SOME THOUGHTS ON THE ECONOMIC PHILOSOPHY OF THE NATIONAL ECONOMIC EMPOWERMENT AND DEVELOPMENT STRATEGY (NEEDS): PROSPECTS FOR LONG-TERM GROWTH AND DEVELOPMENT IN NIGERIA

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Abstract

This paper demonstrates that NEEDS document contains some seemingly unresolved theoretical and practical contradictions. Using the history of the collapse of the Greek City-states, the Great Depression and SAP in Nigeria as examples, it highlights the similarities in the adoption of the economic philosophy of unbridled self-seeking in times of great economic upheavals and how that inevitably produced catastrophic consequences on those societies; The paper also argues that unless the contradictions identified are resolved, it would just be practically impossible for NEEDS to provide a coherent policy platform that will empower Nigerians. The paper finally advises the authors of the NEEDS document to be mindful of the fact that when the neo-classical model is forcefully applied to a dependent capitalist economy, the natural outcome has always been a further distortion of the economic structure that reflects itself particularly in the worsening of income distribution.

Introduction

Three major factors 'conspired' to give birth to the economic management programme of the Obasanjo Civil Administration called, "the National Economic Empowerment and Development Strategy" fondly known and often referred to by its acronym, "NEEDS." The first factor is the myriad of hope that the transition from military to civilian rule brought in its wake.

By the late 1990s, economic and social indicators clearly showed that unless drastic measures were adopted to steer off the economy from the fast tract of doom, the Nigerian society was heading for a catastrophe.

The post-adjustment empirical assessment of the adjustment with growth programme embarked upon by Nigeria between 1986 and 1993 shows that adjustment with growth did not aim to confront any of Nigeria's internal, external and fiscal balancing problems of the period 1981-1985 or 1985. Instead, adjustment with growth sought to generate inflation and poverty through reduction in real wages and real per capita income, raise imbalances in the external account by increasing external debt stock, interest and debt service, and raise domestic debt and capital expenditure (Garba, 1996). Hence the call for a comprehensive evaluation of alternative policies, using models which approximate its economy, a data set that is credible and priority ranking methods that clearly contemplate all the economy-wide effects of policies on its problems and targets (Soludo, 1996; Garba, 1996).

These factors combined to provide theoretical as well as practical context within which the NEEDS was formulated and launched by President Olusegun Obasanjo in June 2004. It will be instructive to emphasize that the formulators of the reform programme saw NEEDS as an 'original' medium-term plan (2003 - 2007), a home-grown poverty reduction strategy (PRS) founded on a clear vision, and enduring principles designed and executed by Nigerians. And nothing else!

This discourse examines the economic philosophy of NEEDS and analyses its implications and prospects for the long-term growth and development of the Nigerian economy. The first part sheds light on some key conceptual issues. The second part examines the major elements of the economic philosophy of NEEDS. The third section takes a critical swipe at each of these elements; the private sector in Nigeria, harmony of interest assumption, the concept of growth and development and popular participation. The next part then draws lessons from the history of the Greeks, the Great Depression and SAP in Nigeria, demonstrating their similarities in the adoption of the philosophy of unbridled self-seeking and its economic and social consequences on those societies. Some policy recommendations and concluding remarks are in the last part of the discourse.

Conceptual Issues

Perhaps the right point to start our discussion is to ask and seek answer to the question, *what is economic philosophy*? One of the ways to decipher the meaning of economic philosophy is to decompose the compound term into its component parts, namely philosophy and economics. First, what is philosophy? Philosophy is essentially a reflective activity. Philosophizing is reflecting on human experience in search of answers to some fundamental questions. As man takes a reflective look at himself or the World around him, he is filled with awe, and some fundamental questions arise in his mind. When he reflects on these fundamental questions in search of answers, he is philosophizing (Omoregbe, 1985). In tracing the history of philosophy, it is possible to delineate two fundamental approaches to its study namely analytic or conceptual and speculative. Philosophy is, hence, the wholesome examination of fundamental concepts of human inquiry, the description of the nature of reality and the subjective deliberation of how man's thinking and action should function.

The next pertinent question is: what is economics? A widely acceptable definition of the subject is one given by Robbins (1952), which states that economics is a science which studies human behaviour as a relationship between ends and scarce means which have alternative uses. Economics as a science has the potential to practically impact on the lives of people and nations. Perhaps the state of the modem world may have been affected more fundamentally by the use of economic knowledge than by any other fields of human endeavor (Roy, 1991).

Now, when we combine our understanding of the two terms, philosophy and economics, we can make an explanatory statement regarding the subject of this discourse. Thus, economic philosophy can be said to be interested in analyzing and clarifying the intellectual foundations of economic theory, propositions,or policy recommendations. It seeks to understand the reasons behind the choice of methodology, theoretic categories, analytical terms and concepts, the criteria for the acceptance and rejection of alternative explanations or propositions or setting the standard that will help to discriminate between the 'wheat and chaff by the 'philosopher' or scholar who is making the propositions/policy recommendations or providing an explanation of an economic phenomenon (Blaug, 1980; Boland, 1989).

The Economic Philosophy of NEEDS

The guiding philosophy of NEEDS is clearly stated in Chapter Two of the NEEDS document where the vision, values, and principles of the programme are enunciated (NPC, 2004: 27-28). The agenda for the reinvigoration of the private sector is clearly set out in the document (NPC, 2004: 12). Also, the fervent conviction in the private sector-led development is explicitly indicated in Chapter Seven of the document (NPC, 2004: 63-64).

With this economic principle, the NEEDS expects the private sector to take a 'more pro-active stance' in creating productive jobs, enhancing productivity levels and on the whole in improving the quality of life of the people, through: (1) the utilization of opportunities made available for rapid and sustainable growth of a diversified economy, with a modem agricultural sector, an export-led industrial sector and an efficient and competitive services sector in line with the nation's comparative advantage; (2) seriously working to expand the export base and be internationally competitive by improving the quality of products and services, using the skills and professionalism of local human resource; (3) the transformation of the structure of the economy, by way of supporting research and development (R and D) in focal economic sectors and through significant enhancement of the potentials of Nigeria to meet the demands for domestic production and consumption, as well as adapt to changing pattern of supply, demand and competition and engender the development of strong linkages across the economy; (4) the rapid implementation of the Local Content Policy especially in the extractive and construction industries sub-sector, by forming business partnerships/linkages that engender transfer of technology process; and (5) the preservation of the environmental resources (air, water, land, etc.), and maintaining environmental balance (NPC, 2004: 66).

The overall philosophy of NEEDS is therefore no less *Smithian* in origin than it is neoclassical in advocacy. The Smithian economic philosophy argues that individuals' (or for want of modem semantic equivalent, the private sector) pursuit of self-interest is often not only consistent with the broader social objectives but actually even required by them. Wholly unaware of the effects of their actions, self-interested individuals often act as if driven by an *invisible hand* to produce opulence and

the greatest social good. Smith (1910) eloquently buttresses this point in his oft-quoted passage in the *Wealth of Nations:*

> It is not from the benevolence of the butcher, or the baker that we expect our dinner, but from their own interest. We address ourselves not to their humanity, but to their self-love, and we talk to them not of our necessity, but of their advantages.

In other words, as long as the activities of the State do not obstruct, the *invisible hand* (the harmonizing of individual profit-maximizing actions with the social good through the operation of competitive market forces) is sure to improve the economic condition of the society steadily. Five conclusions can be drawn from this premise: One, everyman has a 'Scotchman' in him. This is to say every individual is most likely to act on the basis of self-interest. This premise is incorporated in the classical and neo-classical economics by giving it the name of economic rationality. To try to serve one's own interest is being rational.

Two, because everyone wants to improve his condition by safeguarding his existing interests, he is wont to further them also, if possible.

Three, everyone is the best judge of his own interest. The State or any other agency is not competent to judge that on behalf of others.

Four, the interests of different economic units do not *necessarily* conflict with one another - they go in harmony or in consonance. The different motives of human action are *so carefuiiy hahme&i that the* 6enefTf of one couM not conflict with those of others, so long as the society was not riddled with artificial barriers such as State regulation and existence of monopolies. The pursuance or promotion of individual self-interest furthers those of the society, also. Thus, the working of the invisible hand leads to the benefit of the society. For, there are certain instincts which lead individuals to act and create certain institutions which are not only spontaneous but also necessarily beneficial to the society (Bhatia, 2001). Therefore, individualism in which individual instincts, self-interest and decision-making predominate should be allowed free play, for as long as opulence is bound to grow, so does nation's wealth.

The underlying philosophy of the deregulation of the Nigerian economy or its component segments is the belief that factors of production, goods and services are optimally priced and allocated when their prices are freely determined in a competitive environment (Igudia, 2003).

Reflections on the Economic Philosophy of NEEDS

On the Private Sector in Nigeria: It can be said, and correctly too, that the main hub of NEEDS is the private sector. Now let us take a .look at the *Nigerian* private sector, especially against the backdrop of the assumptions often made but not explicitly stated whenever the concept (private sector) is mentioned in policy documents. Theoretically, there are three critical assumptions behind the belief in the efficacy of the private sector-led development namely, perfectly competitive market operations and the existence of level-playing ground, the existence of 'risk-takers' or an entrepreneurial class, and responsiveness to price signals by economic actors.

Against this background three interpretations of the Nigerian private sector can be discerned. Evidently, there are three groups in Nigeria contesting for recognition as the private sector. The first is one that is better known by the English cynical contraption, 'the organized private sector'. It is a group of 'manufacturers' or their agents, some owners of small and medium scale enterprises, traders, vested interests in money and finance, agriculture, transport and mining/oil, contractors and commission agents-cum businessmen, that come under several trade umbrellas such as the so-called manufacturers association of Nigeria (MAN). One characteristic feature of this group is that though they operate consumer and intermediate goods factories all around the country, their major strength is not in the classical entrepreneurial skills but in the high networked links/connections they have with well-placed individuals in government. They collaborate with their 'business partners' in government to get fat and juicy contracts, serve as commission-agents and fronts to corner any fall-out of government policies, like selling off of the remaining government shares in privatized public corporations, on behalf of highly privileged public officers, and so on. The interests of this group are well entrenched in the Nigerian economic and political system, to the extent that its influence is

cynically,, though aptly, referred to as *vested interests.* Again, what can be said of them is that the activity of the members of the group is n'ot driven by any classical entrepreneurial spirit or economic nationalism; it is essentially parasitic and rent-seeking. Now, the question is, if this is the private sector that NEEDS hopes to reinvigorate, then it is not out of place to say, we would be expecting too much from the programme.

With the progressive marginalization of the indigenous industrial base over the years by the influx of foreign companies, especially the multinational companies (MNCs) in the oil and gas businesses, another interpretation of the Nigerian private sector is plausible. With the powers vested on them by the Companies and Allied Matter Decree (and all its subsequent amendments), these global concerns can be said, by any stretch of the meaning, to be entitled to all the rights and privileges any indigenous company does have (even the right to be considered as part of the Nigerian private sector!). Now, if we are to consider the MNCs as part of the Nigerian private sector, some observations regarding their characteristics can be made. MNCs, by virtue of their capacities (management, financial muscle, entrepreneurship, technology and skill), certainly dominate the economic landscape of Nigeria by setting the standard of efficiency in resource utilization, technology acquisition and application, pricing and marketing of commodities in the economy. Viewed from this vintage position, it can be rightly said that *this* 'Nigerian private sector' possesses the required ingredients of a truly classical private sector that NEEDS hopes to work with in its desire to make Nigeria the foremost economy in Africa and a leading player in the international economy by the middle of the twenty-first century.

However, a pertinent question to ask is, can this private sector be trusted to work in partnership with the State in achieving the aspirations, social and economic goals of the Nigerian people? Is the pursuance of the economic interests (which is primary) of this private sector congruent with the social objectives of people of Nigeria at large in this circumstance? Historical experience tends to place the answer to this question in the negative. The first observation: although MNCs provide capital they often lower domestic savings and investment rates by stifling competition, failing to reinvest much of their profits, generating domestic incomes for those groups with lower savings propensities, inhibiting the expansion of indigenous firms who might otherwise supply them with intermediate products by their practice of importing these goods from overseas affiliates, and imposing high interest costs on capital borrowed by host economy (Cohen and Daniel, 1981; Castro, 1983).

The second observation: although the initial impact of MNC investment may be to improve the foreign exchange position of the recipient nation, their long-run impact often reduces foreign exchange earnings on both current and capital accounts. The current account may deteriorate as a result of substantial importation of intermediate products and capital goods while the capital account may worsen because of the overseas repatriation of profits, interest, royalties, management fees, and so on (Todaro, 1982).

Thirdly, while MNCs contribute to government/federal revenue in the form of corporate taxes, they can also diminish that revenue as a result of liberal tax concessions, investment allowances, disguised public subsidies and tariff protection provided by host government (Baskin, 1985).

The management, entrepreneurial skills, technology and overseas contact provided by the MNCs often have little or no impact on developing local sources of the much-needed skills and resources and often times inhibit their development by stifling the growth of indigenous entrepreneurship as a result of the dominance of local markets (Gavin, 1981; Gana, 1986).

A salient feature of the Nigerian economy is the vivid prevalence of the so-called informal sector. The contribution of this sector to employment is quite significant. Studies show that the total employment generated by the sector was 12.4 million! (CBN/FOS/NISER, 2001). Several reasons have been adduced to this phenomenon. More individuals are being pushed into this sector following the incessant waves of retrenchment and shut downs that have characterized structural adjustment and the inability of the formal sector to absorb the large numbers of graduates and school leavers produced annually from primary and secondary schools as well as tertiary institutions (Jerome, 1996). It has been argued that the growth of the informal sector in Africa generally can be traced to the determination of Africans, denied easy access to vital credit to establish enterprises to sustain themselves, whether in small-scale industrial Droduction craft anP

1994). It has also been remarked that the entrepreneurial spirit of Nigerians in the informal sector is arguably their greatest economic asset, yet outdated regulations and inappropriate policies are persistently been churned out by successive governments that continue to strangulate small businesses (World Bank, 1996).

With this background of the informal sector in Nigeria, we can hazard another interpretation of the Nigerian private sector. Now, if the main fulcrum of incubating the 'Nigerian private sector' by NEEDS is the nurturing and development of the informal sector as well as the small- and medium- scale enterprises (SMEs) in Nigeria, then we can say that the strategy to drive the country along the path to another industrial miracle or wonder, the *African Miracle*, is right on course. However what should worry any student of development economics is the too-much emphasis or reference to SMCs in the NEEDS document to the seemingly benign neglect of the informal sector, which seems to be more critical to the success of NEEDS. And if by design or omission, the contrary is the case, then it may well be imperative to emphasize that from the economic history of industrialized countries of the North as well as those of the industrializing countries of Asia and the Latin America in the South, the *African miracle* will remain a pious hope or a day-dream unless of course there is a development paradigm shift nurtured by a strong State and a purposeful and committed power structure. Resolving these seeming contradictions is critical as it will greatly improve the workability and success of the NEEDS reform agenda.

The Question of Harmony of Interests

We have seen above that one of the implicit assumptions made by NEEDS is similar to the one often made in orthodox economic textbooks namely, that the need for a discussion of class and group interests and its importance to present-day reality should be ignored; and hence the neoclassical position, that the summation of individual pursuit/interests is consistent or harmonious with the social matrix of the inspirations, goals and yearnings of the citizenry. This is derived from contemporary sociological analyses of class/group distinctions in the descriptive use of the term. Class/group distinctions is all about inequality. Members of the different classes or interest groups are seen to possess or not to possess various attributes or to have various degrees of them. For instance, members of the *middle* and *upper* classes are seen to have more money, more and *better* education and more status than members of the *lower* classes. They are also found to have various consumer durable goods which members of the lower class do not. Hence class or group has been a variable in the empirical studies of sociologists and economists, which has meant that study of the relationship of dependence and exploitation between the rich/capitalists and the poor/workers/peasants/artisans, arising from ownership of the means of production is neglected and a distorted presentation is rather given (Beutal, 1979).

In advanced capitalist or even dependent capitalist system like Nigeria, the relationship between the dominant class/interest group and the subject classes/interest groups is necessarily not harmonious. This can be shown at face value by pointing out that wages and salaries/cost of materials are a cost to the employer of labour and user of production materials but a source of livelihood to the employee and suppliers of primary production materials. It is in the interest of employers to keep the costs of production low, but it is in the .interests of employees and suppliers of primary production materials to sell their labour-power and materials at the highest possible price. They are therefore in basic opposition. They also share certain interests, for example in keeping the economy going as it provides employment, source of livelihood as well as profits. The dominant class through the ruling elite, appeal to this short-run identity of interests and emphasize the need for both sides to pull together - here lies the source of the 'harmonious co-existence' thesis in neo-classical analysis and NEEDS. This rhetoric is effective precisely because the identity of interests does exist in certain aspects and in the short term; and members of the subject classes/interest groups are easily influenced by this ideology of common interest (Beutel, 1979).

Every dominant group will represent its interests as the common interest of all members of society, in the final analysis clashes of interests between the various classes in the society will incessantly rear its monstrous head as the history of the battle between the Nigerian ruling/dominant class and the organized trade unions of employees under the umbrella of the Nigerian Labour Congress (NLC) is teaching us.

On Growth and Development: In assessing Nigeria's development challenges, the NEEDS appears to have adopted the conventional view of growth and development (NPC, 2004: 20). It analyses the problem of development in terms of various obstacles which have prevented the economy from growing. It sees, for example the shortage of capital formation in terms of a 'vicious circle' of poverty in which real incomes lead to a low level of savings and a low level of effective demand, which in turn leads to low investment rates. Since investment rates are so low it is impossible to provide more advanced tools and machinery so that underdevelopment is perpetuated and the circle closes in. Underdevelopment, seen from this prism, is therefore as a result of Nigeria being left behind on the journey to industrialization, and not a manifestation of the organic contradiction between the interests of the advanced countries and the other members of the capitalist world system. A critique of this theoretical premise should start from the concept of underdevelopment.

By this line of reasoning - concentrating on the quantitative aspects - NEEDS seems to have ignored a crucial difference between the advanced countries, where capitalist relations of production have become universal, and the underdeveloped Nigeria, where this is not the case. The theoretical premise of NEEDS, being essentially neoclassical and n-historical, has no concept of mode of production and therefore is unable to recognize this significant difference. The NEEDS's view of development suffers from two methodological defects which underlies its inadequacies.

Its lack of a historical perspective leads to the implicit assumption that underdevelopment of Nigeria has its origin in its colonial and neo-colonial subjugation, hence leading to the mechanistic analysis of the vicious-circle-of-poverty type, which though it sheds some lights on the peculiarities of underdevelopment, cannot explain the underdevelopment and the prospects for genuine development.

The lack of an international perspective and the emphasis on nation-states as the unit of analysis obscures the existence of a world economy and the role played by the relationships between advanced and underdeveloped countries, like Nigeria, in creating and perpetuating underdevelopment.

On Popular Participation: The insistence (NPC, 2004: 12) that people should participate in the NEEDS "debate' is no doubt commendable. This is consistent with the belief that a policy or programme that is meant to impact real economic and social gains on the people should not only be subject to national debate but its final draft, a product of popular consensus. Even though the 'debate' has since kicked off, however its *modus operandi* leaves much to be desired. In this regard, suffice to say that three observations are noted. One, the debate has been restricted to academic circles, conferences, seminars and official public government or private sector fora. The 'debate' is yet to see popular participation of the 1985/6 Political Bureau type, where workers, market women, farmers in the rural areas, operators of the informal sector and SMEs, and students participated.

The authors of NEEDS should be reminded that there has been a gradual paradigm shift in the methodology of development planning (Griesgraber and Gunter, 1996). Less and less emphasis is now being placed on the top-bottom approach to planning, a situation in which the conceptualization, articulation of policy interventions by technocrats, experts and public officials are done at the top level of planning hierarchy (usually with open disregard for knowledge and experience of the people at the lower rungs) and the implementation is forced down the planning ladder. Such approach has been shown by experience to be ineffective and counterproductive to development goals and objectives. For instance, the World Bank (2002)

Going by public skepticism and cynicisms that rent the air regarding the NEEDS as a recovery strategy, the bitter truth remains that, so long as the majority of Nigerians do not see the programme as a truly indigenous development programme, a recovery package that is indeed the outcome of their collective bargain, its implementation is likely to be another futile effort in Nigeria's struggle to join the club of developed nations, regardless of all the claims and pretensions that the NEEDS document could made of the popular support it enjoyed during its preparation. If NEEDS must succeed the participation of Nigerians from the President down to the common man in the village in the articulation right through every minute detail of it implementation is imperative.

Lessons from History

Philosophy has always been the battle ground for intellectual ideas in favor of one worldly interest or the other. Indeed, the history of man's philosophical engagement has been largely the history of contest between those who stand for common interest and those who stand for freedom and pleasure of the individual. Social cohesion and individual liberty, like religion and science, are in a state of conflict or uneasy compromise throughout human history. From the golden age of the feverish Greek thinkers to the post-medieval period of economic classicism, down to the Keynesian revolution and the aftermath of the dissenting schools and the neoclassical revival, philosophical treaties and economic theorizing have largely followed this tradition.

Historically speaking, theorizing has always been informed by the ideology and tyranny of the dominant class or by the ideology and resistance of the oppressed rungs of the society. Explanation of worldly and extraterrestrial phenomena and propositions to social and economic problems made by existing philosophies tend to either justify or challenge the status quo, and in most cases come with unpalatable repercussions for either the dominant or the oppressed segment of the society. Cases in the social and economic history of the Greeks in antiquity, the western world and Nigeria in the twentieth century seem to buttress this assertion.

Greece and the Pursuit of Self-interest

The Greek philosophy was largely one that encouraged social cohesion. In Greece, social cohesion was secured by loyalty to the City State; even Aristotle, though in his time Alexander was making the City State obsolete, could see no merit in any other kind of polity. Greek thought down to Aristotle was dominated by religious patriotic devotion to the City and its ethical systems had a large political element (Russell, 1991).

The production technology was in the main dependent on the labour of slaves and commoners, which meant increasing social wealth and happiness through the expansion of the production possibility frontier (PPF) was possible only through acquisition of slaves via military expansion and conquests. The political constitution was democratic. Now, after the death of *Pericles*, democracy suffered. The Peloponnesian War further wrecked havoc on the social fabric of the Greek society. The rich and the poor were busy cutting each other's throat in the name of the same immutable justice, and the assembly and the Law Courts were swayed from day to day by contradictory and reversible passions and prejudices in the name of the everlasting right and truth (Fuller, 1964). The main source of labour for social production was drying up as the slaves and barbarians were revolting and smashing the economic and social basis of the Greek City-States.

Under such unstable political, .economic and social conditions, there arose a class of philosophers, known as the *Sophists,* devoted to the teaching of rhetoric in the art of persuasion and the mastery of which worldly success depended. In order to prepare their pupils for success in the rough-and-tumble of business and life generally, they preached unbridled self-seeking. This habit turned the *Sophists* into servants of the dominant class, and allied them with the classes against the ordinary people, since naturally they put themselves at the disposition of the highest bidder. Perhaps the worse part of the charge against the *Sophists* lies in the accusation that they were 'corrupters' of youth, especially the future rulers who formed the bulk of their students (Fuller, 1964). Though other factors might have contributed to the demise of the Greek City-States, the promotion of the philosophy of self-serving by the *Sophists* played no less a fundamental role; for in a stagnant economy with a diminishing slave production technology, promoting extreme individualism, encouraging the rich and the privileged to corner more of the existing social wealth as well as the disregard for an ethical code that bonded the society together, social tension and economic anarchy were bound to ensure. Hence, by the close of the fourth century, the break up of the Greek City-States produced not only physical, economic and political insecurity but also a moral vacuum.

The Great Depression

That the reliance on the spirit of ultra-individualism in economic theorizing and the belief that the economy has an internal self-adjustment mechanism which is capable, after a period of depression, of restoring full employment equilibrium contributed largely to the collapse of the Gold Standard and the Great Depression of the 1930s is no longer news. Needless to say, the experiences of the United States of America (USA), England and much of western Europe during the **1930s** cast doubt on the rationale behind the efficacy of the *invisible hand*, the ability of private enterprise economies to restore full employment through the operation of market forces. Which is why in his *General Theory> of Employment, Interest and Money*, Keynes (1936) challenged the validity of the neoclassical theory that an economy characterized by flexible wages and prices will have strong equilibrium balances. Decades after, in his presidential address to the American Association in 1976 Gordon (1976) reminded his colleagues of the futility of neoclassical theorizing for the less developed economies of the South: the accepted province of neoclassical theory has meager room for the collective interest of the society or the distribution of wealth given its emphasis of individual accumulation. Yet the success of NEEDS still hinges upon such a premise!

The Structural Adjustment Programme (SAP) in Nigeria

The core of SAP was neoclassical liberalization; that is the reliance on market mechanisms for resource allocation in the economy as against administrative controls. The policy implications flowing from this premise were consistent with the laissez-faire conditions of no government interference; little or no public investment, no exchange and price controls, and so on. It was thought, therefore, that SAP would work through market forces to eliminate these imbalances and distortions with little or no effort of government. The question then is how successful was SAP in achieving this goal?

Several studies have shown the existence of gaps between expected results of SAP and its actual results. In fact, Odejide (1996), Garba (1996) and Toyo (2002) show that the overall social costs of SAP far outweighed its economic gains, thereby casting doubt on the prospect of NEEDS (which has not only been conceived within the same theoretical premise but has similar goals and objectives) to generate any meaningful benefits to the Nigerian people.

Recommendation and Conclusion

The planned implementation of NEEDS in a structurally weak socio-economic system as Nigeria should give anyone who is genuinely interested in the future of this country the creeps. Both the individual and the cumulative effects of the reform policies will no doubt have far-reaching sociopolitical consequences both in the medium- and the long-term which call for close study. In recognition of this, we therefore recommend the following:

1. For NEEDS whether in the macro- or micro- sense should be based *firmly* on the detailed knowledge of distortions and on the analysis of the likely consequences, socio-economic or political of attendant changes in the Nigerian economy.
2. The persuasive arguments for liberalization notwithstanding, responsible policy makers should judge the consequences before pressing ahead with it. The case for particular reforms should be made after careful analysis, rather than on assertions propelled by some narrow class/group interests otherwise there would not be any sense in drumming for popular support for NEEDS.
3. Each component of the reform agenda should be properly studied as their implementation may have political and social repercussions which though far removed from the purview of the NEEDS document and its authors at the conception stage could be more germane and counterproductive in the future.
4. The challenge that all these pose to us, first as social scientists then as economists living and working in Nigeria, is the need for a thorough study and understanding of the workings of our socio-economic and political system; as well as have a realistic vision as to the direction the society should be heading. Such studies should help bring to its forefront the undesirable elements in our policy matrix. Or else we may be imposing unnecessary severe short-run costs for unknown and clearly doubtful long-run benefits on the teaming people of this country.
5. Without resolving, among others, all the contradictions examined in this discourse, it would just be practically impossible for NEEDS to provide a coherent policy platform that will bestow economic power as the central link between income inequality or poverty and the character of economic development.
6. The authors of the NEEDS document should be mindful of the fact that when the neo-classical model is forcefully applied to a dependent capitalist economy, the natural outcome has always been a further distortion of the economic structure that reflects itself particularly in the worsening of income distribution. This in turn leads to the continuous concentration and "reproduction" of power in a few hands whjch has grievous social and political repercussions for the entire society.

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