



NIGERIA ECONOMIC POLICIES: OBJECTIVES, CHALLENGES AND EFFORTS MADE TO ACHIEVE THEM (1960 – 2019)

***UBAH CHUKWUDI NELSON, Ph.D;**
***RAYMOND NWAPI O.; & **UMEH CHIJOKE**
SUNDAY, Ph.D

*Department of Political Science, Faculty of Social Sciences,
Abia State University, Uturu **Federal Polytechnic Isuochi,
Abia State, Nigeria

ABSTRACT

The work focused on Nigeria economic policies: objectives, challenges and efforts made to achieve them (1960 – 2019). The work was carried out to identify the extent economic development effort has achieved national development objectives in Nigeria. The researchers adopted literature review approach as only secondary data were sourced and used. The major Nigeria economic policies discussed include open door policy;

INTRODUCTION

Every country of the world tries as much as possible to achieve development of its system. One of the ways of improving development is by making and implementing economic policies. According to Ogbuagu (2005), Nigeria's economic history before and after independence till the present shows that, it has tried virtually all known development strategies that gained wide currency in economic theory. This is because in our quest for development, our practical concerns have been how to get better prices for our (primary) commodities, how to break into Western markets, how to induce the transfer of science and technology, how to get more aid on better terms, how to attract investment. The Nigeria development policies have always centered on the above, and there is need to evaluate and analyze the benefits and achievements of such economic policies in Nigeria.

NIGERIA ECONOMIC POLICIES

According to Oyeleye (2013), the Nigeria economic policies are laid down plans and programmes which serve as guide for government in implementing development objectives. Since 1960, there are numerous economic policies which the Nigerian



import substitution industrialization; indigenization policy; agricultural policies; Structural Adjustment Programme (SAP); Subsidy Reinvestment and Empowerment Programme (SURE-P); and social investment policies. The study found that the major objectives of all the development policies in Nigeria are to enhance economic good, reduce poverty and achieve infrastructural and human capital development in the country. However, corruption, poor funding, lack of consultation and policy instability are the major challenges which hindered the achievement of the development policies. The researchers recommend for effectiveness of the government and positive impact of all stakeholders towards achieving development policies.

Key Words: Economic Policies, Open Door Policy; Import Substitution Industrialization; Indigenization Policy; Agricultural Policies; Structural Adjustment Programme (SAP); Subsidy Reinvestment and Empowerment Programme (SURE-P); and Social Investment Policies.

governments have developed as a guardian principle. In view of Omafume (2014), economic policies are programmes of action which if well implemented, will enhance socio-economic development in the system. He suggests that every country should develop both long and short time economic policies.

According to Onwuka (2013), the major objective of Nigerian economic policies is to achieve development in Nigeria. For Gbadebo (2008), such developments are in the area of poverty reduction, infrastructural development, low inflation, and youth employments. Since Nigeria's independence, development efforts were seen in terms of adoption of policies and programmes that were primarily aimed at improving the socio-economic and political well-being of the nation's population and for reversing the marginal economic position of the country in the global system. All the economic policies were aimed at promoting development and stabilizing the Nigerian economy (Akpanabia, 2016).

NIGERIA ECONOMIC POLICIES AND EFFORTS TO ACHIEVE THEM

They are discussed thus:

Open door policy

History and Objectives of Open Door Policy

Historically, Ogbuagu (2012) asserted that the open door policy which was implemented in Nigeria in the decades of the 1950s and early 1960s can be conveniently described as the first phase economic policy in Nigeria. The objective of this economic policy is to



allowed foreign investors an open chance/access to decide what to invest on, where to locate them, and the management of such investments in Nigeria. Such firms or investors are to enjoy tax incentive to encourage them to invest in the Nigerian economy. The reason for this policy is because of constraints of limited capital and largely underdeveloped indigenous manpower and private sector in general (Nchuchuwe & Adejuwon, 2012).

Efforts to Achieve Open Door Policy

To achieve the economic policy of open door policy, the government approved and implemented the following three incentives to encourage foreign and local entrepreneurs and investors to be interested in involving themselves in the nation's economy:

- ✓ Fiscal incentives;
- ✓ Direct government investment in industries and infrastructure; and,
- ✓ General measures of economic policy.
- **Fiscal incentives:** A good number of fiscal policies aimed at encouraging mainly industrial development were enacted. There were as follows:
 - Industrial Development (Income Tax Relief) Act, 1958
 - Industrial Development (Import Duties Relief) Act, 1957
 - Customs Duties (Dumped and Subsidized Goods) Act, 1958
 - Customs (Draw Back) Regulation 1958, and
 - Approved User's Scheme (Ogbuagu, 2012).

The Industrial Development (Income Tax Relief) Act of 1958 often referred to as Aid to Pioneer Industry Act, provided such very liberal incentives such as offered to all Nigerian registered public liability companies which were granted 'Pioneer Status' tax holiday of up to five years from the 40 percent Federal Company Tax (Adeyanju, 2012). Furthermore, if losses were incurred during the stated tax holiday, the tax period could be extended. The Industrial Development (Import Duties Relief) Act of 1957 sought to encourage new industries to develop in Nigeria. Already existing industries were by this incentive equally encouraged to expand their size, levels of production and employment.

The Problems of Open Door Policy

Many analysts are of the view that Nigeria did not fundamentally succeed in meeting the intended objectives of the 'open door' economic strategy for development. The challenges are that:

- a. A good number of the incentives were excessive to the extent that the State lost much revenue that it needed for investment (Oyeleye, 2013).



- b. There was the problem of administrative inefficiency and malpractice which impeded the implementation of the overall tax incentives.
- c. Excessive and uncoordinated dependence on foreign investors for capital and technology (Portes, 1976).

Import Substitution Industrialization

History and Objectives

Nigeria adopted Import Substitution Industrialization (ISI) programme in 1962 more or less as its second phase of efforts to attain economic development. The objective of ISI economic policy is geared to protect local industries to manufacture goods which were formally imported through such measures as protective tariffs, exchange rate controls, and import quotas, amongst others (Ogbuagu, 1995). Simply stated, it is a deliberate effort to promote the emergence and expansion of local or domestic industries to reduce the country's dependence on some imported goods.

Efforts to Achieve Import Substitution Industrialization

The efforts include:

1. To achieve unprecedented local and foreign investment in Nigeria's industrial sector.
2. Making foreign investors focused on retaining their share of the attractive large Nigerian market as well as seek ways to maintain their monopoly of the foreign trade.
3. Make Nigeria to reduce its dependence on foreign economies with regards to the importation of some manufactured goods, reduce its adverse balance of payments condition, and achieve rapid economic development.
4. From 1960s and 1970s Nigeria achieved near self-sufficiency in the production of some light consumer goods, namely, beer and other beverages, cotton textiles, biscuits, tobacco soaps and detergents, dairy products, plastic goods, livestock feeds, stationery, footwear and furniture (Ogbuagu, 1995; Asiodu, 1967; Equere, 1978).

The Problem of Import Substitution Industrialization

- a. **Low level of local value added:** This was because the manufacturing sector was excessively dependent on industrial inputs from external sources.
- b. **Decline in agricultural production:** This caused another significant distortion in the natural economy particularly as it affected import substitution industries in the late 1960s. The oil industry domination of the country's economy contributed largely to the alarming decline in production of primary commodities that were expected to uplift the industrialization bid.



- c. Excessive government protection of domestic industries.

Indigenization Policy

History and Objective

In 1972, the country under a military regime adopted yet another economic policy which dominated the remaining part of the 1970s. It is known as Nigerian Enterprises Promotion Decree (Act) (NEPD), often referred to as 'Indigenization' programme (Ogbuagu, 2012). Its overall objective was to reduce the domination and control of the nation's economy by foreign nationals.

Efforts to Achieve Indigenization Policy

The major efforts aimed at achieving the objective of this policy were as follows:

- Enhancing participation for indigenous Nigerian businessmen and businesses in the areas of ownership, management, and control of what was termed the 'commanding heights' or the vital economic life of the economy;
- Excluding foreign investors from the service, distributive and other basic and small-scale economic activities and have them reserved for local businessmen only; and
- Encouraging as provided by the Act, foreign investments in the intermediate and capital goods sector of the economy.

Problems of Indigenization Policy

- a. The growth in indigenous business did not in actual fact mean that many Nigerians acquired meaningful role in the control and management of the 'commanding heights' of the nation's economy (Ogbuagu, 1995).
- b. More serious was the fact that many of the foreign firms devised various subtle strategies to circumvent the indigenization acts and by so doing literally beat the Jaws and their set objectives (Akinboyo, 2008).
- c. The NEPD became an instrument for corrupt acquisition of wealth by few privileged Nigerians, namely, the military rulers and top bureaucrats that were at the forefront of promulgating the indigenization laws (Onyenekenwa, 2011).

Agricultural Policies

History and Objectives

In the year 1960 up to 1968, non-oil exports accounted for more than 90 percent of Nigeria's foreign exchange earnings. The primary goods which dominated the country's economic life were cocoa, palm oil and palm kernel, groundnut, cotton and cotton seeds, rubber, soya beans, beniseed and timber (Osakwe, 2013). In the years 1963 - 1964, agricultural export accounted for 69.4 percent of the country's total Gross Domestic Product (GDP); and the figure declined in 1969 to about 50 percent. Since the early 1970s,



the oil industry came to dominate the economy of the nation. For example, in the period 1971 - 1975 it declined to 8.3 percent, in 1976 - 1980 to 4.5 percent, in 1981 - 1985 to 3.0 percent, and 1986- 1989 to 2 percent. The decline was to such an extent that since 1990s, the agricultural sector has deeply occupied the attention of governments in Nigeria with particular reference to enhancing food production and for raw material needs of agro-based industries (Arowolo & Ologunowa, 2012). Even the present Buhari administration has emphasized its readiness to encourage agricultural growth so as diversify the Nigerian economy (Ogbuagu, 2012). The major policies and programmes that have over the years (since the 1970s) been applied in attempts to reverse the continuing decline in production in the agricultural sector are as follows:

- **Operation Feed the Nation (OFN)** programme was introduced in 1976 for national mobilization for self-sufficiency in food production. The aims and objectives of this programme could be said to have been best stated by the then Military Head of State, General Olusegun Obasanjo when he stated inter alia, that:

In the past few years, the country has witnessed alarming decline in agricultural production. Government has had to import increasing quantities of a variety of food items from abroad. Prices of foodstuffs have galloped....

- **Agricultural Development Projects (ADPs)** were beginning from 1976 established in various parts of the nation. It is a World Bank Assisted Project (Oyekale, Oyekale & Adeoti, 2007). It was primarily directed at stimulating the agricultural sector through 'development and provision of input delivery system, low cost agricultural feeder roads, water supplies, soil conservation works, effective extension services as well as providing credit and marketing services.'
- **River Basin Development Authorities (RBDAs)** were established in 1976. At its peak, this programme included 18 large RBDAs established in many parts of Nigeria river basins for multi-agricultural development functions. These included land development, provision of agricultural infrastructures and facilities, extension services targeted towards farm families, supply of farming and fishing inputs, disbursement of agricultural credits to farmers, and production of farm items, livestock and fish within the areas where the RBDAs operated (Ogbuagu, 1995).
- **The Green Revolution** programme was initiated in April 1980 under the President Shehu Shagari regime (1979 - 1983). It was in large part an extension of OFN. Its primary objective was to attain self-sufficiency in the agricultural sector through production of food needs, industrial inputs and for export. The programme was supported with inputs such as farm tractors, irrigation facilities, agro-chemicals, improved seeds, animal feeds and fishing inputs. Since the core aim was to improve rural agricultural undertakings, in addition, sought to improve on public infrastructure such as roads, bridges, power, water supply and housing.
- **Directorate of Food, Roads and Rural Infrastructure (DFRRI)** was established in 1986 under the President Ibrahim Babangida military administration. Here again is another programme aimed at enhancing the agricultural sector, improving the



quality of life and standard of living of particularly the rural population, and laying a solid foundation for overall sustainable development of the agricultural sector of the Nigerian economy. For a change and for the purpose of ensuring the proper functioning of DFRRI, government continually in the 1986 - 1993 period allocated enormous funds. For example, it was allocated for capital projects only: N500 million (1986), N400 million (1987), N500 million (1988), and N300 million (1989).

Efforts to Achieve Agricultural Development Policies

The major efforts to achieve the above goals include:

1. Funding of agric projective.
2. Provision of agric seed etc
3. Improved farming and other agric mechanization
4. Adopting of many varying agric strategies etc.

Problems of Agricultural Economic Policies

The fault lines included:

- Wrong perception of needs and priorities in the agricultural sector;
- Faulty implementation of chosen agricultural policies and programmes and administrative bottlenecks;
- Inappropriate training and use of human resources;
- Poor execution, management and maintenance of imported technology;
- Inefficient distribution systems;
- Outright fraud and corruption on the part of varied groups that were involved in the programmes agricultural activities;
- Delays and inability of operators to make farm inputs available to the intended target population which is the rural farmers.

Structural Adjustment Programme (SAP)

History and Objectives

In July 1986, the Babangida regime in response to this economic crisis started implementing the Structural Adjustment Programme (SAP) which was prescribed by the International Monetary Fund (IMF) and the World Bank as the panacea to the country's economic woes. According to Ogbuagu (2012), Ogbuagu (1995) and Akpanabia (2016), its main objectives as severally declared by Federal Government documents are to: Restructure and diversify the productive base of the economy in order to reduce dependence on oil sector and on imports; Achieve fiscal balance of payments viability; to lessen the dominance of unproductive investments in the public sector.

Strategic Efforts

Some of the strategic efforts to achieve the above policy include:

- a) The devaluation of Nigeria's currency.
- b) privatization and commercialization of public enterprises,
- c) removal of petroleum products subsidies,



- d) reductions in expenditure on social services like health, education, water, sanitation etc, as well as
- e) Rationalization of labour in the public sector.

The Problem of Sap

The problems are:

- a. Currency devaluation. Since then, the Nigeria currency has continued to go down.
- b. Most of the industrial sector faced the debilitating constraint of inadequate supply of foreign exchange needed for purchase of vital inputs such as capital goods, spare parts and raw materials.
- c. The problem that Nigeria faced in the area of debt crises and debt management in the nation's economy remained significant.
- d. During SAP era, there was widespread economic hardship, especially among the urban poor and rural population occasioned by galloping inflation, unemployment and underemployment, wage freeze, deep cuts in industrial production and unavailability of spare parts, limited foreign exchange and burgeoning debt crises made it hard for government to meet many of its social responsibilities to the citizenry (Ogbuagu, 1995).

Subsidy Reinvestment and Empowerment Programme (SURE-P)

History and Objective

The Jonathan administration's Subsidy Reinvestment and Empowerment Programme (SURE-P) started in 2012 (Ogujiuba, 2014). The objective of SURE-P was to achieve upward review of the pump price of petrol from N65 to N97 in January 2012. The ultimate goal was to reduce unemployment among graduates and stimulate economic growth, as part of prior transformation agenda of the current administration, while also enhancing opportunities towards the attainment of Vision 2020 (Information Nigeria, 2012; Omafume, 2014).

Efforts to Achieve SURE-P

The efforts are:

- 1. Re-investment of capital realized through subsidy removal.
- 2. Job creation/ poverty reduction.
- 3. Investment in infrastructure

Problems of SURE-P

- 1. High level of corruption
- 2. Subsidy continuity. The policy only led to partial removal of subsidy, and not total removal.
- 3. Inability to achieve the goal of the policy.



Social Investment Policies

History and Objectives

At present, the Buhari administration since 2016 till this 2021 started the implementation of its own economic programmed named social investment and specifically N-power (Ubah, 2021). The objectives of the programmes focused on agriculture, teaching and information technology.

Efforts for Achievement

The efforts are:

1. Employ and pay some unemployed youths
2. Train the youths in skill
3. Encourage entrepreneurial investment and growth.

Problems

The problems are:

1. High level of Corruption
2. Inconsistency for benefiting people
3. Lack of continuity

CONCLUSION

This study has analyzed the concept, objectives and efforts towards economic policies in Nigeria. It was discovered that the policy objectives focused on enhancing the socio-economic development of Nigeria as a system. Such economic policies include open door policy, import substitution industrialization, indigenization policy, agricultural policies, Structural Adjustment Programme (SAP) and Subsidy Reinvestment and Empowerment Programme (SURE-P)

Therefore, it could be concluded in this study that making economic policies is not the problem in Nigeria, but its implementation. This is because the objectives of most of the past policies were not achieved and some of the factors leading to that include corruption, bad leadership and inability to consult the people whom the development objective supposed to help. For that, this study recommends for avoidance of corruption, expertise in economic policy implementation and consultation of the Nigerian people before economic policies are made.

REFERENCES

- Adeyanju, O.D. (2012). An assessment of the impact of corporate social responsibility on Nigeria society: The examples of banking and communication industries. *Universal Journal of Marketing and Business Research*, 1(1), 17-43.
- Akinboyo, O.L. (2008). "Five decades of agricultural policies: What role has statistics played? *CBN Bullion*, 32, 134 - 165.
- Akpanabia, N.H. (2016). *Unpublished textbook on international business*. Department of Management, Faculty of Business Administration, Imo State University, Owerri.



- Arowolo, D.E. & Ogunowa, C.S. (2012). Privatization in Nigeria: A critical analysis of the virtues and vices. *International Journal of Development and Sustainability*, 2(1), 65-70.
- Asiodu, P.C. (1967). Industrial policy and incentives in Nigeria. *The Nigerian Journal of Economic and Social*, 9(2), 54-71.
- Equere, I.U. (1978). *Nigeria's industrial objectives, strategies and policies in perspective*. Unpublished paper presented at the national workshop on Nigeria's industrialization policy and strategy, University of Ibadan.
- Gbadebo, O.O. (2008). *Crude oil and the Nigerian economic performance: Oil and gas business*. www.ogbus.ru.
- Nchuchuwe, F.F. & Adejuwon, K.D. (2012). The challenges of agriculture and rural development in Africa: A case of Nigeria. *International Journal of Academic Research in Progressive Education and Development*, 7(4), 23-34.
- Ogbuagau, C.S.A. (2005). *Privatization and commercialization of public enterprises in Nigeria: Hopes and fear*, in Aja-Akpuru-Aja and E.C Emeribe, *Nigerian development strategy*. Enugu: John Jacobs Publishers.
- Ogbuagu, C.S.A. (1995). *Nigeria: development policies and programmes*. Calabar: University of Calabar Press.
- Ogbuagu, C.S.A. (2012). *Continuity and change in Nigeria's development strategies since 1960: What have we learned?* 14th Inaugural Lecture, Abia State University, Uturu, Dawn Functions Nig Ltd.
- Ogugiuba, K. (2014). Poverty incidence and reduction strategies in Nigeria: Challenges of meeting 2015 MDG targets. *Journal of Economics*, 5(2), 201-217.
- Omafume, G.E. (2014). *Evaluating SURE-P three years on*. Vanguard News. Retrieved from <http://www.vanguardngr.com/2014/12/evaluating-sure-p-three-years/>
- Onwuka, K.O. (2013). Nigeria vision 20:2020: A reality or a mirage. *British Journal of Economics, Management and Trade*, 3(1), 63-85.
- Onyenenwa, C.E. (2011). Nigeria's vision 20:2020: Issues, challenges and implications for development management. *Asian Journal of Rural Development*, 1(21), 55-67.
- Osakwe, C.C. (2013). Youth, unemployment and national security in Nigeria. *International Journal of Humanities and Social Sciences*, 3(21), 15-23.
- Oyekale, A.S., Oyekale, T.O. & Adeoti, A.I. (2007). "Regression-based approach to income inequality decomposition in rural and urban Nigeria". *International Journal of Economic Perspectives*, 1(2), 45-54.
- Oyeleye, O.I. (2013). "Challenges of urbanization and urban growth in Nigeria". *American Journal of Sustainable Cities and Society*, 2(1), 79-95.
- Portes, T. (1976). Determinants of rural poverty in Nigeria: Evidence from small holder farmers in South-Western Nigeria. *Journal of Science and Technology Education Research*, 1(4), 85-91.
- Ubah, C.N. (2021). *Youths empowerment and national development in Nigeria*. A Paper Presented at Rotaract Club of Cross-River State University (CRUTECH), Nov. 22.