

**GROWTH WITHOUT DEVELOPMENT: CONFRONTING THE
PARADOX**

By

**Professor Chika Umar Aliyu
Department of Economics,
Usmanu Danfodiyo University, Sokoto,
Nigeria.**

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INTRODUCTION:

Prior to 1970s emphasis was laid on economic growth which was mistakenly confused with economic development (Todaro, 1977). Most of the nations including both developed and developing countries struggled to maintain self-sustained growth by maintaining a high rate of saving which is channeled towards investment. Most of these nations which had experienced relatively high rates of economic growth in the 1960s realized that such growth had brought few significant benefits to the poor. Consequently, during 1970s there witnessed a remarkable change in perception against forceful pursuit of economic growth parse and emphasis was shifted to growth-cum-equity synthesis which ensures better income distribution, more employment opportunities and provision of basic human needs.

Todaro and Smith (2009) viewed that until recently development was perceived as a economic phenomenon in which gains in both the growth in Gross National Income (GNI) and per capita would either trickle down to the masses in the form of jobs and other economic benefits or enable wider distribution of economic and social benefits of growth thus, sidelining problems of poverty, unemployment, income distribution as only being secondary to pursuit of growth. This confirms the earlier erroneous consideration of economic development to be synonymous with economic growth.

As rightly observed by Seers (1972) the most vital questions to ask about a nation`s development are: What has been happening to poverty? What has been

happening to unemployment? What has been happening to inequality? If there is sharp reduction in these three indices from high level, then undoubtedly there is an epoch of development in the nation. But in a situation where at least one or more of these indices have been worsening, particularly if all the three are involved then it is strange and unbecoming to consider the result development even if per capita income doubled. This also clearly demonstrates a case of paradox between economic growth and development indicating that the former doesn't automatically leads to the latter without deliberate socio-economic restructuring and transformation.

In similar vein, Agbola (2007) observed that:

“However coined and wherever one stands in the ideological divide, it would be difficult for any one to argue that the objective of eliminating poverty, inequality and unemployment is not a desirable one. This is why emphasis today in development literature is on meeting basic needs and redistributing the benefits of growth”

Successive governments and regimes in the country ushered in various poverty alleviation programmes, strategies and projects-the latest being the Transformation Agenda pursued by the current regime. Among the previous programmes to mention but a few include Poverty Alleviation Programme (PAP), National Poverty Eradication Programme (NAPEP), Seven Point Agenda. Similarly, institutions such as River Basin Development Authority, National Directorate of Unemployment (NDE), The Directorate of Foods, Roads, and Rural Infrastructure (DFREE) but unfortunately they all failed to solve the problem of poverty, unemployment and inequality in the country.

Recently the former Minister of National Planning Commission, Dr. Shamsuddeen Usman revealed during the Workshop on Nigeria`s Gross Domestic Product (GDP) Restructuring Exercise held by National Bureau of Statistics in Abuja that Nigeria`s GDP stands at ₦41.2 trillion (\$262 billion) which ranks 36th in the world and 2nd in Africa behind South Africa (see Daily Sun, Tuesday, August ,27th, 2013).He further revealed that the GDP growth rate has averaged 7% since 2004 but paradoxically poverty has reduced by just 2% within the period.

REVIEW OF CONCEPTS:

Economic Growth and Development

Economic growth can be defined as increase in an economy`s real level of output over time. It is absolute increases in economic parameters such as Gross National Product, per capita, etc (Todaro, 1977). On the other hand, economic development is seen as a multi-dimensional process involving changes in structures, attitudes, and institutions as well as acceleration of economic growth, reduction of inequality and eradication of absolute poverty (Todaro, 1977).

FACTORS RESPONSIBLE FOR THE PARADOX.

There are many factors leading to the paradox of growth without economic development. These factors are presented below:

Lack of Human Development:

Table 1: Nigeria's Human Development Index (HDI) by Zones, 2008

Zones	Human Development Index (HDI Value)	Human Poverty Index (HPI)	Gender Development Measure (GDM)	Gender Empowerment Measure (GEM)	Inequality Measure (INQ)
North Central	0.490	34.65	0.478	0.244	0.49
North West	0.420	44.15	0.376	0.117	0.44
North East	0.332	48.90	0.250	0.118	0.42
South West	0.523	21.50	0.507	0.285	0.48
South East	0.471	26.07	0.455	0.315	0.38
South South	0.573	26.61	0.575	0.251	0.41

Source: Adapted from UNDP, Human Development Report; 2008-2009

A cursory glance at the Human Development Indicators by zones in Nigeria reveals a dismal performance in Table 1. The dismal performance could be seen across all the measures HDI, HPI, HDM, GEM and INQ.

Education is very vital in economic development pursuit that is the reason why United Nation Organisation (UNO) recommends that 26% of the government budget be allocated to education. Ironically, in Nigeria only allocate a paltry amount of 3% while Ghana allocated 20%; Bostwana, 21% (1986-1992); Malaysia, 19%; Kenya, 20% and Uganda 15%.

High incidence of Poverty:

According to the recent report from National Bureau of Statistics, Nigerians from various nooks and corners of the nation across all the six geographical zones are afflicted with poverty. This is evidently clear from Table 2.

Table 2: Zonal Incidence of Poverty Using Various Poverty Measures

Zone	Food Poor	Absolute Poor	Relative Poor	Dollar Per Day
N.E	51.5	69.0	76.3	69.1
N.W	51.8	70.0	77.7	70.4
N.C.	38.6	59.5	67.5	59.7
S.S.	35.5	55.9	63.8	56.1
S.E.	41.0	58.7	67.0	59.2
S.W.	25.4	49.8	59.1	50.1

Source: NBS(2012), Nigeria Poverty Profile 2010, p.16.

Wrong Application of Development Policies and Strategies.

Adoption of inappropriate policies and/or strategies often leads to undesirable results in the pursuit of growth and development. For instance, the wholesome adoption of Structural Adjustment Programme(SAP) further thwarted development and wellbeing of the people (Garba, 2013). SAP downsized public sector

employment from 1984 to 1992 there by retrenching more than 40% of industrial labour in the private sector. Similarly, the neglect of informal sector in favour of formal sector brought about a paradox simply because majority of the people are operating within the informal sector. Similarly the emphasis accorded to petroleum at the expense of other sectors leading to unbalanced development strategy led to neglect of the real sectors such as agriculture indicating that the country ignored balanced development strategy. Consequently, the neglect of agriculture led to the pursuit of export promotion strategy rather than import –substitution. Thus, the nation continued importing even food items with the proceeds from oil when the vast agricultural land could be used to produce food and other raw materials needed. This shows that the former is more of capital-intensive strategy than the labour –intensive strategy that characterized the informal sector.

Adoption of wrong and Controversial Revenue Allocation Formula

The nation`s revenue allocation formula as currently pursued is not welcomed by many federating states of the federation. It is at the moment shrouded with emotions and sentiments. Both the vertical and horizontal allocations are believed to be unfairly designed by Revenue Mobilisation Allocation and Fiscal Commission as against the provisions of the 1999 Constitution which mandate that allocations be done justly and equitably for balanced development of the regions and states of the country. The present 13% derivation principle enjoyed by oil producing states in addition to other privileges also create rancor among federating states.

Problem of Insecurity:

The country is bedeviled with high prevalence of insecurity and crimes of different sorts ranging from communal conflicts, religious crises, insurgences, kidnapping and arm robbery. These problems of insecurity discourage both domestic and international to investor from running their business in the country thus limiting job opportunities and expansion in economic activities

Prevalence of Corruption and other Fraudulent Practices

Corruption and other fraudulent practices have permeated all nook and corners of the nation. Many people are engulfed in the problem of corruption as observed rightly by Dantama and Aliyu (2004) that corruption has eaten deep into the moral fabrics of our society and has become so passive and intractable. There is a lot of looting, embezzlement and squandering of public properties/funds and no proper control mechanism exists to curb the menace.

Several reasons have been identified by scholars (e.g. Ajakaiye, 000, Obadan 2002, Dantama and Aliyu 2004, etc, for the unsavoury situation such as amongst other factors, too much pressure of societal expectations on the leaders, lack of proper accounting procedure, lack of accountability and transparency, etc. It is our contention that no kind of vision no matter the beauty of its blueprint can succeed in a morally bankrupt society.

Inadequate Participation of Stakeholders in Decisions and Policies

For healthy and efficacious implementation of any vision or policy, there is the need for consultation with various stakeholders ranging from the general public to NGOs, CBOS, etc. Unfortunately, the remote nature of our grassroot societies makes participation by citizen very limited. Another factor which aggravated absence or little participation as rightly observed by Agbakoba and Ogbonna (2004), was the impact of the prevalence of long period of military rule in the nation which almost demoralized and killed the psyche of the civil societies especially at the grassroots level.

Similarly, lack of adequate information for the civil societies to operate, coupled with inadequate back-up laws for civil societies to participate in governance, also limit the activities of civil societies in decision making processes at the Local Government Areas.

Lack of Patriotism Good Governance and Real Pursuit of the Nigeria Project:

Nigeria is blessed with abundant human and material resources but unfortunately what it lacks is committed, just and focused leadership that can galvanize the resources for sustainable development of the nation. Similarly, the various communities within the nation refused to sincerely integrate as one. Consequently, federalism in Nigeria throughout its history over the last five decades has always been an arrangement facing two opposing directions, i.e. the push of diversity and the pull of unity. In reality the Nigerian state seems not to exist in the psychology of average Nigerian elite. This prompted Sir Abubakar Tafawa Balewa to make the following remarks:

Since 1914 the British Government has been trying to make Nigeria into one country, but the Nigerian people themselves are historically different in their backgrounds, in their religious beliefs and customs and do not show any sign of willingness to unite...Nigerian unity is only a British intention for the country.

Similarly, Chief Obafemi Awolowo also observed that:

“Nigeria is not a nation. It is a mere geographical expression. There are no Nigerians in the same sense as there are “English”, “Welsh” or “French”. The word “Nigeria” is merely a distinctive appellation to distinguish those who live within the boundaries of Nigeria from those who do not”.

Consequently the balance of push of diversity and pull of unity in the nation as in any other place and at any given period, determines the character, survival, strength and prospect of the federal system.

CONFRONTING THE PARADOX

Macroeconomic Stability

Economic stability is a situation whereby the economy is growing without wide fluctuations (volatility) in its macroeconomic variables. Economists favour macroeconomic stability because as Gusau (1998) argued, it aids planning, promote Foreign Direct Investment (FDI), improve growth and has positive influence on the standard of living and poverty reduction. It therefore implies that,

low growth rates will have negative impact on standard of living and poverty reduction, this will in turn reduce Nigeria's chances of achieving the Millennium Development Goals of eradicating poverty by 2015 and the actualization of Nigeria's Vision 20:2020 (Dantama, 2010).

Addressing the Problem of Insecurity:

The prevalence of insecurity in the country ranging from communal conflicts, religious crises and insurgences, kidnapping and arm robbery should be addressed squarely and quickly in order to woo investors both domestic and international to invest their capital in the country so as to provide job opportunities in the nation.

Good Governance

This refers to the use of power, control and management of country's resources to achieve economic and social development. It also entails accountability, transparency and elimination of corruption (Anyanwu, 1997b). From economic perspective, good governance is concerned with norms of behaviour that help ensure that governments actually deliver to their citizens what they said they will deliver (Agbaboka and Ogbonna, 2004). Bad governance has been the bane of Nigeria's developments efforts as a nation since the era of the oil boom. Corruption has led to the diversion of resources meant for the provision of critical infrastructure in education and health. As we have argued elsewhere Dantama and Aliyu (2004), for the country to be effectively managed for economic prosperity,

leaders should imbibe ethical and moral tenets enshrined in good governance. This will retard the realization of the laudable goals of Nigeria's Vision 20:2020.

Respect for the Rule of Law and Human Rights.

Through good governance, there is room for respect for the rule of law and human rights. If rule of law and human rights are ensured, policies and projects embarked by local governments will be human-oriented, pro-poor and development-driven in nature. Where good governance is deeply rooted there will be financial prudence, consideration of due process in the award and implementation of contracts and developmental projects which would definitely have positive implications on the welfare of the people.

Effective Monitoring and Evaluation:

Good governance at Local Government level has the tendency to ensure appropriate as well as effective monitoring and evaluation of developmental projects/contracts. As observed by Aliyu and Dogondaji (2008), procurements and award of contracts at Local Government level are subjected to high risk of corruption and mismanagement. Therefore, the public should complement government accountability mechanism. Therefore, this can be done through due processes, in order to improve bidding process so that contracts can be properly awarded and monitored.

Resource diversification:

This refers to both enhancement of the efficiency of the resources at the disposal of an economy through subjecting them to alternative uses or broadening the resource- base of an economy by exploring new resources which were hitherto

hidden, under utilized or not utilized at all (Galadanci, 2009). In this paper resource diversification is operationalised to connote enhancing the efficiency of existing resources as well as discovering or exploring new resources that are untapped (*Ibid*).

Resource diversification thus refers to deliberate attempt to shift away from being a mono-resource (e.g. oil dependent economy) to an economy with many resources that are continuously being harnessed to achieve economic growth and development.

Women Empowerment.

The place of women in the overall development of the society can not be over emphasized (Agbakoba and Ogbonna, 2004). But, unfortunately, women are yet to be fully integrated into economic and political spheres at grassroots level while some of the reasons for this marginalization are cultural or religious in nature, some are mainly due to ignorance. Therefore, through good governance women can have access to education, credit facilities, better health services, etc. Therefore, where women are properly empowered there is likelihood that they will contribute their quota to economic development and nation building as well.

Human Capital Development:

Human capital development entails massive investment in education, health and nutrition. Human capital development is a key to sustainable economic growth, improving standard of living and poverty eradication. Education is an effective tool in the fight against poverty, through the provision of skills and knowledge to the poor to secure employment opportunities (Obadan, 1997). As Ekpo (2008), rightly

pointed out for Nigeria to be among the top 20 largest and developed economies in the world by the year 2020 human capital development is indispensable. Many countries that were comparable with Nigeria in the 1960s such as Malaysia, Indonesia, Taiwan, Singapore and South Korea have surpassed Nigeria as a result of massive investment in education (Obadan, 1998). This is a challenge to Nigeria's Vision 20:2020.

Designing an Effective and Efficient Revenue Allocation Formula

The revenue allocation formula is not a mere instrument (calculator) used for determining what segment of the polity gets what percentage of the so-called national cake. Rather it is more of a tool used for ensuring fiscal efficiency, social justice and political stability, which will guarantee growth and sustainable development within the context of *well-defined* national objectives.

We hope that the Commission would bring out recommendations that are all-encompassing so as to contain the aggregate views of all the stakeholders as well as individuals and groups in addition to in-depth research and the application of scientific methodology. Indeed, with the 36 States structure and the dominant influence of petroleum, there is the need for search for logical and fundamental principles of allocation designed to minimize conflicts and rivalry among the States in the Federation. It is also necessary to evolve a system capable of sustaining the nation on the path to steady economic and social transformation which is central in the Transformation Agenda currently being pursued by the federal government.

Correct Application of Development Policies and Strategies.

For any nation to enjoy the imports of development policies and strategies there has to be correct application of those policies and strategies. As mentioned earlier most of the policies and programmes pursued in the country delivered little or no benefits. Therefore the nation should know when to use balanced and unbalanced strategy; export promotion and import substitution strategy; capital intensive and labour intensive strategy. The informal sector should also be given more attention because as observed by Molla and Alam (2013) , private (first sector) and public (second sector) sector economics, both individually and collectively failed to achieve the wellbeing of human societies on the national and global levels. Consequently, the informal sector in the form of cooperatives and other social enterprises should be applied as a strategy to remedy the deficiencies of the market-state economic model.

CONCLUSION

Nigeria is ably endowed with a variety of resources but it has not been able to utilize them effectively to attain the desired sustained growth and human development. We have had failed experiments in the form of wrong policies and programmes in the past but it is imperative that they should serve as enduring lessons. In addition to factors identified for confronting the paradox of growth without development we strongly believe that committed, focused and just leadership will help a lot in fostering both economic growth and development in the nation. It is the duty of the present generation of Nigerians to achieve economic

independence and prosperity and translate them into abundance for all Nigerians on a sustainable basis.

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