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12th Inaugural Lecture

DIAMOND IN DESPAIR:
THE MACROECONOMIST'S FRAILTY IN NIGERIA

By

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DEDICATION

To my lovely wife, Mrs Patience Eregha and my children: Tarilah Divine Eregha, Tariemi Dominion Eregha and Tariebi Delight Eregha.

ACKNOWLEDGEMENTS

I wish to begin by sincerely thanking the Almighty God, Jesus my Redeemer and my Way-maker for His grace, strength and wisdom. Without Him I can do nothing. May His name be praised forever. Amen

My unwavering appreciation also goes to the Pan-Atlantic University, the University Management Council and the Senate members for sustaining a system of inclusiveness irrespective of gender, background, ethnicity or religion as well as an employment policy that is guided by respect for human dignity while being fully anchored on meritocracy, thus providing a fertile ground for everyone to thrive.

I also want to sincerely thank our very own Vice-Chancellor, Prof. Enase Okonedo, the Registrar, Mr. Kingsley Ukaoha, my Dean, Dr. Sola Oni, the Dean of SMC, Dr. Michael Okolo, the Dean of LBS, Prof Chris Ogbechie, the Dean of SST, Dr. Darlington Agholor, and the Director of EDC, Mr. Peter Bamkole.

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Let me seize this moment to acknowledge the deep gratitude I owe to my immediate family. I sincerely appreciate you, my lovely wife, Mrs. Patience Eregha, whom I call Choice, my lovely children – Tarilah Divine Eregha, Tariemi Dominion Eregha and Tariebi Delight Eregha – and my parents, Mr. Aroju Eregha and Mrs. Kasayo Egbunu.

Special thanks also go to my Pastors, Rev Akintola Oni, Rev Paul Ikediashi, Rev Maxwell Madinyeli, Rev. (Prof) Carol Umebese and Pastor Bunmi Adejuyigbe.

I also wish to particularly appreciate my PhD supervisors, Prof Samson Edo and Prof Hassan Oaikhenan. I also wish to specially thank Mr. Ademola (Qiblah Schools, Ibadan), Prof Ndubisi Nwokoma, Prof Olufemi Saibu, Prof. Festus Egwakhide, Prof. Adeola Adenikinju, Prof. Douglason Omotor, Prof Abiodun Folawewo, Dr. and Mrs. Afolabi Olowookere, Chief Sam Ekueme, Dr. Yinka Babalola, Dr. Tayo Adeloju, Dr. and Mrs. Ayodele Shittu, Dr. Ajide Bello, Prof. Wakeel Isola, Prof Oludiran Akinleye, Dcn (Dr.) and Dcns. Patrick Okpah, Dcn. And Mrs Tony Ighepkpe, Dr. Olusegun Omisakin, Dr. Olowatosin Adeniyi, Dr. Abimbola Oyinlola, Dr. Joesph Omojolaibi, Dr. Roland Irughe, Dr. Joel Edafe, Dr (Mrs.) Comfort Ibidapo, Dr. Temitope Oziegbe, Dr. Rogers Akinsokeji and Prince Chigozie Ajuonu.

Thank you all and may God bless you all real good is my prayer.

TABLE OF CONTENTS

BIOGRAPHY

Professor Perekunah Bright Eregha was born in Opuba, Ondo State, Nigeria, where he also received his primary education. He attended the Baptist Primary School, Opuba, and Ukparama Grammar School, Bolowou, for his Junior Secondary education in Ese-Odo Local Government Area in Ondo State. He then proceeded to Unity Secondary School, Ode-Aye for his Senior Secondary education. He was later admitted to the University of Ado-Ekiti where he bagged his B.Sc (ed.) degree in Economics in the 2nd class upper division, in 2002 and served with the Central Bank of Nigeria, Sokoto for his National Youth Service Corps (NYSC). He proceeded to obtain his M.Sc. Economics degree from University of Benin in 2006. He later obtained his Doctoral Degree (Ph.D) in Economics from the University of Benin under the African Economic Research Consortium's sponsored Collaborative Ph.D. Programme (CPP) in Sub-Saharan Africa in 2012. Professor Eregha also obtained certificates in macroeconomic modelling (DGSE) at the University of Surrey, Guildford, UK and panel data analysis from the AERC in Tanzania.

Professor Eregha was appointed Professor of Macroeconomics at the Pan-Atlantic University in September, 2018. He is the current Director of the PhD in Management Programme at the Pan-Atlantic University, Lagos. He is a member of the Senate of the Pan-Atlantic University where he chairs the Senate Committee on results verification. Professor Eregha is currently an International Research Fellow at the University of Economics, Vietnam; a visiting faculty at the Centre for Petroleum, Energy Economics and Law, University of Ibadan; a non-resident faculty member with the NDIC academy, Abuja; a faculty member at the Nigerian Economic Summit Group (NESG) and a council member at the Nigerian Economic Society. Professor Eregha is currently leading the modeling subcommittee of the Cape Peninsula University of Technology, Cape Town to develop labour demand forecasting model for the services sector in South Africa. He was a member of the modelling team that designed the macroeconomic framework for the National Development Plan (NDP) 2021-2025 and the Agenda 2050 of Nigeria. He is also a member of the Technical Review Team to the National Development Plan 2021-2025 that was launched recently by the President. Prior to joining the Pan-Atlantic University, he was at various times a Senior Research Economist and Policy Analyst at the Research, Policy and International Relation Department of the Nigeria Deposit Insurance Corporation (NDIC), Abuja; a Senior Lecturer at the Department of Economics, University of Lagos, where he taught Econometrics, Simultaneous Modelling and Macroeconomics for undergraduate and postgraduate programmes and a Lecturer at the Adeyemi College of Education, Ondo.

Professor Eregha has been at different times a visiting scholar to the IMF and the African Development Bank (AfDB) Macroeconomics Policy, Forecasting and Research Department, Cote D'voire where he led a team of researchers to carry out a study on the exchange rate management dilemma that Nigeria was facing in the 2015/2016 oil price plunge. The study, titled "**Nigeria: Should the Government Float or devalue the Naira?**" was intended to guide the Nigerian government. He was also a panelist at the African Union meeting on Trade and Industrialization in Ethiopia and has been invited thrice by the Oxford University to present papers on African Development Issues.

Professor Eregha was also a member of the Capital Market Fintech Roadmap Committee, a panelist at the Security and Exchange Commission's Budget Seminars and a member of the national committee to undergo a study on the voice and voting power of the minority shareholders in Nigeria.

Professor Eregha has core knowledge in macroeconometric modelling and simulation, DSGE modelling and Macroeconomic Policy analysis. He was among the five consultants that built the Nigerian Economic Summit Group (NESG) medium-term macroeconometric model on the Nigerian economy called NESG-MACMOD 2016 and the Development Planning Relevant Macroeconometric Model and policy simulation for the Federal Ministry of Finance, Budget and Planning. Professor Eregha has designed and facilitated several trainings for commercial banks, microfinance banks, the NDIC, MDAs of both national and subnational governments, universities and research institutes.

Over the years, Professor Eregha has consulted for various international and local institutions and has published several articles in peer-reviewed journals, chapters in books, and conference papers, among others. Professor Eregha is an external reviewer to several journals and publications including the NDIC, CBN and SEC publications, and he is a member on the editorial team of a number of journals including the NDIC quarterly and the NES Journal. He has served as external moderator and external assessor/examiner to several universities at home and abroad.

Professor Eregha is married to Mrs Patience Eregha, and the union is blessed with three boys: Tarilah Divine Eregha, Tariemi Dominion Eregha and Tariebi Delight Eregha.

DIAMOND IN DESPAIR: THE MACROECONOMIST'S FRAILTY IN NIGERIA

Protocol
The Vice-Chancellor
The Registrar
Other Principal Officers of the Pan-Atlantic University
Deans/Directors
Heads of Departments/Units
Members of the Senate and Congregation
Members of the Pan-Atlantic University
Erudite Academics
Distinguished Ladies and Gentlemen

Good afternoon and welcome to the Pan-Atlantic University, Lagos, Nigeria.

It is with a profound sense of humility and gratitude to the Almighty God, the author and the finisher of my faith that I stand before this distinguished audience to deliver the 12th lecture in the Professorial Inaugural Lecture series of this great University, The Pan-Atlantic University. This is the first inaugural lecture in the field of Economics and the second from the School of Management and Social Sciences and, in fact, the first under Professor Enase Okonedo as the Vice-Chancellor. The first inaugural lecture from the School of Management and Social Sciences was delivered by Professor Onafowokan Oluyombo with whom I was appointed full professor on the same day. His lecture was titled, “The Accounting Profession: Throw back, throw in and throw out”.

Madam Vice-Chancellor, I am greatly honoured for your kind approval and the privilege to stand before my learned colleagues and the distinguished audience to deliver this inaugural lecture titled, “**Diamond in Despair: The Macroeconomist's Frailty in Nigeria**”.

I am particularly humbled because understanding purpose and having a very dear relationship with the manufacturer afford me the opportunity to stand before you today. I am from a village where the water we drink is from the same place where we pass out excretal, and the same water, with oil spills everywhere, is what we take our baths with. I always tell people that if you are looking for the definition of a village, just visit my village. As I stand before you, I can count how many degree holders we have in my community and how many professors there are in the whole local government area. I remember Professor Enase Okonedo in one of the Senate meetings asking where I am from, and when I said, I am Ijaw, she said jokingly, “Ijaws also like book like this?”

Several years ago, as an undergraduate student, I decided that I would obtain my PhD degree before looking for any job because I wanted to be a Professor on or before my 40th birthday. On the 4th of September, 2018 I celebrated my 40th birthday and in the same month I was appointed a full Professor in this great University. This is not mere coincidence. It is purpose and God at work. All glory to Him alone. This is the power of understanding and maximum purpose.

PREAMBLE

Madam Vice-Chancellor, you are aware that selecting a topic for inaugural lecture is sometimes a challenge. However, when Nigeria celebrated her Diamond Jubilee in the year 2020, I picked keen interest in looking at the macroeconomic conditions over the years, and the question was, how has Nigeria fared in the lead up to the celebration of the Diamond Jubilee? We know that a Diamond Jubilee celebration is supposed to be a mark of rest and consolidation, but can this be said of Nigeria's current macroeconomic conditions? This informed the basis of my lecture at the Rotary Club, Ikeja sometime in November 2020.

However, following a cursory look at the issue and some of my research findings recently, I began to take a more holistic view of whether Nigeria is celebrating her Diamond Jubilee in rest and in readiness for consolidation or in macroeconomic despair, thus necessitating radical macroeconomic policies for take-off. We are aware that macroeconomic policies are the main tools available to the macroeconomist to alter the direction of macroeconomic outcomes, and Nigeria is not devoid of sound macroeconomists and neither has it lacked the formulation of these policies over the years.

Consequently, two questions come to mind if Nigeria is actually celebrating her Diamond Jubilee in despair:

(1) Is the macroeconomist in frailty despite the formulation of several sound macroeconomic policies in Nigeria?

(2) If the answer is yes, what are the foundational issues overweighing these sound macroeconomic policies and what could be responsible for the macroeconomist's frailty in Nigeria?

While sound macroeconomic policies are critical for macroeconomic stabilization and growth sustainability, there seem to be more fundamental issues imperative for successful implementation and effectiveness of these policies so as not to chase shadows (See, Kaufmann & Kraay, 2003; Fosu et al. 2006; Eregha, 2013; Eregha, Osuji & Vincent, 2019 and Eregha & Mesagan 2016, 2020).

Madam Vice-Chancellor, this is the crux of my thesis and propositions in this lecture.

NIGERIA IN DIAMOND JUBILEE: THE REALITY CHECK

Available statistics after 60 years of independence point to Nigeria's abysmal performance (see, Table 1). For instance, as at 2020 when Nigeria celebrated her 60th Independence Anniversary, records showed that about 98 million Nigerians, representing roughly 49% of the population, were in extreme poverty. In fact, the World Poverty Clock showed that in every minute, six Nigerians fall into poverty. The largest economy in terms of GDP with a per capita GDP of US$2,230, compared to South Africa with a per capita GDP of about US$5,630, the country's unemployment rate is alarming, recording roughly 33.3% with the current population growth of about 3.25%. With this population growth rate compared to the infrastructure stock to GDP ratio representing just 35% coupled with the fiscal constraints (debt servicing & current debt stock), one will not need a prophet to show that the future is bleak. In 2020, the country experienced significant deficits in both the fiscal and current account balances, establishing a twin deficits hypothesis arising from undue exposure to oil price shock. Eregha et al. (2021), for instance, established in a recent study how dwindling oil price could account for twin deficit.

Table 1: Nigeria's economic realities at 60 (2020).

Indicator	Statistics	Indicator	Statistics
Nominal GDP (N'trillion)	165	Inflation (%)	13.7
Real GDP growth (%)	-1.92	Exchange rate (N/$)	379 & 470
GDP per capita (US$)	2,230	Debt Stock (N'trillion)	31
Equity(% GDP)	10	Debt Service/Revenue (%)	83%
M2(% GDP)	19	MPR (%)	11.5
Infrastructure(% GDP)	35	Lending Rate (%)	>25
Population growth (%)	3.25	Loan Tenure	2 years
Unemployment Rate (%)	33.3	Population in Poverty (Million)	98 (6-in-1min)
Out of School Children (million)	10	Out of School	1-in-5 world
Fiscal deficit (%)	-5.86	Current A/c Balance (%GDP)	-4.20
Governance, leadership & foresight	102 (of 104) 3rd Worse Governed	Institutions	101 (of 104)
Incidence of corruption	27	Budget Transparency	38.5

Sources: CBN; NBS; DMO, CGGI; GCI-GEF

The abysmal economic performance after 60 years of independence cannot be detached from extremely critical foundational issues such as institutions and leadership (Eregha, 2013; Fosu et al. 2006 and Kaufmann and Kraay, 2003). Economic growth is actually the accumulation of factors of production and the productivity of these factors. Strong institutions are considered to be major drivers of productivity.

Conversely, records show Nigeria's institutional framework over the years to be very weak, and institutions especially robust constitutional framework is the foundation for productivity and inclusiveness (Acemoglu et al. 2002; Avellaneda, 2006 and Eregha and Mesagan, 2016). For instance, the Chandler Good Governance Index (CGGI) ranked Nigeria the third worst governed nation out of 104 countries. The index is based on seven pillars, namely strong institutions, leadership and foresight, robust laws and policies, financial stewardship, attractive market place, global influence and reputation and helping people to rise. Nigeria ranked 101 of out 104 countries on strong institutions. In fact, strong institutions, leadership and foresight and robust laws were among the seven pillars on which the country performed woefully in the index. This is corroborated by the Global Economic Forum Competitiveness Index where Nigeria's incidence of corruption and budget transparency are scored 27 and 38.5, respectively, on a scale of 0-100.

Today, there are alarming security threats across the country, alarming ethnic pluralization and agitations for restructuring, pointing to the inability of the current constitutional and institutional frameworks to engender trust and peaceful co-existence (Bakare, 2017). This foundation is critical as economics or economic policies are just one of the pillars while a constitutional and/or institutional framework serves as the foundation (Fosu et al. 2006; Helpman 2004 and Kaufmann & Kraay, 2003).

Today, Nigeria is bedeviled with a number of deficits:

- Fiscal Deficit
- Current account deficit
- Infrastructure deficit
- Capital Market deficit
- Institutional deficit
- Money market deficit

Madam Vice-Chancellor, from the statistics, it is clear that Nigeria's current reality check in her diamond jubilee is economic despair. It thus implies that the macroeconomist in Nigeria is in frailty despite formulating several policies to salvage the situation over these 60 years. In the section that follows, I provide more insights.

NIGERIA: THE JOURNEY SO FAR

a. Nigeria in 1960 and 2020: Brief Stylized Facts

In 1960, Nigeria started on a good note, considering the economic indicators. With a population of roughly 45 million, this was less than the population of the United Kingdom of about 52.4 million. The country's GDP was roughly N4.1 trillion with a per capita GDP of US$93 that was higher than the US$89.5 per capita GDP of China. The exchange rate was stable at 0.71 to the US dollar, and inflation was reasonable at 1.72%. The current realities after 60 years is surprising as the average population growth is about 3.25% with an average real GDP growth of 2.0% which is very fragile due to poor capital formation, weak institutions and undiversified economy both in revenue and exports.

Table 2: Nigeria's economy in 1960 & 2020: Selected Indicators

Indicator s	1960	2020	Remark
GDP (N'trillion)	4.1	165	
Real GDP growth (%)	0.19	-1.92	
GDP per capita (US$)	93	2,230	
Life expectancy (years)	37	52.8	
Population	45	209	
Inflation (%)	1.72	15.75	
Exchange rate ($/N)	0.71	379	

Source: CBN; UNDP; NBS

In fact, with the current real GDP growth of 2.0% over the last 60 years and a population growth of 3.25% coupled with the notable deficits−infrastructure, fiscal and capital market − the current trend of poverty, alarming unemployment, underemployment, misery index and social unrest will be difficult to reverse. By the golden rule of 70, it will take Nigeria roughly 24 years to double population compared to about 35 years to double economic activities. The current inflation rate of 15.75% is a potential risk factor, explaining largely the deteriorating purchasing power, and a fundamental sign of economic uncertainty. The double-digit inflation is largely due to terms of trade shock and supply constraints, thus affecting real income per capita and cost of production. In fact, within these 60 years, Nigeria's exchange rate has depreciated significantly from N0.71 to N379 to the US dollar. This is attributed largely to dwindling and declining foreign exchange earnings as the sectors contributing significantly to economic activities do not have the economic complexity to compete globally to cross the country's border to earn notable foreign exchange earnings. The oil sector, which is the major source of foreign exchange earnings, is faced with uncertainties, and the country treats positive oil price shocks as permanent instead of temporary to smoothen consumption and prevent procyclical fiscal response (Eregha, Aworinde & Vo, 2021).

The statistics in 1960 and the values after 60 years further support the dwindling economic realities in Nigeria (see also, Eregha et al. 2019), pointing to the fact that the macroeconomist is in frailty.

b. Political Structure: 1960-63

Nigeria gained her independence from the United Kingdom on October 1, 1960, with Queen Elizabeth II as the Head of State under a parliamentary constitutional monarchy. Alhaji Abubakar Tafawa Balewa was appointed the Prime Minister as the Head of Government while Dr. Nnamdi Azikwe was appointed the Governor-General representing the Queen of England as the Head of State. Under this arrangement, the country operated a regional system with three regions: the Eastern, Western and Northern regions (see Table 3).

Table 3: Political Structure 1960-1963

The 1960 Independence Constitution			
Regions	**Eastern**	**Western**	**Northern**
Main Product	Palm Oil	Cocoa	Groundnut
Major Party	National Council of Nigeria and the Cameroons (NCNC)	Action Group (AG)	Northern People's Congress (NPC)
Dominating Tribe	Igbo	Yoruba	Hausa/Fulani
Party Founder	Dr. Nnamdi Azikwe	Chief Obafemi Awolowo	Abubakar Tafawa Balewa

Source: britannica.com/place/Nigeria/Independent-Nigeria

A cursory look at history and the nationalists' movement for independence from the British colonial system evidently shows a united and patriotic solidarity movement irrespective of region, religion and/or culture prior to independence but post-independence political activities showed otherwise as we were only united to fight a perceived common enemy (the colonial system) but thereafter returned to our inherent regional nationalistic interests, which is actually the main enemy. For instance, shortly after independence, these regional interests manifested in the political processes as evidenced from the three political parties: the National Council of Nigeria and the Cameroons (NCNC) for the Eastern region, the Northern People's Congress (NPC) for the Northern region, and the Action Group (AG) for the South-West, showing regional interest and control from the three major tribes-Igbo, Hausa and Yoruba respectively. This implied that we were unable to articulate a national philosophy or vision that transcends regional interests to entrench a Nigerian constitution to govern the political and economic institutions or affairs of the country for national purpose conditioned on the country's diversities: tribal, religion and others. The Bible says, when the foundation is destroyed, what can the righteous do?

c. Structural Expansion: 1960-2020

Table 4: Structural Expansion 1960-2020

Period	**Structural Expansion**	**Republic**	**Constitution**
1963 -1967	4 regions	1st Republic	1963 Constitution
1967 -1975	12 states	2nd Republic	1979 constitution
1975 -1987	19 states	3rd Republic	1993 constitution
1987 -1991	21 states	4th Republic	1999 constitution
1991 -Date	36 states +FCT		
System of Government			
Period	**System of Government**		
1960 -1978	UK Parliamentary		
1979 -Date	US Presidential		
30 years	Military Rule		
30 years	Democratic Rule		

Source: britannica.com/place/Nigeria/Independent-Nigeria

The United States of America was also colonized by Britain, but when they sensed the need for independence and were moving towards independence, the nationalists shared a very strong belief that this was something far beyond just seeking freedom from the colonial system; rather, it behooved them to invent a new society distinct from the British system and based on the America people's sovereignty, rights and privileges. It was a country that was going somewhere and a desire for all, hence the need for a Declaration of Independence tthat articulated the founding vision stated as: “We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness." This philosophy helped them to distinctly restructure and align every political and economic institutions and processes towards the achievement of the vision beyond personal/regional interests from the onset.

In 1963, Nigeria ended its Commonwealth Realm status and became a republic with 4 regions under the 1963 constitution. The Federal Republic of Nigeria adopted the United Kingdom Parliamentary System of Government with Alhaji Abubakar Tafawa Balewa as the Prime Minister while Dr. Nnamdi Azikwe was the president. With the 1963 constitution, regions were in full control of their resources, and this created room for competitiveness and the desired need to bake the national cake instead of the current sharing approach that murders competiveness and productivity thus spurring rent seeking. The system birthed a political process that ensured the emergence of the best candidate in each region as political parties' manifestoes and ideologies were paramount. Political parties' formation and manifestoes were largely based on ideologies, and campaigns were platforms to promote these ideologies instead of the current practice of attacking candidates' personalities and the promotion of thuggery and violence. Nigeria during these periods became the leading producer of cocoa and palm oil in the world.

In 1966, the Prime Minister, Abubakar Tafawa Balewa, was assassinated as the military took over and ruled by decree as the 1963 constitution was suspended. The military then expanded the country structurally by creating states starting with 12 states in 1967 to 36 states plus FCT in 1991.

The country moved from the UK Parliamentary system to the United States presidential system based on the 1979 constitution that was drafted by the military government, and this brought Nigeria to the second republic with the president as both the head of state and government. The country also operated bicameral legislature with each state having the state house of assembly and the federal government having the House of Representatives and the House of Senate. The 1979 constitution also created the three tiers of government structure: State, LGA and the Federal Government as well as three arms of government: Legislature, Executive and Judiciary.

In the presidential system, the main characteristics include:

- Separation of powers
- Checks and balances
- Supremacy of Law
- Federalism
- Independence and impartiality of the Judiciary
- Equality before the law

However, a closer look at the presidential system practiced in Nigeria seems not to ascertain the entrenchment of the above features, and it is more like a unitary federalism as the constitution provided three critical lists defining the areas of operation for each of the tiers of government. The structural expansion with a presidential federalism that is unitary in practice took no cognizance of the need to eliminate regional interests, nepotism, and personal interest through the entrenchment of national philosophy. The various lists are:

- A top heavy exclusive list for Federal powers only.
- Concurrent list for both state and federal powers,
- Residual list for state powers

The Exclusive list is top heavy, and the Federal government is overloaded with functions that continually engender inefficiency in the federal government. Instead of correcting this, the federal government keeps creating MDAs for each area of deficiency with uncontrollable cost of governance and creating more inefficiencies and spurring rent seeking across MDAs. This has largely caused fiscal policy responses to be procyclical.

Nigeria had the 3rd republic with the 1993 constitution, which was later truncated with the annulment of the June 12 election. Thereafter, the military took over and in 1999, the 4th republic began and has lasted till now. The 4th republic is based on the 1999 constitution. During the 4th republic, democratic governance has lasted for over 21 years with several attempts to amend the 1999 constitution. As at today, the local government tier of government is almost not in existence as the state governments have taken over the full control of the LGAs system. In all, Nigeria has experienced 30 years of military rule and 30 years of democratic rule.

However, it is clear that Nigeria performed better during the 1960-1966 under the 1960/63 constitutions compared to the periods when we had the 1979, 1993 and 1999 constitutions that were drafted by the military governments prior to democratic rule. Nigeria was a success story in the 60s because the 1960/63 constitutions recognized the country's diversity in terms of language, culture, resources and religion and empowered each region to develop accordingly, thereby giving room for competitiveness and productivity.

d. Nigeria's Development Planning Prior to 1999

Prior to 1999, Nigeria had implemented a number of development and strategic plans (see Table 5). Except for the NDP 1970-1974, which was a post-civil war plan focusing on reconstruction, rehabilitation and resettlement as an intervention plan, a number of issues cut across the main thrusts of the remaining plans notably:

- economic diversification,
- improvement in living standard and
- increased private sector participation for industrialization.

Table 5: Development Plans Prior to 1999

Plan	Main Objectives	Plan	Main Objectives
NDP 1962-1968	• Agricultural Development • Development in Industrial Sector • Development in Transport Sector • Manpower Development • Improvement of Living Standard	NDP 1981 - 1985	• Increase income • Drive up productivity • Support technological development
NDP 1970 - 1974: Post Civil War	• Reconstruction • Rehabilitation • Resettlement	SAP 1986	• Economic Restructuring • Diversification from oil • Increased private sector participation
NDP 1975 - 1980: Oil Boom	• Reduce Unemployment • Improve Income Distribution • Drive Economic Diversification • Indigenisation	1990-1998 Rolling Plan	15-20 years perspective plans broken down into 3 years linking: • Long term goals • Medium term goals • Short term goals

Source: Budget Office of the Federation

However, these three common objectives among these development plans are still far from being achieved despite efforts to implement these development plans over these years. This only questions the success rate of these development plans and points to some grey areas constraining the success of development planning in Nigeria and implementation challenges facing sound policies in Nigeria.

e. Nigeria's Development and Strategic Planning since 1999

Table 6 presents the different development plans and strategic documents introduced and implemented from 1999 till date. The table shows the main thrusts of these plans and the period covered. For instance, the National Economic Empowerment and Development Strategy (NEEDS) was introduced and implemented from 2003 to 2007, focusing on wealth creation, economic empowerment, poverty reduction and economic diversification.

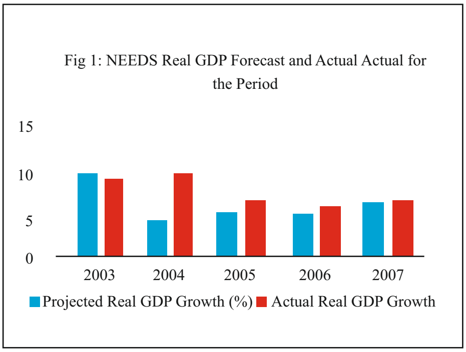
Table 6: Development Plans & Strategies Since 1999

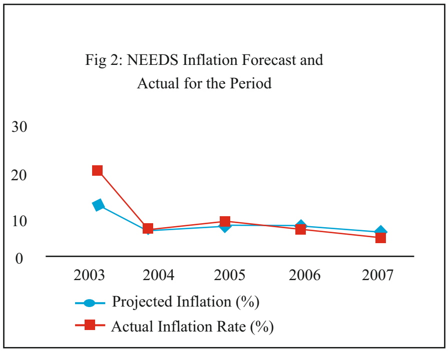
Plan	Main Objectives	Period
National Economic Empowerment and Development Strategy (NEEDS)	○ Economic Empowerment ○ Wealth Creation ○ Employment Generation ○ Economic Diversification ○ Poverty Reduction	**2003-2007**
Vision 20:2020	• Making Nigeria 20th largest economy by the year 2020 through: efficient use of human & natural resources to achieve rapid economic growth.	**2010-2020**
Economic Recovery and Growth Plan (ERGP)	• Restoring growth through macroeconomic stability and economic diversification. • Building a globally competitive economy through investment in infrastructure, improve business environment • Investing in the Nigerian people through programmes on social inclusion, job creation and improved human capital	**2017-2020**

Source: Budget Office of the Federation

Figures 1 and 2 as well as Table 7 present the macroeconomic projections and actual performance of NEEDS. Generally, growth targets were met but the growth trajectories were not inclusive enough in generating required jobs against the rising population during the NEEDS period. Also, the sectors contributing mainly to economic activities were not having the capacity to generate the required jobs and non-oil revenue to tackle rising poverty levels and eliminate fiscal constraints respectively. The economy still depended on oil exports and was not diversified in terms of revenue, export and economic activities; thus, it was vulnerable to external shocks. This can be attributed largely to:

- poor capital formation,
- weak institutional and poor governance,
- poor economic complexity and
- serious disconnect between budgetary provision and the strategy.





Source: Author's Plot

Between 2010 and 2020, the Vision 20:2020 was introduced and implemented with the main thrust of making Nigeria the 20th largest economy by 2020. This was with the intention of efficiently using both human and natural resources for rapid economic growth during the period. Table 8 presents the macroeconomic projections and actual performance of Vision 20:2020.

Table 7: NEEDS Macroeconomic Projections & Actual Performance

	Projections					**Actual Performance**				
Indicators	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
RGDP Growth (%)	10.2	5.0	6.0	6.0	7.0	9.5	10.4	7.0	6.7	7.3
Agric GDP (%)	7.0	6.0	6.0	6.0	6.0	7.0	6.0	7.1	7.4	7.2
Manufacturing (%)	-	7.0	7.0	7.0	7.0	5.7	11.7	9.7	9.5	9.7
Non-oil (%)	3.3	7.3	8.5	8.3	9.5	5.2	7.7	8.6	9.4	9.6
Oil (%)	23.0	0	0	0	0	23.9	3.3	0.5	4.5	4.5
Inflation (%)	15.0	10.0	9.5	9.5	9.0	23.8	10.0	11.6	8.5	6.5
Total Exp (%GDP)	25.1	23.5	23.4	22.9	22.3	9.2	8.2	8.2	6.8	7.4
Capital Exp (%Total)	30.0	35.0	40.0	40.0	40.0	19.7	24.6	28.5	28.5	31.0

Source: NEEDS Document & CBN

Conversely, the broad goal of placing Nigeria among the top 20 largest economies by the year 2020 was not achieved. In fact, the intention was to have a GDP of above US$900 billion but at the end of 2020, Nigeria's GDP was roughly US$460 billion, thus placing Nigeria as the 30th largest economy in the world (see Table 8). The country also performed below expectation in the other projected macroeconomic indicators.

The poor performance of Vision 20:2020 can be attributed to:

- Weak institutional and constitutional framework
- Inability to address infrastructural deficits owing to fiscal constraints
- Disconnect between budget and the vision during the period
- Corruption and uncontrollable cost of governance
- Unproductive fiscal spending
- Poor monitoring and evaluation strategy

Table 8: Vision 20:2020 Projections & Actual Performance					
	Projections			**Actual Performance**	
	Baseline	2010	2020	2010	2020
GDP (USD$ Billion)	212	>400	>900	369.1	459.3
Of which Agriculture (% of GDP)	42.1	NA	3.15	23.9	25.2
Of which Industry (% of GDP)	23.8	NA	30.5	24.9	22.3
Of which Services (% of GDP)	34.1	NA	45.7	51.2	52.6
Manufacturing (% of GDP)	<4.0	10.0	25.0	6.6	9.1
Private sector credit (% of GDP)	17.0	30.0	45.0	18.6	<10.0
Inflation rate (%)	15.0	<9.0	<9.0	11.8	15.8
Ease of doing business (Rank)	125	80	60	133	131

Source: Vision 20:2020 & CBN

The Economic Growth and Recovery Plan was launched and implemented during the period 2016-2020 as the country experienced one of the worst recessions owing to exogenous oil price shock. While the country was in recession owing to two consecutive negative quarterly growths in 2016, prices increased significantly during the same period pointing to a stagflation. This was attributed to structural supply constraints. This was at variance with theory where one expects prices to decline significantly due to declining real growth rates as real per capita GDP fell significantly. Thus, the ERGP was introduced with three broad objectives – to restore growth via macroeconomic stability and economic diversification, building a globally competitive economy and invest in the Nigerian people.

Table 9: ERGP Macroeconomic Projections and Actual Performance

	Projections		**Actual Performance**			
INDICATORS	**2017**	**2020**	**2017**	**2018**	**2019**	**2020**
GDP, current market prices (N'trn)	105.5	137.3	114.91	129.09	145.64	154.25
Real GDP Growth (%)	2.19	7.0	0.83	1.90	2.27	-1.92
of which Agriculture (%)	*5.03*	*8.37*	*3.45*	*2.12*	*2.36*	*2.17*
of which Industry (%)	*7.74*	*8.02*	*2.15*	*1.87*	*2.31*	*-5.85*
of which Services (%)	*-1.26*	*5.82*	*0.91*	*1.83*	*2.22*	*-2.22*
Non-Oil GDP (%)	*0.20*	*7.28*	*0.47*	*2.00*	*2.06*	*-1.25*
Oil GDP (%)	*24.3*	*4.45*	*4.69*	*0.97*	*4.59*	*-8.89*
Inflation Rate (%):end -year	15.74	9.90	15.37	11.44	11.98	15.75
Exchange Rate (N/US$) - Official	305	305	306.31	306.92	306.95	379
Domestic Oil Production (mbpd)	2.2	2.5	1.89	1.92	2.03	1.78
Unemployment Rate (%)	16.32	11.23	20.42	23.13	27.1	33.28
Public debt (N'trn)	19.3	21.5	21.73	24.39	27.40	32.92
External reserve (US$'bn)	30.56	79.63	38.77	43.12	38.60	35.37
Total revenue (% of GDP)	4.68	4.46	6.62	8.51	7.90	5.94
Total Expenditure (% of GDP)	6.92	5.57	12.01	12.79	12.62	11.80
Overall balance (% of GDP)	-2.23	-1.12	-5.39	-4.28	-4.72	-5.86

Source: ERGP, NBS, CBN, NDP 2021 - 2022

Table 9 presents the macroeconomic projections and the actual performance for the ERGP period. From the statistics, Nigeria achieved economic recovery from the 2016 recession, but actual growth performances were poor and fragile considering current population figures and poverty levels. The growth recovery is largely attributed to recovering global demand that engendered the demand for commodities, thereby spurring commodities prices increase. The economy was also not diversified as oil export still dominated export earnings and manufacturing, contributing less than 10.0% to GDP. Inflation remained in double digits as against the 9.90% target, and the exchange rate depreciated roughly by 24.0%, and owing to poor domestic buffers, the economy was hit by twin shocks in 2020. Nigeria's debt stock increased significantly by 52.0% from N21.7 trillion in 2017 to N32.9 trillion in 2020 as the overall deficit, as share of GDP was on average above the statutory 3.0%. A number of factors were identified as structural constraints to the success of the ERGP:

- Weak institution and constitutional framework
- Poor monitoring and evaluation process
- Plunge in revenue
- Poor linkages between budget and the plan
- Over ambitiousness and unrealistic assumptions
- Political risk
- Ineffective measures to curb oil production disruptions
- Ineffective measures to tackle structural constraints
- Uncontrollable cost of governance and unproductive spending
- Poor strategy and framework for non-oil revenue generation
- Fragile global growth recovery and twin shocks of oil price and covid-19

A broad review of development planning in Nigeria over the last 60 years shows that the country has been vacillating around the vicious cycle of undiversified economy, rising poverty levels, declining real income per capita, alarming unemployment and underemployment, poor human capital development, consistently fragile and unstainable growth and macroeconomic instability. This shows the unsuccessful nature of development planning processes in Nigeria as these plans failed to attain the set objectives over the years, and the country is still grappling with the same issues. Generally, development planning and strategic planning have not been successful in tackling the set objectives in Nigeria for the following reasons:

- The mistake of superimposing a federal government plan as a national development plan where the federal government is planning for all the other three tiers of government.
- Operating a unitary federalism instead of true federalism
- Weak institution, lack of political will and a constitutional framework that failed to recognize and harness the rich cultural and resources diversity for national benefit
- Serious disconnect between annual budgets and development plans
- Poor framework and lack of political will for non-oil revenue generation and economic diversification.

- Duplication of MDAs with a bid to correct the inefficiencies of the centralized federalism.
- Rising cost of governance and unproductive government spending.
- Political risk and lack of continuity.
- Lack of oversight, monitoring and evaluation framework.
- Treating positive oil price shocks as permanent

With dwindling socio-economic performance over the years, the macroeconomist and the tools of analyses only represent a pillar in the building of the country, Nigeria. In the section that follows, I intend to critically look at the macroeconomist's tools of analyses using a small open macroeconomic model. This is an encompassing theoretical illustration of the applications of the macroeconomist's tools.

THE MACROECONOMIST AND THE OPEN ECONOMY

Theoretical Issues

The theoretical open economy model (Mundell, 1963 and Fleming, 1962) is hereby considered under two scenarios: the fixed exchange rate case and the flexible exchange rate case.

Given the following open economy model under the fixed exchange rate regime:

$$Y = C_0 + C(Y - T, r) + I_0 + I(Y, r) + G_0 + B(Y) \qquad (1)$$

$$H = B(Y) + K(r) \qquad (2)$$

$$L_0 + L(Y, r) = \bar{M} \qquad (3)$$

Where equation one is for the product market; equation two represents the external sector, that is, the balance of payment (BOP) equation; three represents the money market equilibrium. Y=income; C=Consumption; T=Tax which is both autonomies and income tax; I=Investment; r=interest rate; G=Government Spending; $\bar{M}$=money supply; L=money demand; H=BOP; B=Balance of Trade to represent the current account; K=capital and finance account representation

Taking differentials of the three equations and re-arranging:

$$(4)\left[1 - C_y(1 - T_y) - I_y - B_y\right]dY - (C_r + I_r)dr = dC_0 + dI_0 - C_y dT_0 + dG_0$$

$$(5)dH - B_y dY - K_r dr = 0$$

$$(6)\ L_y dY + L_r dr = d\bar{M} - dL_0$$

Then, in matrix form:

$$(7)\begin{pmatrix} [1 - C_y(1 - T_y) - I_y - B_y] & -(C_r + I_r) & 0 \\ -B_y & -K_r & 1 \\ L_y & L_r & 0 \end{pmatrix}\begin{pmatrix} dY \\ dr \\ dH \end{pmatrix} = \begin{pmatrix} dC_0 + dI_0 - C_y dT_0 + dG_0 \\ 0 \\ d\bar{M} - dL_0 \end{pmatrix}$$

$$\text{Determinants} = |A| = -\left[(C_r + I_r)L_y + \left(1 - C_y(1 - T_y) - I_y - B_y\right)L_r\right] > 0$$

$$(8)dH = \frac{-[K_r(1 - C_y(1 - T_y) - I_y - B_y) + B_y(C_r + I_r)][d\bar{M} - dL_0] + [L_y K_r - L_r B_y][dC_0 + dI_0 - C_y dT_0 + dG_0]}{-[(C_r + I_r)L_y + (1 - C_y(1 - T_y) - I_y - B_y)L_r]}$$

Analyzing Fiscal policy under fixed exchange rate regime:

$$(9)\frac{dH}{dG_0} = \frac{[L_yK_r - L_rB_y]}{-[(C_r+I_r)L_y+(1-C_y(1-T_y)-I_y-B_y)L_r]} = \begin{matrix} >0 \\ <0 \end{matrix}$$

From equation (9), the effect of expansionary fiscal policy depends on both the income and interest rate channels conditioned on the slope of the LM curve and that of the BOP curve. The income effect will spur higher importation that will worsen the BOP position while the interest rate effect will attract capital inflows to improve the BOP position. Thus, it depends on which effect is larger. If the interest rate effect is larger than the income effect, then there will be surplus BOP. On the other hand, if the income effect is larger than the interest rate effect, then there will be BOP deficit. As earlier stated, it depends on the position of the slope of the LM curve as against the BOP curve. If the slope of the LM curve is higher than the BOP curve slope, then the interest rate effect will be larger than the income effect. If the slope of the BOP curve is higher than the LM curve, the reverse is the case.

Analyzing Monetary Policy under fixed exchange rate regime:

$$(10)\ \frac{dH}{d\bar{M}} = \frac{-[K_r(1-C_y(1-T_y)-I_y-B_y)+B_y(C_r+I_r)]}{-[(C_r+I_r)L_y+(1-C_y(1-T_y)-I_y-B_y)L_r]} < 0$$

Equation (10) shows that the effect of expansionary monetary policy will only lead to BOP deficit. This is because the expansionary monetary policy will cause higher income and lower interest rate. The higher income will spur importation while the lower interest rate will cause capital outflow. Thus, the overall effect on the BOP is deficit.

The Case of Flexible exchange rate (e) in the open economy model

Introducing flexible exchange rate (e) and taking total differentiations:

$$(11)[1-C_y(1-T_y)-I_y-B_y]dY-(C_r+I_r)dr-B_e de = dC_0+dI_0-C_y dT_0+dG_0$$
$$(12)B_y dY+K_r dr+B_e de=0$$
$$(13)\ L_y dY+L_r dr = d\bar{M}-dL_0$$

Then, in matrix form:

$$(14)\begin{pmatrix} [1-C_y(1-T_y)-I_y-B_y] & -(C_r+I_r) & -B_e \\ B_y & K_r & B_e \\ L_y & L_r & 0 \end{pmatrix}\begin{pmatrix} dY \\ dr \\ de \end{pmatrix} = \begin{pmatrix} dC_0+dI_0-C_y dT_0+dG_0 \\ 0 \\ d\bar{M}-dL_0 \end{pmatrix}$$

Determinants$= |A| = B_eL_y[K_r-(C_r+I_r)]-B_eL_r[B_y+(1-C_y(1-T_y)-I_y-B_y)]>0$

$$(15)de = \frac{][d\bar{M}-dL_0][B_y(C_r+I_r)+K_r(1-C_y(1-T_y)-I_y-B_y)]+[L_rB_y-L_yK_r][dC_0+dI_0-C_y dT_0+dG_0]}{B_eL_y[K_r-(C_r+I_r)]-B_eL_r[B_y+(1-C_y(1-T_y)-I_y-B_y)]}$$

Fiscal policy under flexible exchange rate:

$$(16)\frac{de}{dG_0} = \frac{[L_rB_y-L_yK_r]}{B_eL_y[K_r-(C_r+I_r)]-B_eL_r[B_y+(1-C_y(1-T_y)-I_y-B_y)]}\begin{matrix} >0 \\ <0 \end{matrix}$$

From equation (16), the effect of expansionary fiscal policy when exchange rate is flexible depends on the income and interest rate channels conditioned on the slope of the LM curve and that of the BOP curve. The income effect will spur higher importation while the interest rate effect will attract capital inflows. Thus, it depends on which effect is larger. If the interest rate effect is larger than the income effect, then there will be surplus BOP. This will result in exchange rate appreciation to restore BOP equilibrium. On the other hand, if the income effect is larger than the interest rate effect then, there will be BOP deficit. This will lead to exchange rate depreciation to restore BOP equilibrium.

Monetary Policy under Flexible Exchange Rate:

$$(17)\frac{de}{d\bar{M}} = \frac{[L_r B_y - L_y K_r]}{B_e L_y[K_r - (C_r + I_r)] - B_e L_r[B_y + (1 - C_y(1 - T_y) - I_y - B_y)]} < 0$$

Equation (17) shows that expansionary monetary policy will make the BOP worse by resulting in exchange rate depreciation to restore BOP equilibrium. This is because expansionary monetary policy will lead to higher income and lower interest rates. And both cases will worsen the BOP, leading to BOP deficits. Thus, due to flexible exchange rate policy, the exchange rate will depreciate to restore BOP equilibrium, and this is the situation Nigeria finds herself in if the country implements flexible exchange rate.

The Impossibility Trinity

In macroeconomic decision making, a country is faced with the impossibility trinity, also called “Trilemma Dilemma” by Mundell-Fleming. According to the theory, a country cannot simultaneously implement the following. The country has to compromise in one to ascertain macroeconomic stability.

- Fixed exchange rate regime
- Capital mobility
- Autonomous monetary policy

This thus calls for the need to test macroeconomic policies within a general equilibrium framework to ascertain the combination of these policies to complement each other for the desired outcomes.

MACROECONOMIC POLICIES: THE CASE OF NIGERIA

Figures 3 and 4 present evidence of Nigeria's implementation of both fiscal and monetary policies as the major tools available to the macroeconomist in tackling broad macroeconomic issues. Figure 3 shows that over the years both the federal and state government have implemented expansionary fiscal policies as these two tiers of government adopted deficit budgeting throughout 1981-2020. However, monetary policy has been both expansionary and contractionary. This has conflicting effect on the economy through the two channels highlighted above – the income and interest rate channels. The net effect depends on which channel outweighs the other and also the exchange rate regime adopted.

Despite having deficit budget over the years, available evidence indicates poor performance of budgeting in Nigeria as fiscal policy instrument.

Some of the effects of deficit financing include:

- Twin Deficit
- Aggregate Demand and inflationary pressure
- Fiscal Dominance
- Crowd-Out Private Investment
- Spurring Interest Rates to rise
- Decline in asset prices/value
- Net worth of Individuals/Firms declines
- Rising debt stock/Debt Servicing
- Exchange Rate Risk
- Deplete Foreign Reserves
- Prone to Debt Crisis and Fiscal Sustainability risk

The following factors largely account for the poor performance of budget implementation in Nigeria:

- Late implementation of the budget
- Extension of capital Budget
- Poor capital funding release.
- Institutions and mechanisms for oversight of the budgetary process are weak.
- Plunge in Revenue: Low Domestic Resources Mobilization
- Disharmony between the Executive and Legislative arms of the Government
- Lack of Synergy between the Fiscal and Monetary Authority
- Unrealistic Budget Assumptions
- External Shock
- Leakages and Unproductive Spending

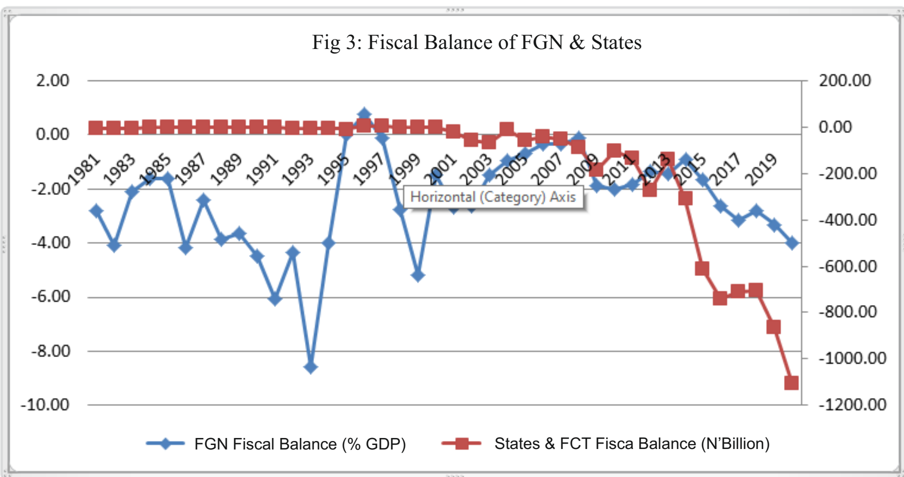
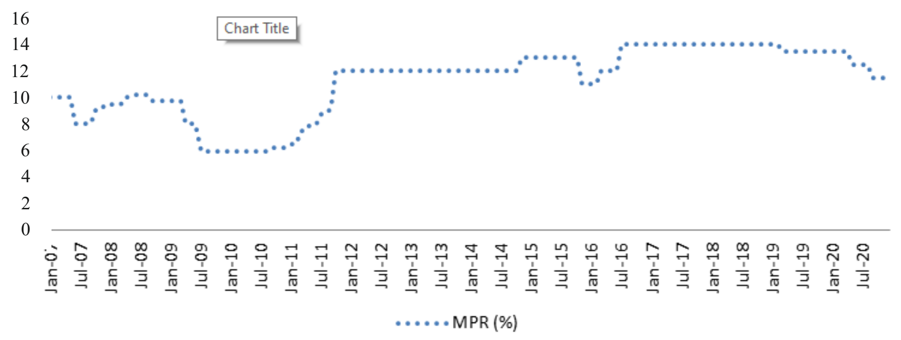


Fig 3: Fiscal Balance of FGN & States

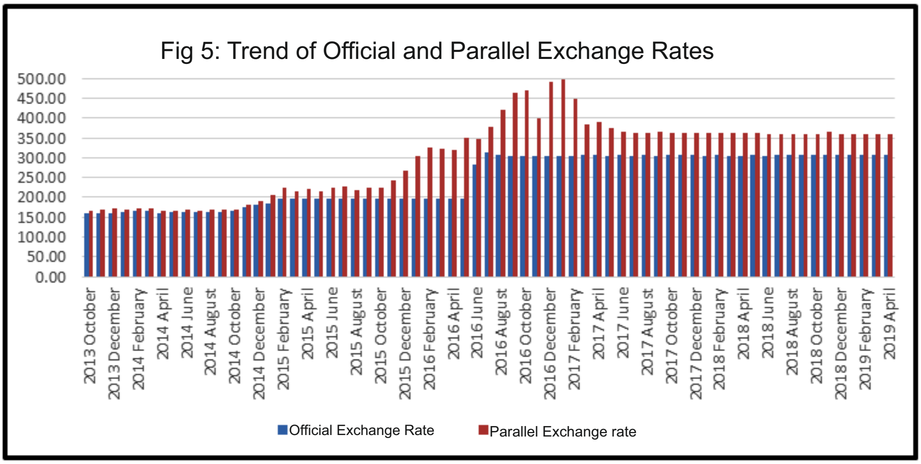
Figure 4 shows the monetary policy stance of the country over the years It is clear that the country has pursued both contractionary and expansionary monetary policy depending on the economic problem at hand. While the CBN monetary policy committee meets every two months to take decisions on the monetary policy stance, the main objective of monetary policy in Nigeria is price stability. However, the CBN Act also allows the apex bank to implement development finance activities where necessary. But this should align with the CBN's policy reaction function as this may distort desired outcomes. Over the years, the apex bank has adopted both conventional and unconventional monetary policy.

Fig 4: Monetary Policy Rate 2007-2020



One area of concern to the CBN is the exchange rate due to the undiversified nature of the economy and undue terms of trade shock. Figure 5, however, shows that there has been variation between the official exchange rate and the parallel rate. In fact, the premium gets larger during periods of declining oil price where the current account balance shrinks. This is largely due to the undiversified export sector despite policies over the years to promote non-oil export in Nigeria. This is attributed to the low economic complexity index where domestic goods cannot compete globally to command global demand.

Despite these sound policies and tools in the hand of the macroeconomist, it is clear that the macroeconomist is helpless in Nigeria as policies and tools adopted over the years have failed to attain the broad macroeconomic objectives of price stability, economic growth, employment generation and external balance. What the macroeconomist has failed to realize is that macroeconomic policies are just one of the pillars in the socio-economic building of Nigeria. The foundation of the building here is institution and constitutional framework. Strong institutions and constitutional framework determine the height of the building with several pillars, and the effectiveness of the pillars is anchored on the depth and strength of the foundation (institutions and constitution). Poor institution and constitutional frameworks are cancerous, like HIV/AIDS that destroys the cells that could have supported the success of policies.



Source: Author's Plot

The clamour and agitation for marginalization and call for restructuring across the country are strong indications of constitutional and institutional failure in causing ethnic pluralization. In this vein, the macroeconomist and the powerful tools remain in frailty. Therefore, the macroeconomist should not behave like a superman because superman is a fiction, and it is a set up for us in Nigeria when the political will is absent.

DIAMOND IN DESPAIR: BRIEF HIGHLIGHT OF THE ISSUES

While sound macroeconomic policies are imperative for growth, there are more weighty foundational issues bedeviling the proper implementation and effectiveness of these sound macroeconomic policies. This is the main thrust of the macroeconomist's frailty in Nigeria. It does not matter the number of pillars (policies) in a building. As far as the foundation is faulty, the building will either collapse, weaken or bend sideways. This is Nigeria's story of applying a battery of policies on a faulty foundation. From my presentation, I have provided a number of these foundational issues.

Madam Vice-Chancellor, for ease of appreciation, here is a brief highlight of a few of them:

- No National Philosophy/Vision: Where there is no vision, the people perish. We were united prior to independence to fight a supposed common enemy-colonialist but shortly returned to our regional selfish visions without entrenching a declaration of independence, a national philosophy. This is the source of ethnic pluralism, nepotism and favouritism in Nigeria. A killer of institutions.
- Weak constitution and Institutional Framework: This is the foundation for building any country and placing it on the right path. In fact, the rule of law, the regulatory quality, the strength of the judicial system, the socio-economic and political development all depend on the strength of a country's constitution. A failed constitution is a sponsor of a failed and fragile state. Thus, ethnic pluralization, state capture, high cost of governance, poor civic service, crime of calculation, mediocracy, rising unemployment and poverty , acute misery, insecurity, and kidnapping will thrive unhindered. Weak institutions are like HIV/AIDS destroying the cells of the body that make drugs ineffective.

Weak institutional framework occasioned by a country's poor constitution – like the 1999 constitution – will always spur ethnic pluralization, insecurity, poor governance and paralyze the structures expected to support sound policies for a country's progress.

- Structural Defects: Nigeria moved from a regional/UK parliamentary system to the US presidential system without due consideration to our peculiar diversities, with expansion from a regional system to 37 states and 774 LGAs as subnational governments without seeing these subnational government as federating units. This is a unitary federalism in disguise and this is dangerous for country with this level of diversity – ethnic, religion and resources. To worsen the case, the country introduced a bicameral legislature especially at the federal level with 109 senators and 360 members House of Representatives, contributing to the rising cost of governance in a rent-seeking system.

- Superimposing Federal Government Development Plans on a national economy and Creation of Unnecessary MDAs to cover loopholes in the current structure: Over the years, the federal government has always superimposed the federal government development plans as the national plans without proper holistic planning for the overall country. Also, with a view to correcting the loopholes in the current structure, the federal government keeps establishing MDAs for any area identified as loophole thus causing rising cost of governance instead of taking the right steps for restructuring.

- Poor human capital development and industrial irrelevant education: poor capital formation, dearth of industrial relevant infrastructure, and weak economic complexity are largely explained by the skills stock of any country and, in this case, human capital development. Nigeria is ranked very low in human capital development Index and economic complexity index.

- Resources Curse and Policy Inconsistency: Treating positive oil price shock/boom as permanent shock, thereby engendering procyclical fiscal responses in incentivizing growth fragility in Nigeria.

CONCLUDING REMARKS

Madam Vice-Chancellor, distinguished members of this audience, in the past few minutes, my presentation has shown that Nigeria has celebrated its diamond jubilee in despair, and most importantly, macroeconomic policies are among the pillars resting on a faulty foundation, thus setting up the macroeconomist as the superman in muddle. The Bible says, “When the foundation is destroyed what can the righteous do?” As a matter of urgency, the following recommendations are critical in salvaging this superman called, the macroeconomist to offload this weight and allow the effectiveness of macroeconomics polices in Nigeria:

- National Vision/Philosophy: The first thing to do as a matter of urgency is to design and entrench a national vision/philosophy. This should be done in recognition of our diversity to guide all aspects of the country.

- Developing and/or amending the constitution in line with the national philosophy that recognizes and harnesses the diverse nature of the country for national competitiveness and benefits. This is with a view to restructuring and strengthening public and political institutions to spur productivity and eliminate state capture. Constitution and institutions coupled with the national philosophy serve as the foundation for building a vibrant and thriving country. The current 1999 constitution cannot take us anywhere and policies, no matter how sound, will always be chasing shadows. In fact, I prefer the 1963 constitution to the current one.

- Structural Planning: What Nigeria needs is not functional planning but structural planning. Functional planning is developing programmes and policies using existing failed structure while structural planning is restructuring holistically conditioned on national philosophy. The current structure is unitary federalism as the subnational governments are not seen as federating units. Bakare (2017) provided explanation for about ten different views on restructuring in Nigeria: the Conservatives, the Economic Structure Reformists, the Non-Structural Constitutional Reformist, the Political System Reformists, the Devolutionists, the State Creation Advocates, the Resource Control Activists, the Regional Federalists, the Regional Confederacies, and lastly, the Secessionist. However, national philosophy should guide the right structural reforms.

- Industrially Relevant Human Capital Development: Human capital is an inexhaustible resource and with the rising population, the country needs to overhaul the education sector and curriculum in line with current industrial demand. Human capital is a major source of productivity and capital formation. The fourth Industrial Revolution driven by Artificial intelligence, internet of things, blockchain technology, datafication, cybersecurity and cloud computing is depending on the capacity of a country's human capital.

CONTRIBUTION TO KNOWLEDGE AND PRACTICE

a. **<u>Research, Administration and Capacity building:</u>**

Madam Vice-Chancellor, as a macroeconomist, I have undertaken policy relevant research with policy advisory, suggestions and insights into several topics cutting across macroeconomic developments in Nigeria. These publications are in public domain in high ranking reputable journals. Today, I have well over sixty publications in articles and contributions to books.

My research interest and publications have been in macroeconomics, international finance and economic modeling with keen interest on macroeconomic modeling and simulations, exchange rate management, global financial flows, fiscal institutions and growth sustainability. Brief highlights of a few of these research contributions are:

For instance, Eregha (2013) showed that while sound policies are imperative for growth sustainability, right institutional environment is indispensable for sound macroeconomic policies to sustain growth. Eregha (2012, 2015) modeled the complementarity of foreign capital and domestic capital and showed that owing to poor absorptive capacity and the CBN sterilization policies, foreign capital crowded-out domestic capital. Eregha and Mesagan (2016) modeled how weak institution fertilizes poor growth despite huge oil resources abundance and the urgency for structural reforms to strengthen institutions in order to harness current resources abundance for structural transformation. Eregha and Oziegbe (2016) showed the fragility of official development assistance and the detrimental effects on its dependence on per capita real growth. The need to build domestic buffers was recommended to escape the dependence on foreign aid. Eregha et al. (2016) analyzed whether the government should float or devalue the Naira against the dollar and showed a misalignment of the naira against the dollar based on current economic conditions. The study emphasized the need to realign the naira to spur export competitiveness in order to restore external balance. Eregha (2019) established fixed exchange rate regime during periods of declining current account position to be counterintuitive to attract foreign direct investment flows as this will further complicate the already deteriorating external position. Thus, I recommended a bit of exchange rate flexibility to attract foreign capital and restore external balance. Eregha, Osuji and Vincent (2019) established drivers of Nigeria's growth fragility to include poor rule of law, regulatory quality, state capture, poor capital formation and poor human capital development. The study emphasized the urgency to entrench the right institutions, capital formation and industrial relevant human capital development to spur economic diversity for growth sustainability. Eregha and Mesagan (2020) examined the role of deficit financing on the dynamic link between oil resources and per capita real growth. The study established the detrimental effect of unproductive spending and high cost of governance in causing undue fiscal deficit and the aftermath effect of the growth drag from oil resources. This led to a call for economic diversification via capital formation and entrenchment of proper fiscal rule to turn the current resources curse to a blessing. Eregha (2021) established the need for exchange rate unification when the exchange rate premium gets larger if the intention of government is to isolate domestic prices from fiscal pressure by allowing the parallel rate to absorb the pressure. Thus, the need for fiscal austerity was also recommended. Eregha, Aworinde and Vo (2021) modeled twin deficit hypothesis conditioned on oil price fluctuations and established the twin deficit hypothesis as well as the current deficit to cause fiscal deficit. The study recommended the need to treat positive oil price shock temporary in order to smoothen government consumption and build domestic buffers. Eregha, Adeleye and Ogunrinola (2021) examined the dynamic relationship between pollutant emission, energy use and real output. The study emphasized the need for efficient optimization of energy use and developing the vast renewable energy deposit to spur growth. This can be achieved with a proper institutional framework to attract private investment into renewable energy development. I have also presented several papers and public lectures in Nigeria and abroad including being invited thrice by the Oxford University, UK to present papers on Africa development issues.

On administrative contributions, I am the current Director of the PhD management Programme of the University, a member of the Senate of the Pan-Atlantic University, and the current Chairman of the Senate Committee on Results Verification. At the University of Lagos, I was a pioneer member in the development of the concept notes for the establishment of the Centre for Policy Analysis & Research, and the University of Lagos Research and Innovation Centre. I was the Departmental Coordinator for Seminar series, Diploma Programmes and also the Deputy Coordinator for postgraduate programmes. I am a current member of Council to the Nigerian Economic Society, which I also serve as an associate editor.

On capacity development, I have taught and supervised both undergraduate and postgraduate students. In fact, four of our very best faculty members were at a time my students and PhD mentees: Dr. Ekunday Mesagan, Dr. Evans Olaniyi, Dr. Friday Anetor, and Mr. Godwin Uddin. I chaired the committee that developed the current PhD Management curriculum for the University. I have served as external moderator and external assessors to postgraduate programmes of several Universities including PhD theses examination and professorial assessment to universities in Nigeria and abroad. I am a visiting faculty at the Centre for Petroleum, Energy Economics and Law, University of Ibadan. I have facilitated several trainings on economic and financial research to PhD students and mid-career faculty members of several universities within and outside Nigeria. In fact, during the lockdown in 2020, I organized free monthly zoom training (from March to September) on PhD research and supervision with roughly 200 attendees.

b. Public Engagement and Professional Impact:

I was a Visiting Scholar to African Development Bank and the International Monetary Fund (IMF). The Nigerian Government approached the African Development Bank for loan and also a study to guide them on what to do with the uncertainty around the exchange rate. I led a team of six other researchers at the African Development Bank to undergo a study title, “Nigeria: Should the Government Float or devalue the Naira?”. This study provided the evidence-based policy guide for the Nigerian government on the exchange rate dilemma. I was also among the five consultants that developed the Nigerian Economic Summit Group (NESG) Macroeconometric Model for policy advocacy and engagement with the Federal Ministry of Finance, Budget and Planning.

I have just been invited to be a speaker/panelist at the Commonwealth African Summit in London this year. I was, at a time, a panelist at the African Union meeting on trade and industrialization, a member of the national committee to undergo a study on the voice and voting power of Minority Shareholder in Nigeria, a member of the capital market Fintech Roadmap committee, and a panelist at the Security and Exchange Commission Budget seminars. I have facilitated training on risk modeling, and annual report writing for the NDIC staff at Abuja where I am also a non-resident faculty member to their Academy. I have been a team member representing the NDIC on the ERGP lab meeting with the Vice President and a team member representing the NDIC at the National Assembly public hearing on Rising Domestic Interest Rates and the Way forward for Nigeria.

I was a Technical Team Member to design the Macroeconometric model and the Financial Programming and Policies (FPP) model to develop the macroeconomic framework for the National Development Plan 2021-2025 which the federal executive council just approved and launched by the President. In fact, I was appointed by the Minister of Finance, Budget and Planning to the Technical Review Team to draft the National Development Plan (NDP) 2021-2025, and work closely with the Senior Technical Review Team to redraft all sections of the NDP 2021-2025. Also I work closely with Dr. Sarah Alade on the presentation of the NDP to various stakeholders including foreign stakeholders like the IMF and World Bank. I have also worked with the modeling team using CGE to simulate macroeconomic projections to support the design of the Nigeria's Agenda 2050.

I have been a member of the NESG team to have meeting with the World Bank Team on Nigeria's economic outlook and also a team member at the NDIC to meet with the IMF team on article IV on Nigeria. I have facilitated trainings for several other MDAs and subnational governments including Lagos State, consulted for several organizations including the AERC, IMF, World Bank and the AfDB. I am a current faculty member at the NESG, an international research fellow of the University of Economics, Vietnam and also the modeling subcommittee lead of the Cape Peninsula University of Technology Project to develop labour market demand forecasting of the services sector in South Africa. I have appeared on several media stations to discuss Nigeria's macroeconomic outlook and way forward.

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