water supply, sewage and drainage seem very little. The actual expenditures confirm the interest of capitalism at its earlier stage of development. During such a stage, important thing is primitive accumulation for after all, the class in power does not lack these basic social services.

In the area of health where the country has quantitatively met most of United Nations requirements, a 1988 national Planning document notes. "The ratio of pharmacists and nurses improved from 1 to 27,138 to 1 to 1076 in 1985 to 1 to 25,000 and 1 to 1,071 in 1986 respectively. Despite these improvements much still requires to be done in the sector to bring the quality of health care delivery to acceptable standards and to the peoples in the rural areas" (Economic and Statistical Review, 1987, p. 12).

**Table 18.1: Nigeria: Public Capital Expenditure on Basic need, 1975 - 1987 (in percent).**

Items	1975/76 - 1979/80 (Actual)	1981 - 85 (Planned)	1986	1987
Transport	23.2	15.0	3.1	8.5
Communication	6.1	2.8	-	-
Education	10.2	10.7	4.3	1.5
Health	2.0	4.4	0.7	0.9
Water supply	3.0	4.2	-	-
Sewage, Drainage	0.3	0.9	-	-
Housing	4.1	3.8	-	-

Source: (1) Third and Forth Development Plans.

(2) Central Bank of Nigeria: Annual Report and Statemnet of Accounts, December, 1987.



Note: \* For transport and communication.

The present state of health services in the country is not only deplorable but embarrassing, to say the least. Hospitals are grossly starved of drugs; there are widespread of fake drugs; qualified medical personnel's are leaving the country. All these call for a long-term planning for the provision of basic social services. Only a healthy population can begin to think of industrialization.

The arguments we are endeavouring to make is not peculiar to Nigeria. There are countries that were worse off than Nigeria but used planning (partially of course) to get out of their predicament. The history of the Soviet Union before the 1917 revolution shows evidence of a backward economy highly dependent on agriculture. Two USA scholars write "The Soviet Union has established itself as the world's second largest economic power and it would now be foolish to question its economic viability" (Gregory and Stuart, 1981, p. 3). The same scholars commented:

"the speed with which the Soviet Union transformed itself from relative economic backwardness into industrial and military strength must be listed as a major achievement. Russia in 1917 was predominantly agricultural, with high mortality rates, especially among infants. Nearly 60 percent of the population was illiterate. The industrial sector's shares of output and labour force were quite small, and the domestic machinery sector was poorly developed, requiring heavy dependence upon the capitalist world for capital equipment. By 1937 most of the indicators had been reversed; the USSR had been transformed into an industrial economy, without reliance upon foreign aid or extensive imports from the West (Gregory and Stuart, 1981, p.3)".

The Soviet Union was able to achieve because she utilized central planning. More importantly, the Soviet people were and are still planning an economy owned and controlled by them. Central planning is a necessary condition at the earlier stage of socialist construction. Later, planning continues but with decentralization because of the maturity of the economy. This is what the Soviet Union is going through now. She is not introducing private ownership and control of the means of production. These are aimed and controlled

by the state and under such a situation, planning is not only possible but makes sense.

Cuba, a tiny Island of 10 million people in Latin America had all the experience and more of what Nigeria is going through. After the 1959 revolution, the Cubans set on planning an economy owned and controlled by them. Today, Cuba is a force in the world. She has been able to provide its people with basic social services and most countries of the world with medical personnel's and teachers (Mesa-Lago, 1981; Huberman and Sweezy, 1968).

The truth of the matter is that Nigeria can only seriously plan an economy owned and controlled by them. The implication of this is clear. Regional perspective planning is consistent with a social formation that enjoys a high degree of economic independence.

### **PART III: RECOMMENDATIONS AND CONCLUSION**

We have attempted to argue that a long-term planning of basic social services for the country is a necessary condition for the successful implementation of a programme of economic development. We examined the concept of planning and argued that planning whether short-term, medium-term and / or perspective is consistent with a socialist social formation. We agreed that since no social formation is fixed, Nigerian policy makers may adopt perspective planning but that its regional aspect seems suitable. This is so because of the uneven development in the country and the peculiarity of some states.

For the successful implementation of our proposed regional perspective planning on basic social services, we recommend the following:

1. States or regions be mandated by the Federal government to provide basic social amenities within ten years. This ought to be coordinated by the planning office.
2. Yearly budget pronouncements be derived from the progress made as regards perspective planning.
3. Efforts must be made to Nigerianize the economy. Those who produce surplus value must own and control the economy. This way planning will be free from internal shocks and external control.



4. Allocation for basic social services be increased by 20%.
5. Data collection and compilation be improved upon. Perspective planning requires up to date data on almost all aspects of the economy.
6. Market forces ought to be de-emphasized if the country is serious about perspective planning.

When Nigerians have food, clothing, shelter, good health, safe drinking water, jobs, etc they can begin to take seriously the issue of economic development. One way of achieving this is through regional perspective planning and implementation.