

*PRE-BUDGET 2002 SEMINAR  
FEDERAL GOVERNMENT OF NIGERIA'S YEAR 2002 BUDGET  
THE STAKEHOLDERS VOICE*

*TOPIC:  
EXPECTATIONS ON SOCIAL INFRASTRUCTURES FROM THE  
FEDERAL GOVERNMENT OF NIGERIA'S YEAR 2002 BUDGET*

*ORGANISED BY:  
PRICewaterhouseCOOPERS (PWC)  
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*PRESENTER:  
REV. PROF. DR. OBIORA F. IKE  
DIRECTOR  
CATHOLIC INSTITUTE FOR DEVELOPMENT JUSTICE AND  
PEACE (CIDJAP)  
CIDJAP@INFOWEB.ABS.NET*

## 1. INTRODUCTION:

In extending an invitation to me as guest speaker at this Pre-budget 2000 seminar aimed at assisting national economic planners and the executive arms of government to correctly reflect the aspirations of Nigeria's stakeholders in their budget preparation, and therefore enhance the quality of their work, the Seminar organizers, namely the PRICEWATERHOUSECOOPERS (PWC) which is the world's largest professional services organization, specializing in the provision of leading edge business advisory services to top tier companies and government agencies specifically stated that the main purpose of this seminar is:

*“To provide a forum for stakeholders to articulate what they believe are the right things to do in order to set Nigeria on a path of sustainable growth”.*

Specifically, the seminar seeks to:

- 1. Harvest stakeholders' expectations from the year 2002 Federal Government Budget,*
- 2. Convey stakeholders' expectations to the Federal Government for consideration and reflection in the year 2002 budget, and*
- 3. Establish a basis for evaluating the quality of the year 2002 Federal Government budget*

These aims, noble and praiseworthy as they are, seem also ambitious. Can we as stakeholders identify these “right things” that Nigeria may do in order to set the nation on a path of sustainable growth. What are they? How do we know them? In the field of economics, theories abound and are filled with competing values, systems and operators. We have been taught that economics is the science of freedom of choice among opportunities. Tastes are many and satisfying them knows no bounds. Only when there is production in quantity and then in quality could we be sure that human beings are at work and that both supplies and prices are within people's purchasing range. Production means that labour, land, capital, resources, services and the human person are not idle. In such a situation, the demand and the supply would determine the market and the prices of goods. Aristotle, the ancient Greek thinker described Economics as the “management of the household” and the “management of scarce resources” in freedom.

There is a right way of doing things. There are right things to do in order to set Nigeria on a path of sustainable growth. Freedom and a sound economy cannot grow; it cannot even survive, in every atmosphere or clime. Freedom needs clean and healthy habits, sound families, common decencies and fundamental respect of human beings for one another. Freedom requires the exercise of conscience. Can there be a free society among citizens who cheat, who do not work hard, who are untrustworthy, who flout the law, who prefer to live as slaves, content in their dependency so long as they are fed and entertained? From fidelity to truth, inner liberty is wrested. The taste of the pudding however lies in the eating. Lies have short legs and vice is not sustainable.

Modern thinkers have worked out as neither the ancients nor the medieval philosophers did, that this freedom has three dimensions. It is the three practical principles of the free society: Free in its polity; Free in its economy; and Free in the realm of conscience and inquiry. This is the challenge facing Nigeria. It is the challenge of national development planning which is the sure path to social and economic reconstruction. People centered development and people's participation in their own development seem key elements in this endeavor. There is also the search for the Basic Needs Approach in satisfying simple people's wants. Doing first things first must necessarily stand out as an agenda for a developing economy to thrive and to survive the global competition and intrigues of the present. There is no other viable option, if history would be a good measure for our guide. And the proverb has it that "experience is the best teacher".

There is nothing as practical as a good theory (Kant). No wonder, when the planned economic system claimed superiority over the liberal market economy, time was only what was needed before the truth surfaced. The claim that communism is morally superior to capitalism, and better for the poor has been proved to be empty. It did indeed pave the way for serfdom. Even for those unsure whether there is a God, a truth is different from a lie.

In this paper, I shall speak from the point of view of social and economic ethics, which is my area of specialization, and therefore give some theoretical and practical references in our attempt to respond to overall aim of conveying the Stakeholders voice. My own topic is to address the "*Expectations on social from the budget on social infrastructure from the Federal Government of Nigeria year 2002 Budget*". The time has surely come to ask this question in a serious forum such as this to avoid the continuous drift of the polity and to face the issues that emerge squarely in the face for the common good of our people.

## **2. THE STAKEHOLDERS:**

Stakeholders in Nigeria's Social and political Economy are varied and extensive- they include everybody, from the PEOPLE, the citizenry to the aliens who need Nigeria's market and potentials both on the African front and the larger world. They include institutions of the capital markets and financial institutions on both national and international frontiers to the money markets within our shores of whatever shades including private sector businesses, small and medium scale entrepreneurs, community based organizations, micro finance institutions, banks (whether central, government, commercial or community), retailers of financial goods and services, consumers of the products of the economy and the manufacturers; policy makers, politicians, law makers, the executive arm of government at the local, state and federal levels as well as the operators and implementers of these policies on behalf of government such as civil servants, the organized labour and the legal and judicial systems which guarantees the rule of law; they include investors, the traders in the commercial sector, the industrialists, the faith community, the international donor and development agencies, world financial institutions, the research institutes and to a large extent, factors beyond our sovereign boundaries namely – the current trend of globalization of goods, services and values.

Stakeholders are an extensive concept. The word covers the seen and unseen hands in a macro and micro economy. It bears within it a complex relationship because the interest groups are different, the backgrounds are different and the articulations are often contradictory. Without a forum for collaboration, the stakeholders may be the losers on the run due to lack of the principle of solidarity.

Concerning the Federal Government of Nigeria national development plan which often is articulated through the annual budget, one needs, in the context of Nigeria, *a rational consistency, principled positions, extensive vision and knowledge of the developments on a global scale and a flexibility that is able to accommodate and yet give orientation, value and ethical primacy*. No economy may thrive on the cult of mediocrity, ethnicism and political slippery inconsistency. This is one reason for the budget as a guideline.

### **3. DEFINING RESPONSIBILITIES OF GOVERNMENT AND STAKEHOLDERS PARTICIPATION IN THE ECONOMY**

Nigerians await with great expectation the budget speech with almost breathless patience. Every year, the period around the preparation and presentation of a budget to the citizens of Nigeria appears as a “season of great expectations”. There is great excitement and to some extent uncertainty among the citizenry. Unrealistic and unrealizable hopes are raised. If delayed, lull sets into the market and scarcity and price hikes are consequences. The impression is given that all our problems will evaporate when the Budget, seen as Messiah is announced. Yet the facts as we know them in our history tell a different tale. After 41 years of Nigeria’s history, with national development plans and budgets jettisoned, we are better informed. Contradictions and fluctuations of the budget thrust of the previous year are almost like a normal event in Nigeria. Economic policies are raised, jettisoned mid way during the budget year and even completely contradicted.

If the reading of the budget speech by Mr. President is delayed a little in the month of January or prolonged, the entire life of the nation may even come to a halt. Scarcity and high prices sent in to fill the gap of speculation. Upon the budget rests unfortunately and falsely too, the price of garri, rice, yams, fish, suya, food stuff of all sorts, imported material, Tokumbo and textile materials, building materials and of course the business of banks, the foreign exchange, the value of the Naira and even travels. Manufacturers, importers, trade unions, civil servants, contractors, builders, students and agents of the financial, social and political fabric of the nation come to an almost grinding halt waiting for the budget as if it is the expected “Messiah”. Travels and otherwise economic and social activity, including the hoarding of fuel and other goods and services depend on the few pages read by Mr. President and the follow up explanations given by the honourable Minister of Finance.

For several years, our country and her citizens have continued to live under the false alarm and tension of the expected budget speech. Many businesses have been ruined in the process and life has continued to become harder and harder for our people. Not only that the expected budget does not show drive, insight, economic profundity and

consistency, the confusion of the operators, the interpretations given to it and the implementation of the budget proposals remains one of the greatest mirages and illusions which our nation faces for the past 41 years of her post colonial independence.

An example is when a budget speech read in early January of a new year proposes tariff reduction or increment for an item such as imported cars. By mid year, the said tariff may not have become operative because the officers of the Nigerian the Customs Services are yet to receive the memo on the operational guidelines of the said budget and the relevant officers and staff of both the federal institutions and others responsible for the budget implementation keep on saying that the budget is “on the pipeline”. The consequence is that the budget vision is not implemented and confusion takes place. Everyone blames everyone, “passing the buck” and it is still surprising to me that no one takes the responsibility of failure in our country. Many suffer, especially the poor. The economy is maladjusted. Investors are made unsure. Government loses credibility and cynicism sets in. Examples abound such as the much talked of “National poverty Eradication Programme” (NAPEP) and its previous precedents, which are failures.

My first position with regard to expectations from the budget on social infrastructure is to state that we need Government to provide for the “Common Good” of the people. But the people themselves are the original bearers of governmental authority. The original bearer of governmental authority according to Catholic Social Teaching is “the nation as a whole, that is, the politically unified national group”. The tasks of governmental authority, namely legislation, executive power and administration of justice arise from the end of the State which include:

1. *Protection and fostering of the Moral Order*
2. *Promoting the welfare of the citizens*
3. *Guaranteeing internal security and the rule of law*
4. *Guaranteeing external security in the Community of nations*

The State however is “*not the presence of God*”. *The State stands in the service of order. It is the supreme guarantor of the common good founded on might and right and power. The power of the State must therefore be uniform, comprehensive, sovereign and coercive. In Nigeria, as in many other countries, Government has assumed or rather usurped every imaginable role of the citizenry in our country, creating the impression that individual and collective responsibility of the members of society may not necessarily count.* Government is looked upon almost as “almighty God” for the solution of our myriads of problems providing all amenities. We all want a decent society, and we know that it costs money and other resources to build it. Furthermore, we don’t trust our governments to spend the money the way we want it spent.

My thesis is to state that a “*servant government*” should provide the infrastructure of life, not its superstructure, but should tilt that infrastructure to make it more accessible to those who have fared less well in the market economy or who might do so in the future. To build on the infrastructure remains the individual’s and civil society’s personal and group responsibility.

Exercising that responsibility is what gives life its meaning. Any attempt to do it for us is well-meant theft, even if it means that, left to ourselves, we live our lives badly.

**The first task** must, therefore, be to work out what is meant by the infrastructure of life in modern society, what should be left to the individual, to communities and groups and how the infrastructure should be tilted. *Governments, which think it right to control and administer half of a country's annual income themselves, have probably got the balance wrong.* Restoring a proper balance is likely to be the most important social change in our country and will be one change where government has to lead rather than follow. You cannot take away responsibility from the people at the level of their own competence. This is the principle of subsidiarity, much proudly invented and articulated by Catholic Social Teaching.

Many Western Governments have now realized that they have walked to the edge of a cliff and that they if they continue as they are, they will fall into a bottomless pit because their promises far exceeded their ability to pay. This is the problem also with Nigeria. As a result of this impasse, every government is being forced to return responsibility to its citizens.

The first step backwards from the edge has been to get rid of all activities, which they shouldn't have been anyway, *running businesses which the private sector could run perfectly well, and usually better.* It helped, of course, that the proceeds from this privatization went into state coffers, reducing the money, which they would otherwise have had to borrow or raise from taxes.

A servant government must also be under the control of its citizens if it to be a proper servant. Charles Handy in his much-celebrated book: *"Hungry Spirit"* has made a compelling argument concerning the false expectations on government and the right way to do things.

*"Information – the right to know what is going on – Involvement – the right to participate in decisions rather than leave it all to "them" –and Individuality – the right to certain freedoms and protections from that government – are the three essentials of proper citizenship. Governments which say "elect us and leave it to us to act, always, in your best interests" are turning democracy into elected paternalism or, less generously, into an elected dictatorship."*

*(Charles handy, Hungry Spirit, p. 232)*

Responsibility, which is, exercised once every four or five years in a polling booth is so minimalist as to be meaningless. Since, under that system, citizens cannot make much difference to anything, they might not as well get involved or, if we do, settle for what is best for us alone, not for the country. Apathy and Cynicism are the real enemies of democracy. By insulating us from any real responsibility for what happens around us, a paternalistic democracy makes us, literally, careless of others beyond our immediate group. Our ambitions then become too narrowly focused, selfishness easily becomes improper.

By taking responsibility away from its citizens, our governments are implicitly saying that we cannot be trusted to look after our own lives. We become improvident because we don't need to be provident, with the result that the State is left to do it all, while our irresponsibility is encouraged. When the income upon which government calculated is not there anymore, citizens suffer for what they could have easily provided for themselves: pensions and old age care, health care, education, small and medium scale entrepreneur, small businesses, productive and incentive activities, among many other options. The old proverb is still valid today as it has always been: "God helps those who help themselves."

What counts as the infrastructure? How much should be left to us, and how much should governments spend on our behalf? This is a complex question for upon its resolution do governments dupe the people they are meant to serve. The responsibility of government is to use some of the riches created by the market, not to make life easy for everyone, but at least to make life possible, not to share out the money but to invest that money, in order to build a decent society. You cannot leave it entirely to those who have the money to do the spreading, because many of them won't, and we have already noted that the money does not trickle down or spread itself fast or far enough. But who controls government? This is where the stakeholders voice comes in and *any responsible government must listen to the voice of the stakeholders. They are the people.*

**The second step** is what is going on now in Nigeria under the Bureau of Privatisation of Enterprises, selling off of monopolies formally monopolized by government. They include NEPA, NITEL, BANKS and several other parastatals. It is a step in the right direction. The sell off does not mean hands off regulations by the State. The only conjuring trick is that the customer still pays much the same amount for the goods and services, receives value for money, but the money doesn't go through the government books and coffers. Normally, it gets lost there, and citizens would be constantly informed that "it is on the pipeline". The hope for going to private ventures is that the lure of gain for the new managers and stakeholders and shareholders will increase efficiency and the care of customers – a good start, but not revolutionary enough.

**The third step** could be more promising, even though it does little to change the government accounts. Take things like *health care and education and provide citizens with a mechanism to chose between the different providers*, perhaps by giving them something like vouchers, the equivalent of cheques signed by the state, for them to spend on the outlet of their choice. The underlying idea is to turn the providers, be they hospitals or schools or universities into sorts of businesses, so improving their incentives and their efficiency. Money's put into specific government health care and educational centers have almost like gone into the "drain", and not much is there to show the amount of resources invested. Whatever it is, call it a government parastatal and the symptom of "go down the drain" is already set in. This can be changed by making providers in the system compete. There is no point in responsibility if there is no choice.

The consequences are myriad. It allows the providers to choose the customers they want just as much as it allows customers to choose providers. There may be abuses, but this is where the lawmaker can always come in to provide the infrastructure, not the superstructure, the hardware, not the software. There are many practical difficulties but this is the essence of this programme. Transcend the difficulties by daring the risks and the options available. Laudable as it is, to help the poor and the potentially excluded part of the population, it is not enough to pour money over them, by way of investments in schools, hospitals and surrounding environment unless the recipients also have an opportunity to exercise some choice and therefore take some responsibility for their own future. ( In any case, contractors gain access to some businesses and have an avenue to access national funds, by such contracts, even when the projects are shabbily or even half completed. Corruption thrives in this climate). A choice within limits would enhance the sense of responsibility and major decisions in our lives fostered. But let us try first. The almighty Government has been looked upon to provide all available amenities, from the defence of the realm to the provision and care of the infrastructure of the land. Even our garbage must be carried away by government. This has not assisted social infrastructure, but rather led to the syndrome of dependence.

#### **4. Expectations on the budget re-social infrastructure:**

No one would doubt the fact that part of what is called social infrastructure include the following items and that satisfying them through all possible avenues, that is, creating an ennobling environment for them to be satisfied, remains one of the highest ideals of any budget or even government. *These basic needs are – Food, health, housing, electricity, water, roads, telephones, utilities and infrastructure, electricity, education, pensions, security to mention but a few. They are classified as First things First approach and are known, as the Basic needs approach to development.* It is a fact that in our country, many people do not have enough to eat and have no jobs. They are waiting for government to employ them. The Federal Government is expected to know everything, do everything, and solve every problem, having usurped much of the resources and income possibilities of the land. This is the first problem. Government must therefore in the budget of Year 2002 approach development from the bottom-up level by divesting much of its acquired percentages of the national resources and spend more at the levels of the communities, non governmental organizations, the local and state governments. This is where the people live.

One of the most flagrant manifestations of injustice is the growing gap between the rich and the poor in Nigeria. This widening gap and the resulting social alienation are increasingly recognized as undeniable facts. The UNDP states that *“the development models which are perpetuating inequalities cannot be maintained and do not deserve to be maintained “* (1994 world report on Human development). Christian Social Teaching suggests that a truly developed society is one in which wealth is equitably distributed and each person has a fundamental right to the resources and conditions essential to human development. This is the official position of all the United Nations instruments and declarations, as well as the public opinion of enlightened social and private institutions and religious groups.

We are generally aware that in Nigeria, the economy is no longer meeting the basic needs of people. There is widespread poverty, unemployment, hunger and desperation much of which bear eloquent testimony in these phenomena. In spite of our potential wealth in human and natural resources, many of our youth are uneducated, engage in thuggery and crime and have no access to the good things of this world. It is not only in Nigeria that this happens, in fact, throughout the world, particularly in developing countries increasing numbers of economists, social justice groups and NGO's, labour unions and churches are denouncing these inequalities produced by the present development models with studies and statistics to support them.

Giving some input from the point of social infrastructure and expectations on the stakeholders, particularly the Federal Government, the following points needs to be made, but not necessarily in order of importance. They contain the seeds for any meaningful theoretical and practical background upon which the budget, that is the national development plan within a given period of the nations existence may be guided.

- Development must be based on participation, openness, accountability and co-operation. True development will take place if we eliminate the barriers and change the structures, institutions and attitudes which maintain flawed development, oppression and exploitation and replace them with new structures and relations likely to foster it
- Economic growth is not a cure all answer  
The false belief that economic growth (an increase in the quantity of goods and services produced) constitutes the main indicator of development and everything must be done to promote growth makes the market to become an end in itself. Important as it may be, sustainable economic and human development is a much broader and larger concept than just economic growth in measuring the impact of the budget on people.
- Achieving genuine development demands that the global and national economy through its fiscal policies and annual budget and development plans place people first. The basic questions about any budget speech or plan is "how does it benefit the poor and improve their living standard?"
- Budget needs not only planning, monitoring, and evaluation but also implementation and control
- The priority of the budget is to serve the poorest of the poor and make poverty eradication and job creation a priority. This is both a matter of political choice and will
- Advancing human rights and human dignity
- Security peace and social tranquility
- Re-distribute resources to benefit all sectors of the society
- Advocate social and economic policies designed to combat poverty, create productive employment and redistribute resources so that all sectors of the society may benefit and humanity is advanced

## CONCLUSION:

A Federal, State or Local Government budget as it is now common in Nigeria to expect annually may carry with it expectations which it cannot deliver. One may even think whether the system of announcing publicly the annual budget makes any sense. And whether the month of January is the right time to announce a budget for an operative year instead of say October of the preceding year to enable all the stakeholders already adjust on time. What is the practice in other countries? Is it not more laudable to have beyond vision 2010 also mechanisms for implementation 2010 ? What is the practice in other countries? We have myriads of examples to learn from as a developing and promising nation.

In any case, much of what the budget contains as ambitions are never carried out during the fiscal year and citizens often do not bother. It has been said that if a budget delivered 40 percent of its promises in any given year in Nigeria, then a miracle would be said to have happened. Meanwhile the remaining 60 percent is not accounted for. What happened to it? Did the funds not filter out of the country into overseas fat accounts of the same operators of these budgets? How else do we explain corruption in Nigeria?

There is need now to enthrone a mechanism of control of the budget, not simply by government agents themselves (no one can be a judge in one's own cause), but by stakeholders in the private and non-governmental and faith communities sector, including individuals who may have the clout to research and find the truth about the operations of any given budget. What is freedom if people cannot say the truth?

Development is about people, business is about ethics is the subject of a book now under production. Development is a multi -dimensional people centered process. It aims to create conditions whereby each human being can realize his or her potential for political social and economic fulfillment, in harmony with the common good. The rights, obligations and participation of individuals are central to this process and its objectives. The first priority is the eradication of poverty. This involves empowering people to gain control over their own lives and to obtain the resources required to meet their basic needs, without destroying the environment.

The Federal and State and Local Governments are only a small part of the coalition that is being called for at this forum to have all the stakeholders give their voice to the national economy and the budget which is just one dimension of developmental goals. People are central, participation is important and implementation and control are paramount measures. There may be other avenues but these appear central.

*“Genuine development is a grassroots, bottom-up process,  
where local communities are the key players.  
Economic activity should be managed by people  
and should respect the limitations of a fragile non-renewable environment.  
The market may be a means to achieve these goals,  
but it is not an end in and of itself”*

( Cf. Conference on “ Rethinking Bretton Woods” held in Washington DC, June 1994)