

**INAUGURAL LECTURE SERIES 262**

**EDUCATED AND QUALIFIED,  
BUT JOBLESS: A CHALLENGE  
FOR SUSTAINABLE DEVELOPMENT  
IN NIGERIA**

**By**

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**An Inaugural Lecture delivered at Oduduwa Hall,  
Obafemi Awolowo University, Ile-Ife, Nigeria  
On Tuesday 11th March, 2014**

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## IN THE BEGINNING

The decision for an academic career in the University was a matter of necessity, entrusted upon me by providence. Having finished the first degree programme in Economics in the late 70s at the University of Ibadan, the initial love with regard to career aspiration was for the corporate world. It was then a period of economic buoyancy, characterized by thriving businesses all over and hence bright employment prospect for graduates in the Nigeria's labour market. My career aspiration motivated the pursuit of a postgraduate study in Operational Research (OR) at the London School of Economics and Political Science, all with a view to developing the capability for some managerial position.

The Master's programme in OR was completed in 1979, just around the commencement of the Second Republic in Nigeria, 1979-1983. By this time the economic buoyancy of the 70s had ended abruptly, giving way to economic recession of the 80s and culminating in the gloomy labour market situation. The search for the preferred jobs during this period became increasingly illusive while the new entrants into the country's labour market had difficult times getting their first employment. On my part, acquisition of further degree in OR never helped despite the intensive search for the preferred job. Several interviews were attended, but denied a placement apparently not for lack of vacancies or employability. Rather it was a case of being disadvantaged by the criterion of federal character especially in government establishment. The situation in the private sector was no less different; the consideration for recruitment was a matter of "knowing somebody influential at the top".

The last straw that broke the proverbial camel's back was when flimsily I was declared overqualified for a job as a research

officer in one of the reputable manufacturing companies in Lagos, even with my postgraduate training in Operational Research! It soon dawned on me to have a rethink of the dream job, become more realistic in my aspiration and settle for a “job of last resort” where, apparently, the issue of over-qualification would not arise. I gave up the job search in the corporate world and decided on an academic career in the University of Ife (now Obafemi Awolowo University) Ile-Ife.

Mr. Vice-Chancellor Sir, the job-search experiences in the country’s labour market have no doubt informed my research engagements in the University. Straightaway, I chose for my doctoral dissertation a topical issue of the time, namely: unemployment among the educated ones. The gloomy labour market situation in the country was captured in the statement made by the former military ruler of Nigeria, Muhammadu Buhari, in the Punch of September 24, 1985. According to him:

**“We cannot and will not tolerate a situation in which primary school leavers, secondary school leavers and even graduates remain unemployed for an unreasonable long time”**

(Punch, September 1985)

Not so much appreciated then by the Buhari regime (1984-85) was that the issue in contention was so much ingrained in some economic and socio-political fundamentals, which was not amenable to military fiat.

Among the populace, the issue of graduate unemployment was widely discussed in the news media. Explanations ranged from the issue of global economic recession to the proliferation of universities in the country; from the problem of over-production of graduates to the question of unemployability. Perhaps most

instructive and illustrative was the cartoon *Josy Ajiboye on Sunday* showing a don dressed in academic gown and a rural farmer in a ragged clothing with a hoe on his shoulder. The short conversation between them on the issue of graduate unemployment in Nigeria was as follows:

**Don:** ...The joblessness is as a result of over production of graduates!

**Farmer:** Fine..., will you withdraw your children from school and send mine in....?

(Ajiboye, 1985)

Evidently, the issue in contention is impregnated with several meanings, having not only economic but also socio-political dimensions. Of course, the conversation evoked some form of intellectual curiosity; several research problems calling forth empirical investigation. However, since the dissertation was for submission to the Department of Economics, for the award of Ph.D. in Economics, it was found proper and fit to adopt the Don's claim as the working hypothesis which to me assumed an economic perspective. Hence, the Ph.D. thesis was captioned "*Graduate Unemployment and the Nigerian University System: 1970-1985*".

Lately, I have had to do some further reflection on the farmer's reaction to the Don's overproduction hypothesis. It would seem the farmer is wary of the implications of the hypothesis when it comes to access to university education and consequently, opportunities such could have for all citizens now and in the future. Presumably, the validity of the hypothesis implies a restrictive admission policy that could work against the underprivileged, the children of the farmers and the underclass generally. Stretched

much further, by reason of inequitable access to university education, socio-economic opportunities could become inequitably distributed, culminating in intra-generational and inter-generational gaps. Of course, where these obtained, the nation could not have been a just and egalitarian society or a land of bright and full opportunities for all citizens.



Source: Ajiboye (1985); Josy Ajiboye on Sunday.  
*Sunday Times*. July 7, 1985.



## 1. THE INAUGURAL LECTURE

An inaugural lecture is said to be a debt a professor owes the university community, expected to be paid before disengagement from the system.<sup>1</sup> This University, Obafemi Awolowo University (OAU), deserves to be so acknowledged and appreciated, in the first place, for the offer of employment - a place of last resort after a period of fruitless search for the 'dream job'. OAU has provided me a veritable platform through which expression is given to my revised career aspiration in academics. It has also provided the much needed enabling environment and impetus for my progression from the position of an Assistant Lecturer to the rank of a Professor in the Department of Economics. The training received in the Department and the roles of my distinguished and astute supervisor, Professor O.O. Ojo are worthy of note. In the pursuit of doctoral programme in Economics my supervisor never spared me, but rather drilled and chiselled my intellectual teeth. For me, the training system in the university has developed in me the intellectual capacity to have full grasp and appreciation of the whole essence of sound theoretical constructs in economic research methodology.

Mr. Vice-Chancellor Sir, it is a great honour to stand before this distinguished audience to deliver the 262<sup>nd</sup> Inaugural Lecture of this great University. This is the fourth inaugural lecture delivered since the establishment of the Department of Economics. The last one, the 68<sup>th</sup> Inaugural Lecture was delivered by my supervisor, Professor O.O. Ojo, in this auditorium on 21<sup>st</sup> April, 1984. Professor Ojo is renowned for his writings on money and banking, and for his inaugural lecture, he addressed the issue of financial intermediation as a catalyst of economic growth, Ojo

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<sup>1</sup> See [www.unilag.edu.ng/open.doc.php](http://www.unilag.edu.ng/open.doc.php).

(1984). Nevertheless for his understanding and versatility, he permitted me and ended up building my research capability in the field of Development Economics and Planning. Hence overtime, my research engagements have been largely focused on the development of an economy from the perspective of human factor. And so, for this inaugural lecture, I have advisedly chosen to address the plight of the educated but unemployed. It is an issue that has remained with the nation up till now, changing in its character and of course undermining the country's development process.

Over the years, my research focus has been on the educated but unemployed, namely those who have received some form of formal education and are jobless. The problem has sparked off several responses from government in the form of policies and programmes as well as interventions from non-governmental organizations all of which have had negligible impact on the unemployment situation in the country. And now, I am increasingly persuaded that a more strategic response is required to address this seeming intractable problem within the broad framework of SD. Hence, I have advisedly chosen the topic, *Educated and Qualified, but Jobless: A Challenge for Sustainable Development in Nigeria*. The overall purpose in this inaugural lecture is to show that the quest for a sustainable development in Nigeria is a veritable platform through which the problem of educated unemployed could be meaningfully addressed.

## 2. CONCEPTUAL ISSUES AND THEORETICAL PERSPECTIVES

The basic concept in this lecture, Sustainable Development (SD) is of recent vintage. It shares virtually the same features as the age-long concept of **Economic Development** except that it is

much more encompassing and multidimensional. In what follows I intend to make some conceptual clarification on the two concepts and provide some theoretical perspectives on development thoughts generally.

## **2.1 On the Meaning of Economic Development**

Development has come to mean different things to different people at different times. It is a multi-faceted concept that could refer to social and political development, as well as economic development. It is also possible to refer to such things as legal and administrative development, military development and technological development, just to mention a few. The totality of these dimensions of the concept and many others constitute the so-called general or national development, Meier (1970). There is the preoccupation in contemporary times to come up with operational definitions that could be of interest to policy makers and economic planners. Over the past five decades, the search has been to identify the relevant and critical variables that should reflect adequately the notion of development. The various attempts are as follows:

### **2.1.1 *Development as Growth***

In the 1960s, the United Nations (UN) declared the decade as the “the development decade”, prescribing a growth rate of 6% for all the developing countries. By this declaration, the impression conveyed was that growth and development was one and the same thing. Expectedly, growth was expected to have a trickle-down effect on the welfare of the masses. However, empirical evidence from Nigeria, Cote d’Ivoire and Liberia showed that their respective growth rates never translated into economic development in the real sense of it, Yesufu (1996). The automatic equation of development with growth thus becomes challenged for

not bringing into focus other key development issues like unemployment, inequality and poverty.

### ***2.1.2 Development as Reduction in Poverty, Unemployment and Inequality***

This understanding of development was championed and popularized by Dudley Seers who posed some fundamental questions relating to development. He argued as follows:

**“The questions to ask about a country’s development are therefore: What has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If all three of these have declined from high levels, then beyond doubt this has been a period of development for the country concerned. If one or two of these central problems have been growing worse, especially if all three have, it would be strange to call the result ‘development’ even if per capita doubled”** (Seers, 1963).

Dudley Seers also added along the issue of self-reliance or reduction in dependency. According to him development needs to be self-reliant or endogenously driven (Seers, 1969; 1972).

### ***2.1.3 Development Expressed as Provision of Basic Needs***

The basic needs approach to development, promoted by the International Labour Organisation (ILO) in the 1970s, saw development as a process that guarantees the provision of the minimum basic essentials required for living. These included

shelter, food, clothing, basic education, basic health facilities, etc. By this conception, basic needs are things to be provided by government while growth process is critically necessary for sustainable provision of these needs.

#### ***2.1.4 Development as Human-Development Centred***

This notion of development was brought into prominence by the United Nations Development Programme (UNDP) by the end of 1980s. Conceptually, human beings are explicitly brought into, and considered to be lying at the epicentre of the development process. In this case, human beings are treated as both the means (the resources) and ends, namely the reason for development (Oladeji and Adebayo, 1996; Umo, 2007). The famous Rio Declaration, adopted by the United Nations Conference on Environment and Development in 1992 puts it in a vivid manner thus

**“Human beings are at the centre of concern for Sustainable Development. They are entitled to a healthy and productive life in harmony with nature”** (Soubbotina, 2004).

As far as this conception is concerned, the relevant and critical variable of concern is human development; a process of expanding human choices by enabling people to live a long, healthy and creative life. According to Umo (2007), economic growth within this perspective must deliver on the critical issues of employment, income equality, democratic participation and environmental protection.

## 2.2 Defining Sustainable Development (SD)

The issue of SD is in focus in this inaugural lecture. It is an amorphous concept that is subject to diverse interpretation just like the notion of economic development. At the abstract level, SD is indisputably positive in connotation as it expresses admirable aspiration for a future. Who would be against its general notion whether it is interpreted as environmental sustainability, sociopolitical sustainability, cultural sustainability or financial sustainability? It is a widely used concept and of a general acceptance. Its fascination to all and sundry is precisely its looseness; a catchall phrase capable of accommodating or covering divergent ideas. However, when it comes to development planning and public policy making, a consensual and more definite meaning is required and practically helpful. As far as Daly is concerned, SD is a term that everyone likes, but no body is sure of what it means. Making a case for a narrower and more definite meaning, he says:

**“One way to render any concept innocuous is to expand its meaning to include everything. ...the phrase SD had acquired such cachet that everything had to be sustainable, and the relatively clear notion of environmental sustainability of the economic subsystem was buried under “helpful” extensions such as social sustainability, political sustainability, financial sustainability, cultural sustainability, and on and on. Any definition that excludes nothing is a worthless definition” (Daly, 1996).**

Attempts have been made to provide a definition of SD or a conceptual description of its idea (World Development Report, 1992; Rio Declaration on Environment and Development, 1992;

Conway and Barbier, 1990 and Munasinghe 1994). Evidently, it is an on-going concept, currently being developed, constantly being revised, extended and refined in the literature (Soubbotina, 2004:9). According to Soubbotina, the challenge for now is to formulate a definition based on the knowledge about the relationships among its main components and their relative significance as may be determined by a system of values.

The World Bank's description of SD is rather terse and not particularly helpful. To the World Bank, SD is simply development that continues, World Development Report, 1992. A significantly wider description is as contained in the Rio Declaration on Environment and Development. SD is described as:

**“long-term continuous development of the society aimed at satisfaction of humanity's need at present and in the future via rational usage and replenishment of natural resources, preserving the earth for future generations”** (Rio Declaration on Environment and Development 1992).

For obvious reason the conception is slant, reducing the idea of SD to the pursuit of development that would be compatible with environmental protection. Perhaps the most classical and well cited idea of SD is the one provided in Brundtland Commission's Report, which postulates that

**“Sustainable Development is the kind of development, which satisfies the current needs without endangering the future generations to satisfy their own”** (Brundtland Commission's Report, 1987).

This conception is devoid of any slant, making room for helpful extension to the main components-the economic, social and environmental factors of SD.

SD is not just a concept; it is increasingly emerging as a visionary development paradigm that calls for a convergence among the three pillars of economic development, social equity and environmental protection (United Nations, 2010:6). Three main guiding principles define the paradigm, namely a long-term perspective of development process; commitment to equity and fairness to groups of people within the same generation and among generations; and acting on the complex interconnections that exist among the environment, economy and society.

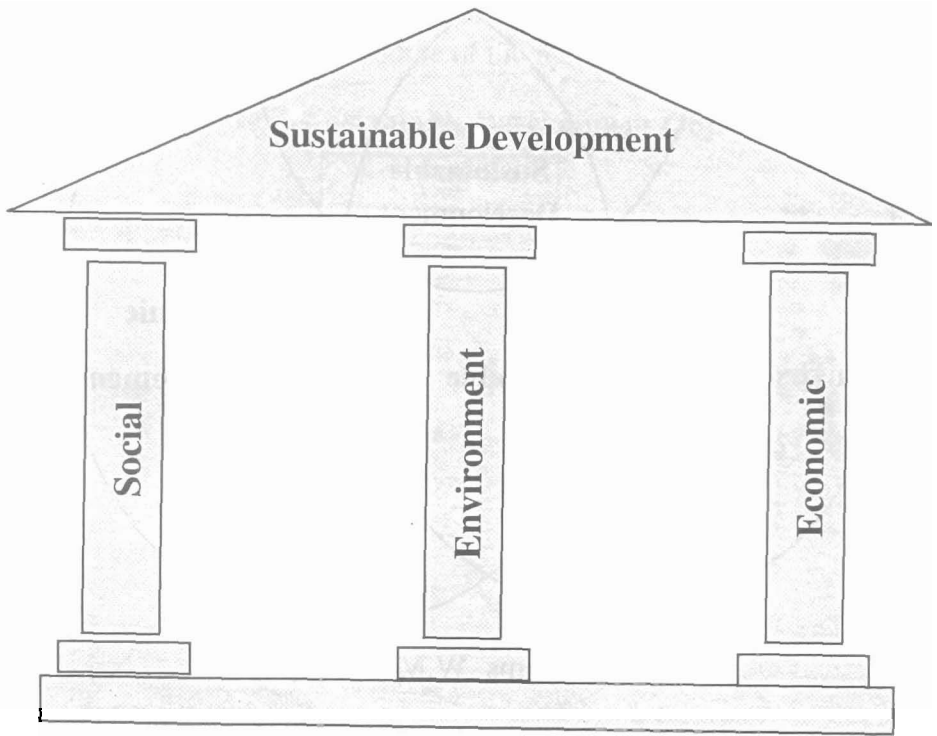
### ***2.2.1 Pillars of Sustainability***

A number of theoretical constructs have been developed for defining the sustainability problem. The three pillars of sustainability provide one of such conceptual frameworks. It is a simple conceptual framework that depicts in a graphic manner the essential features of the SD paradigm. As shown in **Fig 1**, SD rests on the three platforms of social justice, economic prosperity and environmental protection. Framed from the systems view, the pillars are interconnected, non-mutually exclusive and nested inside one another (see **Fig 2**). The theoretical construct thus emphasizes an integrative thinking about development. A weakness in any of the pillars renders the system as a whole useless and hence unsustainable.

The social, economic and environmental systems have a life of their own, and even more so the intersection of the three systems. Hence **Fig. 2** depicts the three pillars of sustainability in the Venn diagram of overlapping sets. Typologies of sustainability are illustrated by each of the intersections. True SD is obtained

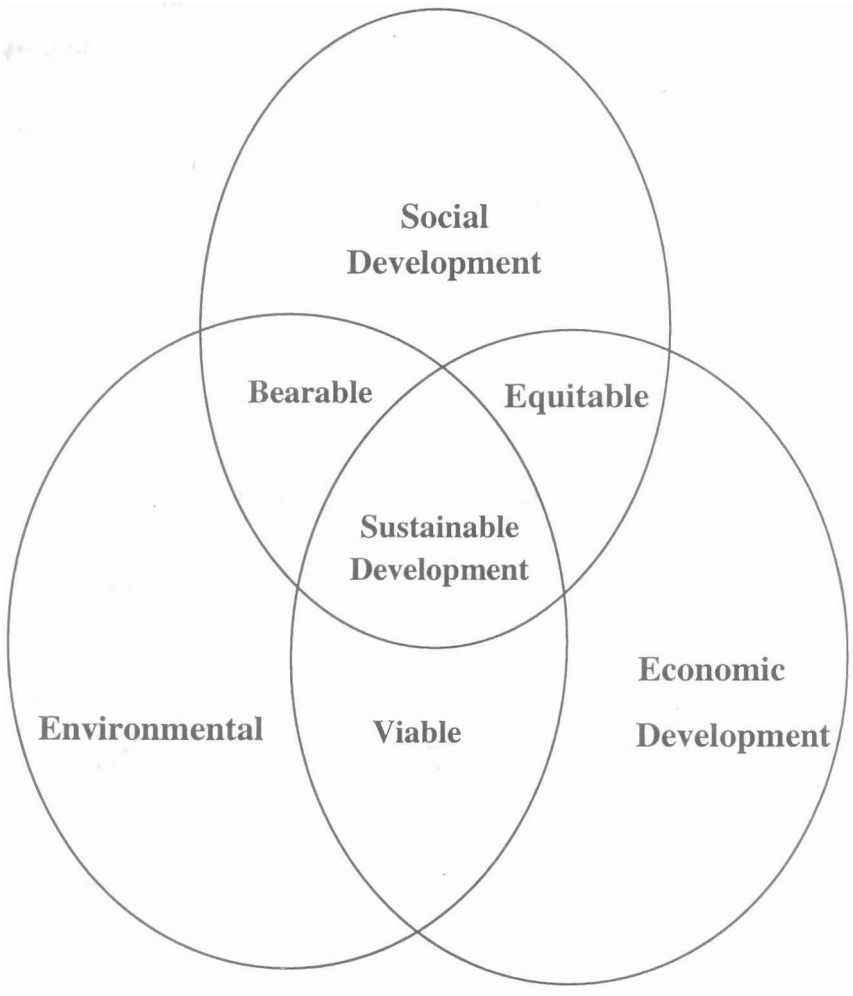


when conditions for sustainability are met in all the three dimensions- that is, the confluence of the three sets of sustainability. When only economic and social sustainability conditions are met, it is dubbed “equitable SD”. A “viable SD” is obtained when sustainability conditions apply only to the economy and environment. And when sustainability is in respect of social and environmental dimensions, it is tagged “bearable SD.” To some, the equitable, viable or bearable SD really is not sustainable or at best they typify variants of “quasi-SD”.



**Figure 1: Pillars of Sustainability**

**Figure 2: Venn Diagram of Sustainability**

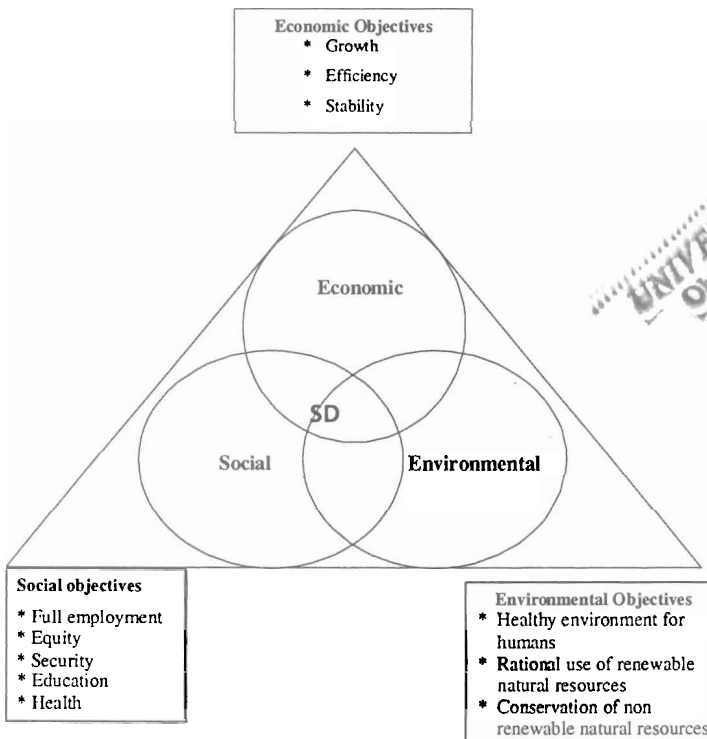


**Source:** Adams, W.M. (2006)

## 2.2.2 Sustainable Development Objectives

In contemporary times SD has become an expressed objective of public policy. It is all about striving to improve people's overall wellbeing and surrounding without destroying the life-supporting systems on which current and future generations of human depend (Parliamentary Commissioner for Environment, 2004). Its goal encompasses economic, environmental, and social sustainability, achievable through rational management of physical, natural, and human capital. The objectives in view are many-sided, some of which are concurrent while some others conflict. Figure 3 shows some of the multifarious objectives of SD.

**Figure 3: Sustainable Development Objectives**



**Source:** Soubbotina (2004)

Merely to scan the entire list of the economic, social and environmental objectives is to realize the necessity to balance so many conflicting objectives. For instance, whereas growth and efficiency objectives are concurrent, they are not compatible with equity objective. Economic growth process may turn out to be jobless, and in fact be more damaging to the natural environment. The pursuit of SD is usually bedeviled by several tradeoffs and thus, the need to balance interests of several groups in order for development to continue indefinitely.

A long term requirement for a SD is to foster a development process that will not sacrifice interests and wellbeing of the future generations. If future generations must live at least as well as the current generation, sustainability requires a careful balance between economic growth and environmental preservation. Perhaps not particularly appreciated is the fact that human beings are at the centre of concern for SD. It is therefore of fundamental importance to recognize human capital development as a critical variable of sustainability in all its main components-economic, social and environmental. The pursuit of human capital development objective through education and health is expected to deliver on greater productivity, employment, income equality and environmental protection. By reason of the spillover benefits of investment on education and health, future generations become better off as they are bequeathed with not just quality standard of living, but also environmentally and socially sustainable living conditions.

SD is a complex, multidimensional and dynamic phenomenon whose conceptualization has been greatly influenced and shaped by the emerging topical development issues. Lately the multi-faceted perspective of SD has found expression in the Millennium Development Goals (MDGs) endorsed by 189 member

states of the United Nations (including Nigeria) at the UN Millennium General Assembly in New York in 2000.

The MDGs, set to be accomplished by the target year 2015, have the following critical elements.

- (i) Eradication of extreme poverty and hunger
- (ii) Achievement of universal primary education
- (iii) Promotion of gender equality and women empowerment
- (iv) Reduction of child mortality
- (v) Improvement of maternal health
- (vi) Combating HIV/AIDs, malaria and other diseases
- (vii) Ensuring environmental sustainability
- (viii) Development of a global partnership for development

It is noteworthy that the MDGs have been formulated in an operational manner, with concrete targets and indicators for tracking progress towards these targets and of course, are time-bound. As shown in **Table 1**, the MDGs translate into 18 concrete targets to be achieved by 2015. Although the MDGs are largely social and environmental in outlook, the growth objective is acknowledged as the main precondition for achieving the MDGs. The responsibility for meeting the growth challenge is consigned to the government of these countries, with support from donor countries and international development agencies.

**Table 1: Millennium Development Goals (MDGs)**

1. Eradication of extreme poverty and hunger.	<p>1. Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day.</p> <p>2. Halve, between 1990 and 2015, the proportion of people who suffer from hunger.</p>
2. Achievement of universal primary education.	3. Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.
3. Promotion of gender equality and women empowerment	4. Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015.
4. Reduction of child mortality	5. Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.
5. Improvement of maternal health	6. Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.
6. Combating HIV/AIDs, malaria and other diseases.	<p>7. Have halted by 2015, and begun to reverse, the spread of HIV/AIDs</p> <p>8. Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases.</p>
7. Ensuring environmental sustainability	<p>9. Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.</p> <p>10. Halve, by 2015, the proportion of people without sustainable access to safe drinking water.</p>

	<p>11. 2015, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.</p>
<p>8. Development of a global partnership for development</p>	<p>12. Develop further an open, rule based predictable, non discriminatory trade and financial system which includes a good governance, development, and poverty reduction-both nationally and internationally.</p> <p>13. Address the special Needs of the Least Developed Countries. These include tariff and quota free access for LDC exports; enhanced programme of debt relief for HPC and conciliation of official bilateral debt; and more generous ODA for countries committed to poverty reduction</p> <p>14. Address the special needs of landlocked countries and small island developing states (through Barbados Programme and 22<sup>nd</sup> General Assembly provisions).</p> <p>15. Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term.</p> <p>16. In Cooperation with developing countries, and implement strategies for decent and productive work for youth.</p> <p>17. In cooperation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries.</p> <p>18. In cooperation with the private sector, make available the benefits of new especially information and communication.</p>

**Source:** Adapted from UNDP, *Human Development Report 2003*, p.1-3

## 2.3 Dominant Mainstream Development Theories

Economics has come to be acknowledged as a practical science by virtue of its method of enquiry. An important hallmark of the economic research methodology is theorizing and modeling with a view to generating empirical facts in the most objective and scientific manner. However, as for popular thinking there is so much preference for facts as against theory. People want to be spared of so much theoretical construct, rather they cherish facts. For instance, there is a common saying: “that is all right in theory but not practice”. There is a flaw in this, which arises from a fundamental confusion about the relationship between theory and facts. It must be acknowledged that facts and theory are inseparable and largely complementary. There can be no theory without facts and facts have no scientific use unless formulated as a theory.

In order to extract sensible meaning from the apparently jumbled complexity of the “real world”, it is necessary to limit the area of inquiry. Hence, it is important to acknowledge at the outset that economic theories set out to answer specific questions and therefore cannot be expected to provide answers to questions that they were not designed for. The centrality of human factor in development is a key issue assumed in this inaugural as the basis for planning SD. Every approach to planning is largely a reflection of an intellectual base or some theoretical input. Thus, it is needful to examine the mainstream theories of development, checking the incorporation of human factor in their formulations or, in the alternative what implications do they portray for development planning and policy formulation.



### ***2.3.1 The Earliest Development Thoughts***

The earliest orthodox writings on economic development assumed uni-dimensionality, reducing development issue to the explanation of economic growth. The explanation involved the search for a single-cause and hence a single-remedy theory of development. The choice or the identification of the missing factor was subject to fashion, ideology etc, and shaped by the changes in the international environment. By the end of twentieth century, the various writings had emphasized in seriatim the four factors of production (i.e. land, labour, capital and entrepreneur) as the missing factor at various times.

The Physiocrats stressed land as the chief source of wealth at the beginning of the 18<sup>th</sup> century while the classical economists focused on human labour as major and strategic source of wealth. It was fashionable to look upon material capital as the factor in the middle of 19<sup>th</sup> century while Karl Marx writing underscored the output-creating aspect of capital which became embodied in the Harrod-Domar growth model. Attention shifted to the factor, organization and management by the beginning of the 20<sup>th</sup> century. Schumpeter's writings and later Harbison brought to the limelight the entrepreneurial organization as a critical factor in economic development. According to them economic development would proceed in the underdeveloped countries much more rapidly if the supply of entrepreneurs were greater.

### ***2.3.2 Contemporary Development Thoughts***

By the middle of 20<sup>th</sup> century the development thoughts based on the experience of the advanced countries, also shared by the underdeveloped countries, pointed in the direction of what then was referred to as the "residual" factor of economic growth.

Education was identified as one of such factors, underscored in the writings of Denison (1962) and Schultz (1963). And more recently, Romer (1986) and Lucas (1988) of the Chicago School traced the slow growth of developing countries to low human capital and knowledge. These days human capital is turning to be an essential and central factor of modern economies in the globalizing world.

The challenge of SD has brought to bear a long term perspective of growth process and a concern about the relationship between development and environmental issues. The so-called the newest schools of development theory (otherwise known as emerging theories) call to attention in this regard. As far as these schools are concerned, the Solow's neoclassical growth model is probably the best known model of economic growth. This model took its bearing from the Harrod-Domar growth formulation. The Solow's model expanded it by adding a second factor, labour, and introduced a third independent variable (technology), to the growth equation, Solow (1956). In contrast to the fixed coefficient and constant returns-to-scale of the Harrod-Domar model, Solow's model assumes diminishing returns to labour and capital separately. It also assumes constant returns to both factors jointly. Technology is treated as the residual factor explaining long-term growth. The level of technology, according to Solow is exogenously determined and thus independent of all other factors.

An important postulate of the model is that economies, both developed and underdeveloped will converge to the same level of income, given that they have the same rates of savings, depreciation, labour force growth, and productivity growth. Arising from Solow's model is that the heavy-handedness of governments in less developed countries is a constraint to the inflow of foreign investment which retards the growth process. The

development policy implication is therefore obvious: economic liberalization, *laissez-faire* and privatization.

The concept of endogenous growth represents another key component of the emerging development theory. The endogenous growth theory takes its bearing from Solow's neoclassical growth model, subjecting it to some extension and modification. It is a theory formulated to explain long-run equilibrium growth among countries. The theory discards the neoclassical assumption of diminishing marginal returns to capital investments and permits increasing returns to scale in aggregate production. It assumes further that public and private investments in human capital generate externalities and productivity improvements, all of which offset the natural tendency for diminishing returns.

The development policy implied in the endogenous growth models, unlike the exogenous ones, does not really favour the market fundamentalism. This derives from the emphasis on external economies and productivity improvements from physical and human capital. Inasmuch as individuals receive no personal gains from the positive externalities created by their own investments, the free market is most likely to lead to underinvestment in the private sector and less than the optimal level of complementary capital. The models of endogenous growth are generally disposed to an active role for public policy that promotes economic development through direct and indirect investments in human capital formation and the encouragement of foreign private investment in knowledge-intensive industries such as computer software and telecommunications.

### ***2.3.3 Limitation of the Mainstream Development Thoughts***

By and large, the dominant theoretical paradigms propounded in the last half-century have in the main premised on

the search for a single-cause and hence a single-remedy theory of development. In a condensed form, the factor so identified from past studies is as follows:

X =	{	Physical capital	[1940-70]
		Entrepreneurship	[1958-65]
		Incorrect relative prices	[1970-80]
		International Trade	[1980- ]
		Hyperactive government	[1980-96]
		Human capital	[1988- ]
		Ineffective government	[1997- ]

**Source:** Adelman (2001: pp 104-117) and Author's Modification

By the so-called x-factor, the argumentation is structured to read: underdevelopment is due to constraint x; loosen x, and development will be the inevitable result. According to Adelman (2001), this is nothing but a naive search for a missing factor x. To Adelman, the argumentation is fallacious, with significant deleterious consequences for both theory and policy. It is her contention that economic development is highly multifaceted, non linear, path dependent and a dynamic process and so cannot be reduced to the so-called x-factor.

As an emerging concept, theorization on SD is even more challenging in view of its multidimensionality. The idea of the endogenous growth theory appears promising in terms of capturing some aspects of sustainability. In contrast to the mainstream theoretical paradigms, the theory emphasizes the imperative for strategic intervention of government towards building up the country's human capital and technological capabilities. Apparently, the challenges of investing in human capability are

— inclusive of the power of ideas imparted in the process of human resources and technological development. Most successful development strategies are based on using imported ideas with expediency and making concerted efforts at creating new ones locally. When enough ideas are present, the economy begins to develop and produce its new products and services. Market imperfections in a developing nation like Nigeria and experiences elsewhere, notably the Asian Tigers, have shown that government, and not the market forces, holds the ace as far as human capital accumulation and technological development are concerned. Characteristically these two forms of investment do generate economies of scale and spillover which are not recognized by the neoclassical paradigm and of course not captured by market mechanism.

It is also instructive to appreciate the long-term view of the endogenous growth theory; a basic requirement of sustainability. Nevertheless, the theory cannot be said to have full grasp of all the elements of SD. For instance, the issue of SD has brought to bear the essence of environmental thinking on every aspect of development. More than ever before, SD has evoked a concern about the balance between development and environment on one hand and intergenerational welfare differences on the other. The endogenous growth theory falls short of capturing this aspect of sustainability in development process.

## **2.4 Between Neo-Liberalism and Keynesianism**

These days the neoclassical thoughts and doctrine have remained dominant in development policy making at the national and global levels. There is so much expectation in economic liberalization, laissez-faire, globalization and privatization policy in development process. To the proponents, market mechanism

should be counted upon to guide resource allocation and stimulate economic development. However, the question that critics keep on asking is how far could the third world countries rely on the market mechanism given the widespread imperfections in their markets. Fears have always been expressed on the exclusive reliance on the market forces and the private sector to allocate resources and distribute income in the pursuit of long term objectives. The contention is that as far as developing nations are concerned, economic development is a process of structural changes that requires non-marginal changes for which market forces are rather feeble and ineffective.

In planning for SD what scope is there for the market mechanism? Or is there no rational basis for government intervention. Conceptually, SD is all about preserving, conserving and developing the physical environment whilst in pursuit of growth in the present for the sake of future generations. It implies minimizing the use of exhaustible resources or at least ensuring that revenues obtained from them are used to create a constant flow of income across generations, and making an appropriate use of renewable resources, Bellu (2011:5).

Originally, the framework that gave birth to Agenda 21 on SD of the UN Conference on Environment and Development (UNCED) expresses global concern for the environment. The action plans from the agenda are to be executed at local, national and global levels. Influenced by the extant world economic order, which is market-based, everything becomes expressed and treated like familiar consumer goods. In the philosophy of “market mechanism”, the proponents would argue: “if nature is being destroyed on account of its exclusion from free market economy

then nature's best hope is to become part of the market itself'.<sup>2</sup> This means putting a monetary value on ecosystem services and developing competitive markets for them.

However, the poor performance of market mechanisms when it comes to environmental stewardship for SD has been reported in the literature. The frustrating experience with this modality of environmental management is amply expressed thus:

**“Market mechanisms have... struggled to gain wholehearted acceptance by parties to multilateral environmental agreements such as the UN framework convention on climate change or the convention on Biological Diversity. Whilst both conventions continue to explore the potential of market mechanisms, the talismanic scheme for reducing emissions for deforestation and forest degradation is running years behind schedule”.**<sup>3</sup>

On theoretical grounds, it is not too hard to explain the feebleness of the market forces as an apparatus for environmental management and sustainability. For instance, physical environment is by and large, a global public good and as well a common property resource liable to be misallocated. The susceptibility of the “environmental good” to the free-rider problem implies a tendency of its being overused or degraded, Todaro and Smith (2009:501). It is also the case that the internalization of the externalities identifiable with environmental good is not easily

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<sup>2,3</sup> [tread softly-net/finance-for-sustainable-development/market-mechanism](http://treadsoftly-net/finance-for-sustainable-development/market-mechanism)

accomplished under free play of market forces. All of these theoretical issues render the *laissez-faire* policy of the neoclassical development paradigm ineffective and inadvisable for environmental sustainability. In the words of Adedeji (1989b), the simple truth of the African situation is that economic aggregates (including “environmental goods”) are rarely fully responsive to market forces; definitely not with the basic and constraining structural rigidities characterizing African economies.

The competing mainstream economic thoughts, the Keynesian school, appears more promising as it actually emerged out of concern for the vulnerability of economic and financial institutions to crises and collapse in a market economy. The Post-Keynesians in particular were a school of thought that tenaciously held onto a systems view and acknowledged the interconnectivity between the environment, society and the economy in contradistinction to the mechanical and methodological individualism of the neoclassical paradigm (Norgaard, 1988). For this school of thought, the State must provide what the private sector cannot and will not provide like the “**environmental good**”. The Post-Keynesian methodology is aimed to stabilize economic growth and maintain full employment, now and in the future. And in the context of SD, the emphasis includes eradication of unemployment and poverty while securing economic and natural resources for future generations. Hence, as argued by Holt:

**“Post-Keynesian economics has much to offer, particularly in relation to the environment – employment dilemma, and should not be overlooked in any attempt to simultaneously achieve the goals of ecological sustainability and full employment”** (Holt, 2005)



From all indications, especially in view of the contemporary environmental management and SD policy, the fashionable doctrines of the neo-classical school that have held sway since the 1980s are increasingly being challenged. The oscillation of development policy pendulum in the intellectual discourse now swings back to the Keynesianism. In a most persuasive manner and clamouring for a Keynesian revolution, Blazevic (2013) argues as follows:

**“In order to avoid wars and revolutions and contemporary terrorism as a result of disrupting the Keynesian stability mechanism, where the world has been brought to uncertainty, mass unemployment and the edge of a general crisis, a real alternative is a Keynesian revolution that needs to be developed in the economic and political thought. The new Keynesian “revolutionary” world view should unite the economic, social and ecological needs. It should unite capital, labour and natural goods in a harmonized whole with the purpose of creating an eco-social-market economy.”** (Blazevic, 2013:114)

Mr. Vice-Chancellor Sir, the clarion call for SD by the UN Conference on Environment and Development (UNCED) was prompted by the global concern for the environment, albeit not limited to it. As a matter of fact the intellectual discourse on sustainability, hitherto dominated by environmental issue is fast transforming into the practical and more fundamental issue of human development.

Hence towards domesticating the Agenda in Nigeria, emphasis should actually shift in favour of a human-centred approach to development. This is because:

**“Human resources development lies at the heart of economic, social and environmental development. It is also a vital component for achieving internationally agreed SD goals, including MDGs and for expanding opportunities to all people, particularly the most vulnerable groups and individuals in society.”<sup>4</sup>**

In the context of this inaugural lecture, the issue of concern is what scope the framework of SD provides for the management of the educated unemployment in contemporary Nigeria? In what follows, I intend to present a synopsis of my contribution to knowledge over the years on the issue of educated unemployment phenomenon in the country. Most of my research endeavours in this direction have been largely diagnostic from which some understanding could be made of the challenge that the phenomenon poses for SD in Nigeria.

### **3. MY CONTRIBUTION TO KNOWLEDGE**

The orientation of my publications has always been to look at development and its planning from the Human Resource Development (HRD) perspective. The strategy of HRD in development planning concerns the two fold objectives of building skill and providing productive employment for non-utilized and

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<sup>4</sup> United Nations Office, DESA-UN Website, 2009.

under-utilized manpower, Meier (1970:612). Many developing nations, including Nigeria, have continued to face challenges in developing human resources and, at the same time, utilizing the available developed skills. Unlike other resources of development, the surplus of educated manpower can be as disturbing as its shortage, Oladeji (1989b:3). It was the former that engaged my attention in most of the publications. The incidence of educated unemployment that was noticeable in the 1970s, has grown tremendously and by 1980s metamorphosed into graduate unemployment, namely unemployment among people with academic degrees. Today, many graduates are completing university education with degrees and heads full of 'knowledge', but could not be absorbed in the Nigeria's labour market.

### **3.1 Setting the Research Agenda**

Research is a portmanteau word that covers the wide range of intellectual activities that serve to increase man's power to understand, evaluate and modify his world and his experience (Robbin's Reports, 1963:181). In common parlance, research is all about a search for knowledge, a systematized effort to gain new knowledge. As indicated earlier, the practical experience with the challenge of job search as a graduate jolted me into the research idea on graduate unemployment in the second half of 1980s. Towards moving the frontier of knowledge in this area of study, I had to delve into academic literature on the issue of educated unemployment phenomenon to establish what is on ground. A product of the survey was the paper published to stimulate research efforts in this area, Oladeji (1987). The paper, among other things, reflected on two disturbing paradoxes on graduate unemployment in less developed countries. These were

- (i) The persistence of a high demand for higher education (and consequently increased supply of educated manpower)

despite graduate unemployment- this was dubbed *demand-unemployment paradox*.

- (ii) The rapid expansion of educational facilities by governments to meet the growing demand for education despite the unemployment problem or when such higher education policy is tantamount to overinvestment in university education-this I referred to as the *supply-unemployment paradox*.

A third paradoxical situation, worthy of investigation also but not covered in the paper, was the simultaneous existence of graduate unemployment and shortage of skilled manpower in the less developed countries. This relates more to the issue of structural imbalance rather than quantitative imbalance which has been implicitly assumed in the two paradoxical situations addressed in the paper. The research implications deriving from the unemployment paradoxes examined included the following research questions.

- (i) Any empirical validity for the overproduction hypothesis, namely that the joblessness is as a result of overproduction of graduates?
- (ii) Has the graduate unemployment phenomenon any significant influence on the demand for university education?
- (iii) What impact has the government subsidy on university education on the demand for places in Nigerian universities?
- (iv) Is there any empirical evidence of the *Fields-demand trap*-that is, low elasticity of demand for graduate output?
- (v) To what extent is the supply of education (or provision of educational facilities) independent of economic criteria?
- (vi) What correlation is there between the pressure of demand for University education (as measured by excess demand for

places in the universities) and the supply of education (measured by the quantity of places provided at the University level)?

- (vii) Has there been job upgrading by the employers of labour in the country?
- (viii) To what extent would the university graduates go down the job ladder in the absence of 'graduate jobs'?
- (ix) In view of the increasing enrolment for postgraduate studies in Nigeria, what is the likelihood that first degree holders will not be susceptible to the displacement phenomenon; namely be at the risk of being displaced from the labour market, especially from the formal sector?
- (x) Have the university graduates been displacing the other graduates from other tertiary educational institutions like the polytechnic and college of education graduates?
- (xi) What are the trends and manner of the absorption of educated manpower into the informal sector?
- (xii) What is the job search behavior of the educated unemployed in the urban labour market?

In the light of the foregoing, attempts have been made by me to examine the nature, causes and effects of unemployment. The approach, of course, has been to undertake in-depth studies, probing into the developments in the country's education and labour market systems, as well as the planning of the economy with a view to eliciting relevant facts on the phenomenon. However, the relevance of the overproduction hypothesis to the understanding of unemployment needed to be settled first.

Following the validation of the hypothesis, the panoramic view indicates several researchable issues which the hypothesis has sparked off (see **Chart 1**). These have been contextualized in ten different areas, all of which have been investigated over the years.

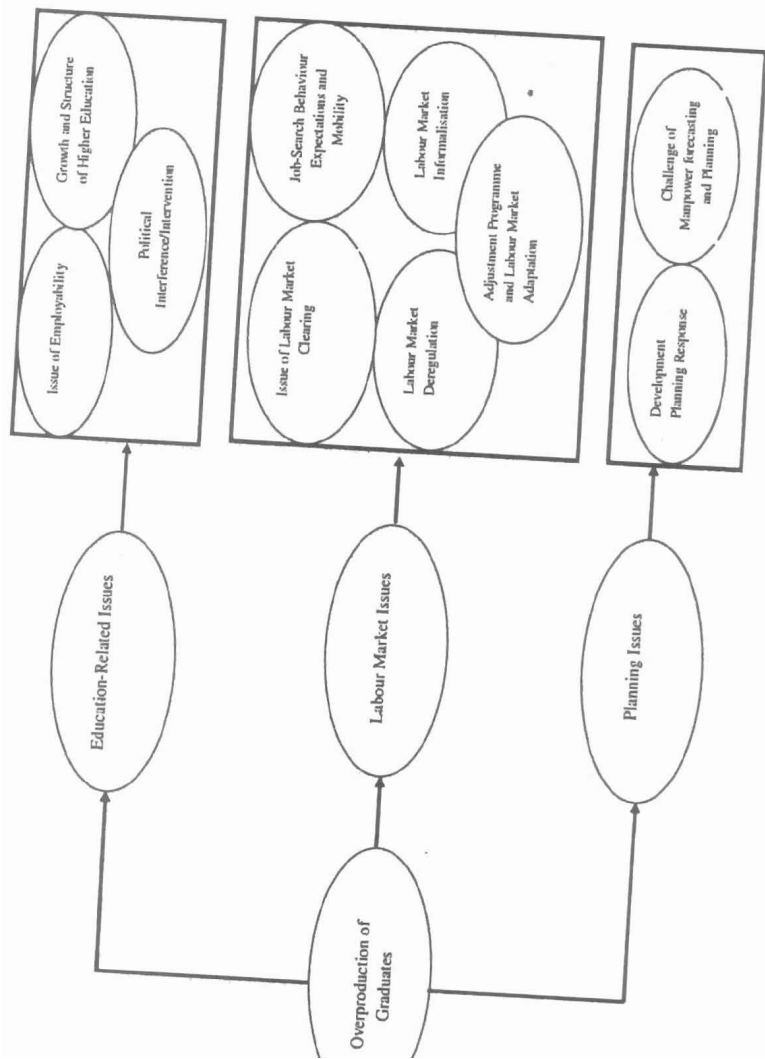
The last two to three decades in Nigeria witnessed all kinds of economic policies within the framework of the Structural Adjustment Programme (SAP). As the SAP loomed large in the country's economic experience, I have had to reflect and appraise the logic behind the Programme in the light of these research issues. In the process I have had to challenge the dominant neo-liberal orthodoxy of SAP and underscore the relevance of the Keynesian economics in the present day Nigeria.

### **3.2 The Overproduction Hypothesis**

Among the propositions on the problem of educated unemployed, the overproduction hypothesis is perhaps one of the most controversial and fundamental, particularly in the context of developing countries. Yet, it is an issue that is worth addressing for its verification and the attendant policy implications could unearth some substantial facts for the policy makers. To illustrate, granted that there exists overproduction of the educated, a probable policy option is a cut on students' enrolment. A poser arising from this is how such can be implemented without trampling on equity ideal which apparently is given much premium, particularly in a relatively heterogeneous country like Nigeria.

On the question of too many graduates, not enough jobs which the overproduction hypothesis portends, there are different perspectives on the effect this could have on society and in particular the workforce. Bowers-Brown and Harvey (2004) identified four key-strands of thought that emerges in the literature. As summarized in Table 2, these are elitist perspective, democratic view, vocational education advocates and business investment view.

**CHART 1: PANORAMIC VIEW OF THE AREAS OF CONTRIBUTION TO KNOWLEDGE**



**Table 2: Perspectives on Overproduction Hypothesis**

Elitist Perspective	There are too many graduates and not enough graduate jobs. The benefits of education are seen purely in economic terms.
Democratic View	The more educated people the better, graduates are of social benefit and there is no such thing as a graduate job; what graduates do is a graduate job. Besides, graduates 'grow' jobs.
Vocational Education Advocates	Irrespective of how many graduates there are, there are not enough skilled crafts /technical people. There are too many people doing degrees that should be learning a trade, hence foundation degrees.
Business Investment View	Lack of commitment to life-long learning on the employer's part. Employers do not use graduates effectively.

**Source:** Bowers-Brown and Harvey (2004)

Of these perspectives, the democratic view on the overproduction hypothesis would probably see unemployment of the educated as an aberration very much in agreement with the classical theory of employment. This viewpoint was taken up in several of my papers, Oladeji (1989a), Oladeji (1990a) and Akutson and Oladeji (2001). Our standpoint is to the effect that neither the democratic perspective nor the postulate of the classical theory could be presumed to be valid. Thus the possibility of overproduction of educated manpower might be difficult to contradict.

In my paper, Oladeji (1989a), different notions of overproduction were examined and to verify the overproduction hypothesis, an analytical framework was developed. A *technological* conception as opposed to the *economic* definition of



overproduction was adopted on the ground of practical expediency. In particular, the technological definition was adopted because for long, it has been the basis for manpower planning in developing countries.

The problem of overproduction of graduates in the paper was analysed as a consequence of the disproportion between educational provision and the country's manpower targets or the absorptive capacity for the graduates. Using the data for the Second Plan (1970-74), Third Plan (1975-80) and the Fourth Plan (1980-85) periods, evidence of overproduction was established in the period, 1975-85, spanning respectively the Third and Fourth Plans. The overproduction hypothesis was not verified in the Second Plan period (1970-74). It was a period of manpower shortages and bright employment prospect for university graduates. This was corroborated in the works of Ojo (1978) and Diejomaoh (1979).

I acknowledged the possibility of aggregation bias in my analysis. Whereas the overachievement of manpower targets and thus overproduction hypothesis was verified in general, for some skills or fields of study the validity of the hypothesis was suspect. Relying on the study conducted by the National Manpower Board (NMB) in 1984, it was found that the economy was in dire need of medical doctors and other health officers, engineers of all kinds and vocational/technical education graduates. On the other hand the turnout of graduates of Law, Arts, Natural Sciences and Social Sciences was reported to be too high vis-à-vis their requirements (Okoye, 1985).

A companion paper by me, Oladeji (1989b) elaborated on the relative contributions of the Nigerian University system and the economy to the employment problem. The surplus of graduates was related to a tripartite relationship, involving the three interdependent

development planning sub-systems, economic, educational and manpower planning. The study showed that the overproduction had been in existence in Nigeria since 1975 and that the economic crisis of the 1980s further exacerbated the problem. The distortions effect predominated, albeit overachievement on the part of the university system also contributed significantly to the phenomenon. Projecting into the future, the paper envisaged that the impact of overachievement would be much greater, given the proliferation of universities in the country.

### **3.3 Education-Related Issues**

At the outset, the debate on the education- employment nexus was recognized in the literature. The discussions were summarily cast in terms of two basic propositions, namely that:

- (i) There exists a simple, positive and direct relationship between education and employment.
- (ii) Current types of education have a negative influence on employment in developing countries, i.e. education causes unemployment.

#### **3.3.1 Issue of Employability**

These propositions were taken up in our paper, Ogunrinola and Oladeji (1989). We described the educated unemployment phenomenon in Nigeria and addressed the relevance of education to the understanding of unemployment. It was remarked that on these propositions, we could not be too dogmatic about the role of education in employment. It could be a good servant as well as a bad master. It all depends on the kind and relevance of education, its planning and integration into the total economic system. An area of concern identified in the paper was the planning of education sector in Nigeria. It was noted in particular that the

system had been characterized by overemphasis on university education, to the utter neglect of vocational and, technical education, including polytechnics. The structure of the country's education industry was described as predominantly a single axis system, structurally imbalanced and inadequately geared to the needs of the economy (Harbison, 1968: 66).

The alleged unemployability of the Nigerian graduates was another topical issue addressed in the paper which we claimed to be contentious and could only be subjectively determined. For instance, if the issue was a matter of lack of employment opportunities, the buck could not be passed on to education all alone. And if it was a question of skill mismatch for the available job openings, the allegation might not be far afield as education could be held responsible in view of the structural imbalance that characterized the system of education in Nigeria.

Appealing to the graduate-rating exercise conducted by the National Manpower Board (NMB) in 1973, the survey showed that graduates were employable in terms of the job-performance criteria used. Another survey would have been helpful to update this information for the graduates of the 1980s. Our conjecture was that there could have been some decline in the quality of education received by this set of graduates in view of the high rate of expansion of the university system vis-à-vis the dwindling government subvention to it and shortage of requisite workforce, notably academic staff.

### ***3.3.2 Growth and Structure of Higher Education***

In another paper we undertook a study of the growth and structure of higher education in Nigeria in the period 1975-1995, Akutson and Oladeji (1999). The paper provided facts and figures that corroborated the structural imbalance described by Harbison

(1968). We observed a rapid expansion in student enrolments in the Nigerian universities and polytechnics, so also graduate outputs from these tertiary institutions with the former outstripping the latter. This contradicted the pyramidal structure expected in a normal educational system. The University admission policy of 60:40 for Science/Arts and 70:30 for the polytechnics also remained largely unrealized. It was this that translated into sub-optimal manpower mix. The average manpower-mix ratios of 1:0.90:3.65 for the period 1986-89 were a far cry from the ideal ratios of 1:5:25 for senior, intermediate and junior manpower category, respectively (Oladeji and Adebayo, 1996). These statistics were suggestive of too many university graduates (senior category) at the expense of intermediate / middle level manpower (i.e. polytechnic graduates) and in fact junior staff. This could well explain widespread cases of university graduates going down the skill ladder, opting for jobs meant for either intermediate or junior staff as a survival strategy in recent times. The implication is obvious, skill mismatch, underemployment or disguised unemployment among the educated.

Satope and Oladeji (2012) investigated the basic factors underlying the rapid expansion in the provision of university education between 1980-2008 in Nigeria. Among other issues, the paper examined the relevance of the Fields' proposition that, the continuous expansion of universities in the country was basically a political response to pressure of social demand for university education over the study period. The ordinary least square (OLS) estimation technique was used to assess Fields' postulation and some other operating factors on the supply of education. We validated the postulation that the social demand significantly influenced the expansion of the number of universities in the system ( $t = 3.87, P < 0.05$ ). However, it was observed that there were other factors like population growth ( $t = 8.48, P < 0.05$ ), job

needs ( $t = 6.58, P < 0.05$ ) and growth rate of the economy ( $t = 8.35, P < 0.05$ ), which significantly affected the expansion of the country's university system.

### **3.3.3 Political Interference/Intervention**

Although political intervention in the educational processes of a nation may not be unwarranted, excessive vulnerability to political pressures could have disastrous consequence. Against this background, I examined the rationale for and the extent of such interventions as well as an appraisal of the political interventions in higher educational planning during the Second Republic in Nigeria, 1979-83 Oladeji (1991). It was found that the National Universities Commission (NUC), charged with the rational and coordinated development of the country's university system was not particularly insulated from the rough and tumble of politics and so it could not effectively exercise much control over the development of the system. At every turn the Commission found itself accommodating virtually all the requests for university institutions. Hence, the infiltration of geo-politics in the planning process only succeeded in bringing about the proliferation of universities with little or no positive impact on the problem of educational imbalance in the country. The surge in the university enrolment figures that followed, coupled with the onset of economic downturn during the Second Republic made graduate unemployment inevitable.

Education is one means of achieving equality of life chances. The country's philosophy on all facets of human development, especially education, professes equity ideal. According to the National Policy on Higher Education, universities could serve as effective instruments for cementing national unity and to that effect both the university institutions and the enrolment

into them were to be equitably distributed among the States. A critical appraisal of the various attempts towards achieving equity in these two aspects was undertaken in my paper, Oladeji (1984/85). I examined the various attempts towards ensuring equitable distribution of access to university education among States in the country, evaluated them and identified the major constraints. By the available facts and figures, the various attempts were found to be rather superficial. The relative positions of the so called educationally disadvantaged did not improve substantially and the outlook for the future appeared not so promising in view of the disparity at the lower levels.

Apart from not achieving the desired result, the handling of equity ideal had brought undesirable consequences in the development of the Nigerian university system in particular and the country's education industry in general. Such included the proliferation of the universities in the country, duplication of study programmes and thus inability to appropriate economies of scale, overstretched operational inputs (notably finance and academic staff) with the attendant consequence of compromising on the quality of university products. As argued in the paper, the risk of graduate unemployment was high under these, especially the likely large turnout of graduates into the economy with the limited and constricting absorptive capacity of the 1980s in Nigeria.

Admittedly, individual liberty should not be hampered; citizens should have a right to some form of further education, but this does not necessarily have to be university education. As argued elsewhere, other forms of higher education should be well developed and be made attractive for patronage, notably polytechnic institutions and other colleges of technology. Above all, as argued by Husen (1976), problems should always be seen in their wider perspectives and recognize that the educational system

cannot serve as a substitute for social and economic reforms. A country cannot have more equality at the university or higher levels of education than at the lower levels and, further still, more equality in education than exists in society at large, (Oladeji, 1984/85:30).

### **3.4 Labour Market Issues**

Having established evidence of quantitative imbalance or overproduction of graduate outputs from the Nigerian University System, a number of my papers analysed the developments in the labour market.

#### **3.4.1 *Issue of Labour Market Clearing***

In a competitive labour market, the surplus would manifest in the form of declining wages of graduates. By such wage movements, economic theory predicts eventual elimination of the surplus through the market clearing mechanism. In view of the imperfections in the country's labour market, the problem of educated unemployed would manifest itself in some other forms, namely a reduction of graduates' 'reservation wage'; a review of job search behaviour and expectations as well as a reduced restrictiveness of graduates as to the prospective areas or States for career employment.

First and foremost, it was necessary to check the relevance or limitation of the neoclassical framework to the understanding of the educated unemployment in a developing economy like Nigeria. Hence, in my paper, Oladeji (1990a), I appraised the role of the market mechanism as it pertained to the unemployment among the educated in the developing countries. Some contrast was made between Nigerian and Indian experience as conceptualized in the dynamic labour surplus model. Some amplification of the model

was made and applied to the Nigerian situation vis-à-vis Indian experience.

The paper showed that although Nigeria shared the same problem of surplus or overproduction and inadequate wage movement as in India, the basic issue was not this factor per se. Rather; the problem lied with the distortions in the Nigerian economy, as well as the uncontrolled expansion of university education in the country. The paper concluded that in the light of the political economy of educational provision and wage determination in Nigeria, the reliance on the market forces would not provide a viable or feasible option for addressing unemployment in Nigeria.

### ***3.4.2 Job-Search Behaviour, Expectations and Labour Mobility***

On the job-search behaviour, an attitudinal argument popularized by the white-collar myths, Myrdal (1973) and in the interpretation of Rado (1972), was to the effect that job expectations of school leavers were unrealistically sanguine. It was also held further that when they met the harsh realities of life, they failed to adjust their expectation and chose to remain unemployed rather than availed themselves of available low-status alternatives. If this was the case for school leavers by reason of education, the propensity of this tendency would be much higher for university graduates for obvious reason. Hence, in my paper, Oladeji (1988), I contributed to the debate in the literature on the issue of high expectations of graduates about job and salary causing the unemployment among the educated.

In the paper, I reformulated the tendency of high expectations in the context of the investment search hypothesis, namely a process whereby an unemployed decides to 'invest' (or sacrifice) a period of unemployment for the purpose of obtaining a



preferred job. This describes the so-called voluntary unemployment, recognized in neoclassical theory of employment. Using the survey on labour market expectations of fresh graduates conducted in June/July 1985, the investment search hypothesis was verified. The analysis was structured along the three criteria of voluntary unemployment: inactive unemployment, excessive wage aspirations and unrealistic job aspirations. The study showed no evidence of inactive unemployment as virtually all the fresh graduates just finishing the National Youth Service Corps (NYSC) were either actively searching for jobs or about to take up postgraduate studies.

Although the respondents demonstrated high expectations about salary, it did not provide fool-proof evidence of investment-search as just a few of them would sacrifice a period of unemployment for the preferred jobs. The seeming excessive wage aspirations only provided some evidence of Leijonhufvud's postulate of *inelastic wage aspirations* of labour in the short run, Leijonhufvud (1971). Having recourse to a prior reasoning, the conjecture was that the high expectations might not after all culminate in search unemployment. In the absence of social security payments for the unemployed, graduates might not be able to afford, and neither would it be economically healthy to invest a prolonged period of unemployment for the preferred jobs. Hence, the assertion that the country's graduate unemployment is a factor of high expectations or investment search is rather shaky.

Still on the job search behaviour, it is needful to make reference to two relevant papers that addressed workers' responses to the structural adjustment policies implemented in Nigeria since 1986. The two papers, Oladeji (1992c) and Adebayo and Oladeji (2001) provide empirical facts on the labour turnover and mobility of workers in some selected organizations in the country. The

paper, Oladeji (1992c) has both macro-analytic and micro analytic aspects to elicit information of the impact of the adjustment policies on the labour turnover or stability in the country. The macro-analytic aspect of the study relied on the survey of Nigeria's manpower stock conducted in 1986 by the National Manpower Board (NMB) and the shuttle employment enquiries of the NMB undertaken to assess changes in employment since 1986. The micro –analytic aspect made use of the data from the survey of the workers in some selected organizations in Lagos, Ibadan and Osogbo in 1992. The survey was designed to provide facts on the labour turnover profile of these organizations and the implications for labour stability.

The paper showed that the first four years of the adjustment period, 1986-1989, witnessed fewer vacancies, lower recruitment rates and labour turnover compared to the pre-Structural Adjustment Programme (SAP) period. The economic recession that started in the 1980s was identified as the fundamental cause while the harsh adjustment policies only exacerbated the labour market situation. The relatively low labour turnover came mainly from the acts of the employers in the forms of retrenchment and dismissal. It was therefore a situation of involuntary labour turnover or wastage. And from the micro-analytic study, it was shown that the selected organizations appeared to have exemplified labour stability in these organizations.

However, the observed tendency of low labour turnover (labour stability) was nothing but a response to the gloomy labour market situation. In other words, it was a reflection of the general pessimism of most workers about obtaining alternative jobs. I chose to refer to the development as *labour stability illusion* in as much as it was a case of involuntary labour stability- i.e., a situation whereby workers found themselves locked up in their

present jobs, not by choice or motivated by any labour stability programme of the employers, but by workers perceived difficulty of changing jobs.

In another paper, Adebayo and Oladeji (2001) investigated the forms and factors of labour mobility in the manufacturing sector in Nigeria. We analysed the job tenure, retrenchment and voluntary labour turnover (quits) among workers in the sector. The analyses were based on the mobility experience of randomly selected 708 workers from 36 companies in Lagos and Kaduna. Analysed were the extent of geographical and occupational mobility of the workers; the movement of workers between private and public sector organizations, and mobility of workers into the manufacturing sector from seven identified sectors of the economy. Job tenure of workers and quit rates, which measure labour mobility, were also analysed.

The study showed that mobility of labour was restricted geographically along regional lines. Workers from the northern States demonstrated considerable movement towards Kaduna in terms of either job search or securing employment, while majority of those from States in the south (west, mid-west, and east) showed greater mobility towards Lagos. In terms of occupational mobility, considerable adjustments in career aspirations were reported by workers, influenced by the employment opportunities made available to them in the manufacturing sector. The manufacturing sector drew appreciable number of workers previously in the civil service / public sector. Nevertheless, intra sector mobility predominated and that was the movement of workers within the private sector.

Generally job tenure was on average longer on the workers' current job in the manufacturing sector, which was symptomatic of

low labour turnover or labour stability in the sector. However, the expressed impression of the workers of the tight labour market situation could have discouraged excessive job search and movement. Nevertheless, in consonance with the basic proposition on labour turnover, the paper reported relatively high labour mobility at the initial state of many workers' employment career. Expectedly, there was a general tendency for workers to make do with first jobs on temporary basis, hoping to move on to more permanent and usually better appointment later. In all, it is our view that the perceived deterioration in employment opportunities significantly influenced the adjustment of career aspirations, prompted increased job tenure, and hence low labour turnover.

### ***3.4.3 Labour Market Deregulation***

For quite sometime, the philosophy of the SAP dominated the development policy stance in Nigeria. Being of the neoclassical paradigm, the adjustment policy measures emphasized economic deregulation, namely limiting government intervention and control over market forces. In Nigeria this translated into attempts at deregulating the labour market. According to this paradigm, such labour market deregulation should provide answers to the unemployment problem. Stripped to essentials, the policy prescription is meant to

**“deregulate the formal sector, reduce or remove non-wage labour costs, decentralize wage bargaining to the individual worker-employer level if possible, and remove or erode minimum wage machinery, so that labour costs will fall and the quasi-voluntarily unemployed queuing for formal sector jobs will filter back into available informal sector jobs” (Standing and Tokman, 1991:23)**

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Following the adoption and implementation of SAP in 1986, attempts were made in the direction of labour market deregulation. Against this background, attempt was made to survey and appraise the policies and developments in the Nigerian labour market, Oladeji (1993a). I also examined the implications of the adjustment measures on unemployment and addressed the issue of labour market deregulation as a remedy for the country's unemployment problem. Evidence was provided attesting to the fact that the adjustment policies exercised considerable influence on government's pronouncements and actions.

By design the country's adjustment efforts were really not employment-focused; rather the preoccupation was the attainment of non-inflationary growth. More evident was a cutback of public sector employment through the instrumentality of rationalization / commercialization policy and public expenditure cuts. All these were in consonance with the dictates of SAP, but the policy expectation of more than proportionate increase in employment opportunities in the private sector remained illusory. The restrictive monetary and credit policies of SAP, coupled with continuous naira depreciation during the period foreclosed utilization of installed capacity and consequently, reduced employment opportunities in the private sector.

On the matter of labour market deregulation, Oladeji (1993a) documented several attempts in this direction, but which were met with some resistance from the trade unions and the employers of labour. For instance, the earliest attempt was in February 1987 when government decided to terminate the minimum wage legislation, hoping that by bringing down wages, private sector enterprises would employ more workers and thus reduce unemployment problem. With the resistance from the

unions, the decision had to be reversed thereby keeping wages sticky downward.

Perhaps to break the resistance and more importantly in the spirit of labour market deregulation, the government made pronouncement in the 1991 budget document on the imperative of a decentralized collective bargaining. This meant reducing the number of labour regulations and restrictive practices that inhibited competition in the labour market. The former practice of a nation-wide (or industry-wide) collective bargaining was meant to give way to collective bargaining only at the three levels of government, namely Federal, State and Local Government establishments, including parastatals. The issue of decentralized collective bargaining was the focus of my paper, Oladeji, 1994c. The argument in the paper was that the decentralized collective bargaining framework did not hold much promise in terms of labour-market clearing. For one thing, workers' salaries remained tied, not to productivity but State of employment and tier of government. And for another the fact that collective bargaining at all levels of government were still subject to minimum wages legislation would foreclose such clearing. Oladeji (1994c: 308-309)

#### **3.4.4 *Labour Market Informalisation***

At a time, it would appear policy attention turned to the informal sector of the Nigerian economy for solution to the burgeoning educated and urban unemployment. Romanticizing the informal economy as a strategic source of economic development, the Babangida administration in the 1991 budget declared as follows:

**“The time has however come for us to push vigorously on the second pivotal leg on which a proper reconstruction programme must rest: that is, the development of informal activities in the cities and towns. The critical importance of these dynamic extensive and atomistic organizational units to overall national development must now be recognized by official action”.**

The government's response to this was a call for labour market informalisation, which from the perspective of the orthodox structural adjustment approach is not only inevitable but also desirable.

Much as the role of the informal sector in providing employment opportunities in the developing nations like Nigeria cannot be over emphasized, perceiving the sector as a 'labour sponge' that could absorb not just the less educated, but also more educated ones is a matter for empirical verification. Arising from this are two research issues which informed the study I conducted for the National Manpower Board (NMB), Oladeji (1994a). It is the premier issue of the Diagnostic Studies Series (DSS) of the Board. The two fold issues involve probing into

- The role of self-employment in mitigating unemployment among the educated manpower, and
- The viability of a strategy of expanding the informal sector as a means of combating the educated unemployment phenomenon in Nigeria. (Oladeji, 1994a)

Data for the study made use of survey information obtained from 544 randomly selected enterprises in the informal sector in Ibadan. The respondents comprised 278 owners, 73 employees,

including journey-men and 213 apprentices. Analysed were the trends in the absorption of educated manpower into the informal sector; skill acquisition and entrepreneurial development in the sector; and employment conditions and earnings in the sector.

The study showed that the poor employment prospects in the formal sector necessitated the consideration of employment in the informal sector. There was evidence of some shifts in the educational composition of the labour force in the informal sector. What used to be activities meant for the illiterates in the 60s were embraced, or resorted to, by the school leavers from both primary and secondary schools. Some evidence of graduate participation in informal sector activities was also reported but the participation was negligible.

The paper showed that the informal sector was found not to be an economy for paid employment, but could be said to be a breeding ground for entrepreneurial development. With regard to earnings, the differential earnings between self-employed and paid employees then were of the order 1.46:1, which made the latter less attractive. Compared to government jobs, the study argued that primary school leavers would find self employment much more beneficial, whereas to the secondary school leavers, government jobs and self-employment were equally beneficial to them. And for graduates, neither paid employment nor self employment in the informal sector would be attractive to them.

With regard to disposition of the educated unemployed towards informal occupations, the educated people generally were found not to be all that disposed, not when there were some prospects of being absorbed in the formal sector. However, in the face of harsh economic realities, culminating in prolonged job search, such disposition could change or be revised in favour of the



informal sector. The prejudice of the educated ones against informal sector jobs does not necessarily border on frivolity; rather it is informed by the employment conditions and earnings in the sector. Apparently, the prejudice would become stronger with increasing level of education. As borne out of the study, self employment in the informal sector could be an admissible option for primary and secondary school leavers but for graduates, it is suspect such option would be pleasant.

Above all, it is my standpoint that the feasibility and effectiveness of self employment strategy in mitigating the country's educated unemployment could only be attained if the so called labour market informalisation entailed a concerted effort on the part of government to transform the sector to become high productivity and better earning capacity economy. With the right kind of education and entrepreneurial skills, the educated ones could as well be an agent of transformation in the sector. After all, there is no disputing the fact that education generally raises the productivity of an economy, informal sector not excluded. The starting point is for some development to be initiated in the sector through appropriate programmes and policy measures in a manner as to attract and absorb the educated ones into the sector.

### ***3.4.5 Adjustment Programme and Labour Market Adaptation***

In my paper, Oladeji (1994b), I analysed the effects of the Programme on industrial performance, noting for special consideration the employment impact in the sector. The study provides a detailed analysis of the employment trends among the various manufacturing sub-sectors in the period, 1989-1992. For most of the study period, available evidence showed that they witnessed a slide in employment and where there was a rise, it was only marginal. Food beverage and tobacco appeared to have fared

better than other manufacturing sub-sectors, followed by textiles, wearing apparels and leather products and then plastics and rubber products. These sectors were comparatively at advantage over others on account of low elasticities of demand for their products, ability to locally source their raw materials and hence relatively able to utilize installed capacities. Nevertheless in general, the evidence from the paper showed that the development in the industrial sector was impaired by the SAP. The sector was found to be bedeviled by underutilization of installed capacities, industrial closures especially among small-scale enterprises and, consequently widespread manpower shedding coupled with the cutback in public sector employment.

The SAP also induced labour market adaptation and ultimately affected employment structure at the household level. To examine the adjustment outcomes at this level is to emphasise the “meso” effects of the adjustment policies, namely how operationally the labour market transmitted the various macro policy changes into micro outcomes. Such outcomes, ordinarily, are products of responses of enterprises, individual workers and households to SAP.

Focusing on the “meso” effects of the adjustment policies, I undertook an empirical study of labour market adaptation from the supply side, namely adjustments as were registered at the household level, including individual worker responses in Ibadan land- i.e., Ibadan municipality and the surrounding villages. The study, sponsored and published by the Union for African Population Studies (UAPS) documented the effects of SAP on labour market strategies and adaptations at the household level, Oladeji (2000). The study analysed the changes in employment structure, checking the impact of the privatization policy. It also provided the evidence of the labour market informalisation. Data

were obtained from 1,056 individuals and 998 heads of households with diverse socio-economic characteristics. The workers in both formal and informal sectors of the labour market in the study area were well represented in the sample, in the ratio of 5:4, respectively.

Appraising policy enactment of SAP on employment, the study showed that contrary to the theoretical expectation of a return to full employment, the country was foisted with growing employment problems. Underemployment, rather than open unemployment, appeared more evident: a situation traceable to labour market informalisation, bolstered by the implementation of the adjustment policies. On the labour market strategy and adaptation, the study showed that over the adjustment period, household labour supply increased in terms of the hours spent at work per day and participation of family members in labour market activities. And with regard to employment coping strategies, most households participated in some form of part-time jobs either regularly or occasionally. The household survey further showed that the much envisaged increase in the private sector employment found fulfillment not in the formal, but in the informal sector.

On the issue of labour market informalisation, the evidence from the household survey showed that increased proportion of workforce took to informal employment either as primary or secondary occupation. The dominant people in the sector remained the primary and secondary school leavers. The graduates were, however, not completely left out as they turned to the informal sector for respite. Important though, the impact of adjustment policies did not actually create the informal economy; rather they contributed to its growth and made visible the significance of informal employment in contemporary Nigerian society.

Labour market informalisation speaks volume on the impact of structural adjustment programme on income distribution and absolute poverty. From the household survey of Ibadanland, employment structure proved to be a significant influence on income distribution. Between wage employment and self-employment in both formal and informal sectors, the latter promised a better earning capacity, especially in the formal sector. A basic conclusion is that much as the structural adjustment programme could not be held solely for the poverty situation in the country, the various adjustment policies had impacted adversely on the employment sector, gradually informalising the labour market and pushing an increasing number of job seekers to resort to underemployment and low earning activities in the informal sector.

### **3.5 Planning Issues**

In my quest for proper understanding of the problem of educated unemployed in developing nations like Nigeria, the issue of development planning came to mind. A planning system, by construction and implementation, could be made to respond primarily either to endogenous or exogenous forces; address either internal or external imbalance identifiable with the distortions in the economy. In this case planning response should have been put in place to address a critical imbalance ravaging the economy namely, the growing general unemployment.

#### ***3.5.1 Development Planning Response***

In Oladeji and Olusi (1996), we analysed and appraised planning response to Nigeria's Structural Adjustment Programme (SAP) and its implication for employment. By the introduction and adoption of SAP in 1986, the country's planning experience in the period 1981-1994 crystallised into two planning regimes 1981-1985 and 1986-1994, representing pre-SAP and SAP periods. The

paper examined the changes in planning procedures, economic policy design and management and machinery for planning consequent in the SAP. In contrast to pre-SAP period, the period of economic liberalization policies of SAP (1986-1994) meant a more open economy, necessitating a more flexible approach to planning. The uncertainties of the international environment, coupled with the requirement for flexibility, necessitated the adoption of the methodology Rolling Plans in Nigeria as from 1990. The methodology of Rolling Plans should normally give the economy both short- and long-term perspectives, but the preoccupation with economic reform within the framework of SAP undermined the essence of perspective planning in the country. As a matter of fact the country ended up with the implementation of Rolling Plans without a Perspective Plan. This exemplifies a situation of merely muddling through and without direction.

The paper further showed that despite the changed conditions and the adoption of Rolling Plan, the institutional superstructure for planning remained virtually the same as before in conduct and performance. This was attributed to the neoclassical paradigm on which the orthodox SAP rested. Within this paradigm, institutional reform counted for little while emphasis was always to effect changes in only macroeconomic variables, notably economic growth. The paper concluded that the adjustment programme as implemented in Nigeria was rather mechanistic and not all that properly grounded in the contextual realities of the country. In specifying such realities, much more attention need be paid to internal imbalance (such as employment problems, poverty, equity problems and inflation) as opposed to exclusive attention to growth and external imbalance.

In another paper, Oladeji and Adebayo (1996), we examined the scope as well as the prospects for human resource

development under Nigeria's SAP. The paper was informed by two considerations. One, the Khartoum Declaration of 1988 that emphasized human imperative (Adedeji et al, 1990); and two, the resolution of the Fourth Meeting of the ECA's Conference of Ministers Responsible for Human Resources Planning that underscored the integration of human resource issues into the adjustment programmes and national development planning of member countries. By means of conceptual and theoretical discourse, we articulated the justification for human resource driven strategy and went ahead to provide empirical facts of the human dimension of Nigeria's SAP

Our appraisal led to the conclusion that Nigeria's adjustment programme was orthodox, largely incomplete, mechanistic and too short in time span. It was incomplete to the extent that it was implemented as if macroeconomic balances were ends in themselves, even at the expense of deteriorating human conditions, notably employment, income, health and education. It was also found to be mechanistic in the sense that the adjustment policies had remained insensitive to the socio-economic realities on the ground. The short term perspective of the adjustment programme in itself was a constraint to human resource development that required a long-term human capital investment. .

On the integration of human resources issues into national development planning, our study showed that the farthest Nigeria had gone was the implementation of several ad-hoc programmes; largely palliatives and loosely linked with the frame of national plans. Such ad-hoc programmes were National Directorate of Employment (NDE) programmes, Directorate of Food, Roads and Rural Infrastructure (DFRRI) programmes, the Better Life for Rural Women Programme, the People's Bank and Community Banks. Although these programmes were meant to enhance the

quality of life, their impact on the quality of the labour force had remained minimal as they were not focused on human capital accumulation.

The African Alternative Framework to Structural Adjustment Programmes (AAF-SAP) was to us much more promising. By design it was human centred, holistic in approach and in every way compatible with, and offered greater scope for a human-resource driven strategy. The AAF-SAP was developed by the Economic Commission for Africa (ECA) as a follow-up to the Khartoum Declaration, UNECA (1988). Given the expressed conviction and importance attached to the Declaration of member countries of which Nigeria was a party, a human-focused approach to development should have been more evident in the country. Unfortunately, the acknowledgement of the Declaration was void of proven political commitment, or that its implications for development policy were not sufficiently appreciated. The policy priorities remained glued to the dictates of the orthodox SAP with little or no regard for human situation concerns. Hence, over the study period, what became evident were burgeoning unemployment, especially among the educated ones; widespread underemployment, retrenchment of workers, forced retirement, threat to job security, casualisation of employment; irregular/belated salary payments, cuts in salaries and allowances, etc.

### ***3.5.2 Challenge of Manpower Forecasting and Planning***

For a period of time, the planning response in Nigeria was geared towards addressing primarily external imbalance as opposed to internal balance. The centrality and strategic importance of the manpower (human resource) factor in the resolution of the internal imbalance and in the overall development of the nation prompted a number of my papers. First, in my paper,

Oladeji (1992a), I analysed the relevance of manpower development factor in the consideration of perspective planning for Nigeria. I examined the implications and challenges of a longish view of the future of the Nigerian economy, with particular reference to manpower planning. The analysis showed that perspective planning was inevitable as a strategic move for manpower development and utilization.

With regard to the implications and challenges, the paper discussed the following: methodological issues, forecasting problems and the issue of organization for manpower planning. An important conclusion from the paper was that manpower formulation under the perspective planning framework should be orientated towards employment objective. This entrusts a more dynamic role to the country's manpower planners as against the traditional function of working out manpower implications of the development plans. It also implies that the extant approach whereby manpower plans come at the concluding stage of national development plans would need to shift to the initial, foundation stage of the overall planning process.

On manpower forecasting problems, the paper identified the challenge of determining the additional manpower requirements for a perspective planning. A more robust and efficient estimation technique than the National Manpower Boards (NMB) method and at the same time not too demanding in terms of data requirements was proposed. An attempt in this direction was my paper, Oladeji (1993b). In the paper I developed a model for estimating employment increase in development plans which equally served as an analytical model for appraising internal consistency of plans.



The model consists of two 'demand' functions which could be used to fix employment increase of the senior High Level Manpower (HLMP) and intermediate HLMP required for achieving the target of a development plan. These are as shown in **Box 1**.

Equations (i) to (iv) in the Box suggest that the measure of absorptive capacity for HLMP bears a direct relationship with each of the identified parameters ( $1/\alpha_i$ ,  $1/\beta$ ,  $\lambda$ ,  $\lambda^*$ ). For example, it is expected that low employment output elasticities for either senior or intermediate HLMP would mean low absorptive capacity.

Using the model, the paper estimated in retrospect, the expected employment increase of the HLMP in the Nigeria's 1970-74, 1975-80 and 1980-85 development plans and appraised the internal consistency of the plans using the formulated model. The paper shows that the 1975-80 plan exhibited greater internal consistency than the 1980-85 plan. This implies that if the economy had performed well as targeted, the 1975-80 plan period might not have had problem of unemployment, whereas for the 1980-85 plan period, the problem would have arisen even if the economy had attained the target growth rate. As for the 1970-74 plan period, it was a case of lack of internal consistency vis-à-vis manpower mix. As argued in the paper, the evidence was symptomatic of inadequate attention paid to the development of intermediate HLMP in the country and why the manpower structure would remain top heavy. There are a number of parameters in the model for which values must be assigned. The best option is for such values to be empirically derived using data from Nigeria. The alternative is to resort to the use of proxies and experiences of other countries having similar economic structure to Nigeria.

The latter option was adopted in the application of the model owing to the dearth of manpower and economic statistics. For a long time, the *Harbison rule of thumb* served as the basis of manpower forecasting or determining manpower needs in Nigeria. The implied employment-output elasticities from the rule of thumb are 2 for senior HLMP and 3 for intermediate manpower. By these  $\alpha_1=0.5$  and  $\alpha_2 = 0.33$ .

The general feeling has been that these were subjectively determined and positively biased, having a tendency of providing an exaggerated view of the manpower need in any nation. This claim was taken up in our paper, Akutson and Oladeji (2006), where we estimated empirically the contribution of HLMP to output growth in Nigeria, using modified form of the Cobb-Douglas production function. From the estimated model, the relative importance of HLMP to economic growth was established, so also values were obtained for the employment-output elasticities. Our estimates gave  $\alpha_1= 0.29$  and  $\alpha_2 = 0.12$ , implying that employment output elasticities were actually 3.45 and 8.33 for senior and intermediate HLMP. respectively in Nigeria. Thus, much as HLMP made some contribution to economic growth, the responsiveness to output growth was not really appreciable, evidenced by the low output-employment elasticities. In another sense, the employment-output elasticities were really on the high side, much higher than even the *Harbison rule of thumb*.

## BOX 1: A MODEL FOR ESTIMATING EMPLOYMENT INCREASE IN DEVELOPMENT PLANS

$$D_1 = L_1(t-n) [(1-vg)^n + wn-1]$$

$$D_2 = \lambda D_1 + wn \quad [L_2(t-n) - \lambda L_1(t-n)]$$

where:

$D_1$ : demand for Senior HLMP at the end of n-year period;

$L_1(t-n)$ : stock of senior HLMP at the beginning of n-year;

$V$ : measure of absorptive capacity of the economy for HLMP;

$W$ : yearly wastage rate;

$n$ : number of years constituting a plan-period;

$D_2$ : demand for intermediate HLMP at the end of the n-year period;

$L_2(t-n)$ : stock of intermediate HLMP at the beginning of the n-year period;

$g$ : growth rate of the economy (measured by GDP) over a plan period.

The measure of absorptive capacity of the economy for HLMP ( $v$ ) is a summary statistic, defined as

$$v = (\alpha_1 + \alpha_2/\lambda + \beta/\lambda^*)$$

where:

$\alpha_1$ : reciprocal of the measure of employment –output elasticity for senior HLMP

$\alpha_2$ : reciprocal of the measure of employment –output elasticity for intermediate HLMP.

$\beta$ : a measure of the inverse of capital –output elasticity

$\lambda$ : a measure of the complementarity between the senior and intermediate HLPM.

$\lambda^*$ : a measure of the complementarity between physical capital stock and the stock of senior HLMP.

It can be demonstrated that the following relationships hold:

$$(i) \quad \frac{\delta v}{\delta (1/\alpha_i)} > 0 \quad i = 1, 2 \quad (ii) \quad \frac{\delta v}{\delta (1/\beta)} > 0$$

$$(iii) \quad \frac{\delta v}{\delta \lambda^*} > 0 \quad (iv) \quad \frac{\delta v}{\delta \lambda} > 0$$

**Source:** Oladeji, S.I (1993b)

This evidence calls to question the issue of cost effectiveness in the use of HLMP because for a given growth in output, the economy would require much more of HLMP than necessary; a case of using so much salt for a small pot of soup!

With regard to the organization for manpower and employment planning, an appropriate institutional and policy framework is required to integrate manpower issues, especially employment objectives into overall development plan. This brings to mind the need for a manpower planning agency like the National Manpower Board (NMB) which should operate as a vital organ of the National Planning Commission. It is therefore absurd and uncalled for the decision to scrap the NMB in view of its pivotal role in manpower planning. It is as much, if not more strategic than the National Directorate of Employment (NDE) in terms of the scope and manner of operation.

As for policy issue on employment, we made a presentation on the imperative of a comprehensive policy for the reduction of employment problems in Nigeria, Akutson and Oladeji (2001). In the paper, we argued that employment remained at the epicentre of any development process; rubbing off on other development objectives, notably the eradication of poverty and inequality of income distribution. In the paper, the traditional macroeconomic policies (i.e. monetary, fiscal and exchange rate policies) were described as an indirect approach, which over the years had proved inadequate in tackling employment problems in Nigeria. A number of considerations were articulated to underpin the imperative of an employment policy and planning in Nigeria. These were the employment challenge; the concern for poverty alleviation; the challenge of growing population and urbanization; the failure of growth-oriented strategies; the question of the

uncoordinated approach to employment challenge, as well as the absence of an explicit policy framework.

A shift of emphasis from growth-oriented strategy to the employment-oriented one was proposed in the paper to drive the country's development process. And in terms of policy packaging, the proposal is for both monetary and fiscal policies (or any policy for that matter) to align with employment objectives. Followed to its logical conclusion, our standpoint pushes the place of employment policy and planning from the periphery to the centre stage of the country's overall development planning framework.

Mr. Vice Chancellor, having intimated this distinguished audience on what I perceive to be the basic explanation of educated unemployment and its persistence; I am left to underscore the relevance of SD as a strategic response to the problem. I am persuaded that the pursuit of SD is a more promising alternative compared to SAP. A treatise from several of my papers is that SAP had only contributed to unemployment and not really a framework for addressing the problem. In what follows, I intend to highlight what it takes to plan for a SD; examine its mainstreaming in the country; and discuss the prospects of tackling the employment problem within the framework of SD

## **4. PLANNING FOR SUSTAINABLE DEVELOPMENT**

### **4.1 Some Basic Facts and Requirements**

What should be sustained is as important as how to sustain it. By the Rio Declaration on Environment and Development, what readily comes to mind is environmental sustainability. The constraining influence of natural environment on the growth process at the domestic and global scene has been well reported and acknowledged. Nevertheless, environmental sustainability is

only necessary but by no means all that is involved in the quest for SD. The basic facts and requirement for SD are as follows:

#### ***4.1.1 Integrated Planning Framework***

The sustainability of SD process requires that other than environmental sustainability, both social and economic aspects should be met as well. Sustainable development planning provides a veritable platform for government to domesticate and incorporate the ideals and elements of SD in all its ramifications. It is argued that SD is not achievable in any real way without paying attention to the substance and process of planning as it happens on the ground, McDonald (1996). The interface inherent among the economic, social and environmental aspects of SD underscores the imperative of an integrated planning system.

#### ***4.1.2 Paradigm Shift***

By and large, planning is constructed or formulated against the backdrop of some intellectual inputs for robustness. The argument so far in this lecture is that the pursuit of SD indicates that the extant neoclassical paradigm that has held sway in the development planning in the last three decades or so will have to give way to Keynesian ideas. The adoption of Keynesian paradigm implies assigning greater, more dynamic and purposeful role to government. The Keynesian worldview itself constitutes a frame to give expression to the integrated planning for SD. It must however be acknowledged that the paradigm shift in favour of Keynesian ideas does not preclude some role for the market mechanism and private sector. Without exception, the reality is that:

**“there exists no case in which economic development is entirely planned or entirely unplanned. Economic development is almost invariably a process in which planning and direction on the one hand and freedom of enterprise on the other hand commingle”**  
[Oladeji and Olusi, 1996:4]

And in the words of Yesufu (1996:328), deliberate planning is not an antithesis of a free market or private enterprise. Hence, for the mixed economies of the third world countries, a combination of the paradigms rather than the ‘extremes’ is advised. The public choice in this regard is to come up with the best possible mix for the realization of SD objectives.

### ***4.1.3 People Count***

The intellectual discourse on sustainability, hitherto dominated by environmental issue is fast transforming into the practical issue of human development. The trend of discussion now shifts attention to the most fundamental and dynamic elements of a sustainable society, to wit the capabilities, ability and capacity of human beings. As far as Neumayer is concerned, there is really no difference between human development and SD. Both share the basic view that development is all about enabling people (Neumayer 2010:2). In all the social, economic and environmental aspects of SD, people matter a lot and do exercise a strong impact on what happen on the ground.

The United Nations Population Fund (UNFPA) also identifies population as the missing link: and argues that it is an issue that should be brought back into the discussion on the path to true SD. Efforts to promote SD that do not address population

dynamics have, and will continue to fail (UNFPA, 2012:4). The key issue in this respect is to have proper recognition of the fact that population dynamics, defined to include the population growth, changing characteristics and behaviour of the people, are at the heart of SD.

A dynamic and strategic planning approach is therefore required to anticipate and address the population dynamics with a view to promoting SD. This is the challenge, especially for a developing country like Nigeria with a rapidly growing population. It has been argued, and I share the opinion, that rapid growth of labour force need not in itself pose any problem if the demand for labour is equally dynamic (Ohlin,1978:11) By means of appropriate planning system, governments are expected to address the development challenges of population dynamics before they unfold. They are to be forward-looking and proactive based on foreseeable demographic trends and projections, (UNDESA & UNFPA, 2012: 9.)

#### ***4.1.4 Planning System***

The profile of any planning system is embodied in the adopted methodology, the choice of which should be swayed by the prevalent economic system as well as the formulated development objectives. As far as the developing countries, which are largely mixed economies are concerned; planning for SD would require a choice in the menu of the available planning systems. Table 3 shows the list of the planning types, classified by the method of mobilization of resources, the extent of people's participation and periodisation of plans. Other classification schemes include the extent of flexibility, change expected and spatial coverage. The identified planning types vary in relevance



and application in the light of the SD objectives and in the context of a mixed economy.

The requirements of sustainability in development are much more challenging and rather structural. Hence, structural as opposed to functional planning is a more promising approach for SD. The environment of planning, whether physical, economic or socio-political, is usually bedeviled with uncertainty, calling for a flexible planning approach. Such approach should provide an insurance coverage for any vicissitude that could crop up.

The obvious choice in this regard is a Rolling Plan, which should be implemented within perspective planning framework.

Between imperative planning (planning by direction) and planning by inducement, the latter is practically feasible, especially in a democratic setting. Planning by inducement requires less sacrifice of individual liberty and which gives room for the private and public sector participation in economic development of a country. The role of government is to intervene in the operation of market mechanism so as to strengthen or support the system, depending on the kind of mixed economy-capitalist or socialist oriented. The government employs influence, subsidies, grants, tax concessions, taxes and policy instruments to affect the economy but does not compel. It can step in when the market mechanism is being manipulated to the detriment of the economy by introducing price control and rationing whenever considered desirable.

**Table 3: Alternative Approaches to Planning**

<b>Classification Scheme</b>	<b>Planning System</b>	<b>Relevance</b>
Mobilization of Resources	* Laissez Faire /Market Mechanism	No
	* Indicative planning	Yes
	* Planning by Inducement	Yes
	* Planning by Direction	No
People's Participation	* Democratic planning	Yes
	* Authoritarian planning	No
Periodisation of plans	* Short-term planning (one year or less)	Yes
	* Medium-term planning (3-5 years)	Yes
	* Long term/Perspective planning (15-20 or 25 years).	Yes
Flexibility	* Fixed planning	No
	* Rolling planning	Yes
Change expected	* Functional planning	No
	* Structural planning	Yes
Spatial coverage	* Planning at the Council level	Yes
	* Planning at the State level	Yes
	* National Planning	Yes

\* Relevance in terms of planning for SD in a mixed economy

**Source:** Extracted from Jhingan, M.L (1997)

Planning by inducement is often referred to as indicative planning or 'market incentives' to emphasize inclination to the market mechanism, especially in a capitalist-oriented mixed economy. In this case preponderance attention is on a suitable package of fiscal and monetary policies necessary to be introduced in the market. The flexibility inherent in the planning by inducement / indicative planning implies that it could be adopted along with the Rolling planning system.

The pursuit of SD requires an approach that is not only comprehensive in scope and coverage; it is also expected to be all-inclusive. This should make SD amenable to participatory and democratic planning as against authoritarianism. With a participatory democratic planning, much wider participation should become evident both at the formulation and implementation stages. Such participation should be pursued not just at the national level, but also at the State and Local levels; all within the national framework of an integrative planning. For a multi-cultural society operating as a federation like Nigeria, this is a desideratum.

## **4.2 Mainstreaming Sustainable Development**

There is no gainsaying the fact that environmental issues remain topical all over the world. Nevertheless they do not constitute exclusively what sustainability is all about. As preservation of the environment is a sine qua non for sustainability, human resources development is even more critical for SD, especially when it comes to guaranteeing the wellbeing of future generations which constitute the ultimate objective of sustainability in SD. Having highlighted the fundamentals that make for SD in terms of planning, an appraisal is here made to determine how far the ideals and principles of SD have been

domesticated and mainstreamed in contemporary planning efforts in Nigeria.

Of particular interest in this lecture, is to appraise the scope and prospects of managing the problem of the educated unemployed within the framework of SD. Three considerations have informed the direction of this discourse. One, as earlier remarked, the issue of sustainability hitherto dominated by environmental or ecological issues, is fast transforming into practical issue of human resource development and utilization. Two, other than environmental development, SD objectives include socio-economic objectives such as full employment equity and education. Three, for the sake of future generations, underscored in the notion of SD, people must not only be educated, they need to be productively engaged or be gainfully absorbed in the country's labour market.

#### ***4.2.1 Development Planning Efforts in Nigeria***

As an independent nation, Nigeria has had considerable and variegated planning experience, spanning five decades. The plan documents come in different shapes and designs; varying in periodisation, methodological orientation and priorities on Development objectives. They also vary in terms of the role assigned to government as opposed to market forces; democratic ideals infused in the planning; and the measure of flexibility inbuilt in the plan construction. Box 2 shows the various SD planning efforts since 1962 to 2020, categorised planning regimes. Several studies have been conducted to appraise and document SDs in these eras of planning, Oladeji and Olusi (1996), Obadan (2003), Marcellus (2009), Usman (2010) and Dada (2011).

Overall, the performances of the plans have been mixed: some achievements reported in some aspects of SD, notably

economic growth, execution of a number of major projects in such important sectors as transport, communication, trunk roads, etc. However, the verdict is that the country's planning experience has recorded many more failures than successes, which has been attributed to a number of factors. These are absence of a perspective plan as basis for medium term plans; deficiencies in the plan and their implementation; lack of mass commitment; political instability and large-scale corruption; and financial constraints (Obadan, 2003:140-143).

#### **4.2.2 *Perspective Planning***

Visioning has come to be acknowledged as a vital aspect of SD planning lately in Nigeria. It all started with Vision 2010 which was developed to guide the country out of poverty and other national crises. The blueprints were drawn under the Abacha's military administration, endorsed by the Abdulsalami Abubakar regime after the demise of Abacha in 1998; but which were not really operationalised in terms of implementation.

The latest initiative, Nigeria Vision 20:2020 (NV 20:2020) is particularly striking as it exemplifies the country's planning efforts in recent times geared towards fostering sustainable social and economic SD. In contrast to Vision 2010, the NV20:2020 blueprints were prepared under democratic dispensation; initiated by the Late President Umaru Musa Yar'Adua and later taken up by the President, Dr. Goodluck Ebele Jonathan. The Vision statement was inspired by the growing optimism of growth turnaround, bolstered by the projections of Goldman Sachs in 2005. By the projections, Nigeria was identified as one of the next 11 countries (NII countries) after Brazil, Russia, India, China and South Africa (BRICS) with the most promising potential for growth and global competitiveness.

## **BOX 2: PLANNING REGIMES IN NIGERIA: 1962-2020**

### **Fixed Medium-Term Plans, 1962-1985**

- \* First National Development Plan, 1962-1968
- \* Second National Development Plan, 1970-1974
- \* Third National Development Plan, 1975-1980
- \* Fourth National Development Plan, 1981-1985

### **Policy-Oriented Planning, 1986-1989**

- \* Structural Adjustment Programme (SAP), 1986-1989

### **Three-Year Rolling Plan, 1990-1998**

- \* Several Rolling Plans prepared yearly over the period, 1990-1998
- \* A Three-year Rolling Plan, Implemented along an Annual Budget that draws from the Rolling Plan.
- \* Operationalised with the 1990 budget, drawing from the First National Rolling Plan, 1990-1992.

### **The New Democratic Dispensation, 1999-2007**

- \* National Economic Direction, 1999-2003
- \* National Economic Empowerment and Development Strategy (NEEDS 1) 2003-2007
- \* New Medium-Term National Development Plan (NEEDS 2 and 7-Point Agenda), 2008-2011

### **National Vision 20:2020 (NV20:2020) 2010-2020.**

- \*National Implementation Plan 1(NIP 1), 2010-2013
- \*National Implementation Plan 2, (NIP 2), 2014-2017
- \*National Implementation Plan 3, (NIP 3), 2018-2020
- \*Transformation Agenda, (TA), 2011-2015

**Source:** *Federal Government of Nigeria (FGN) Publications (various years)*

Hence to justify its ranking among NII countries, NV20:2020 was conceived and developed to launch the nation onto a path of sustained and rapid growth. Having the year 2020 in view, the vision statement affirms thus:

**“By 2020, Nigeria will have a large, strong, diversified, sustainable and competitive economy that effectively harnesses the talents and energies of its people and responsibly exploits its natural endowments to guarantee a high standard of living and quality of life to its citizens”.**

(National Planning Commission, 2012:8).

The vision statement acknowledges the imperative of SD for the economy: a development process centred on human capacity building and utilization as well as environmental sustainability. It is instructive to note as well that NV 20:2020 has been conceived and packaged to achieve better and more effective coordination of some of the earlier Nigeria’s strategic planning efforts. The Vision document is designed to reflect a “harmonized view of the key principles and thrusts of NEEDS, MDGs, and the Seven- Point Agenda within a common perspective that is consistent with Nigeria’s long term national aspirations” (National Planning Commission, 2012:32). The Vision’s strong linkage with the principles and ideals of previous planning efforts, no doubt, makes it of strategic importance in the management of the Nigerian economy on a long-term basis and of course a veritable platform for tackling the country’s employment problem.

### **4.2.3 Elements of SD in NV20:2020**

Vision 20:2020 has been patterned largely after Agenda 21 of the United Nations Conference on Environment and Development (UNCED), held in Rio de Janeiro, Brazil, in 1992.

Agenda 21 is a non-binding, voluntarily implemented action plan of the United Nations on SD. The agenda is strong and most African countries, including Nigeria, are signatories. Although the support is often closely tied to environmental challenges, as argued earlier, the SD framework has since found relevance and application in matters relating to Human Resources Development and utilization.

Attempt at domesticating and mainstreaming Agenda 21 on SD through Vision 20:2020 is quite evident in the way and manner the document has been prepared. As Agenda 21 on SD recognizes three interlocking pillars: economic, social and environmental aspects of development, as shown in Fig 4, the strategic framework for NV20:2020 in the same manner is supported by three pillars, namely;

- Guaranteeing the productivity and well-being of the people;
- Optimising the key sources of economic growth; and
- Sustaining social and economic development

Details on each of the pillars are as shown in **Figure 5**.

By and large, the framework is suggestive of the following facts that the expected development process should:

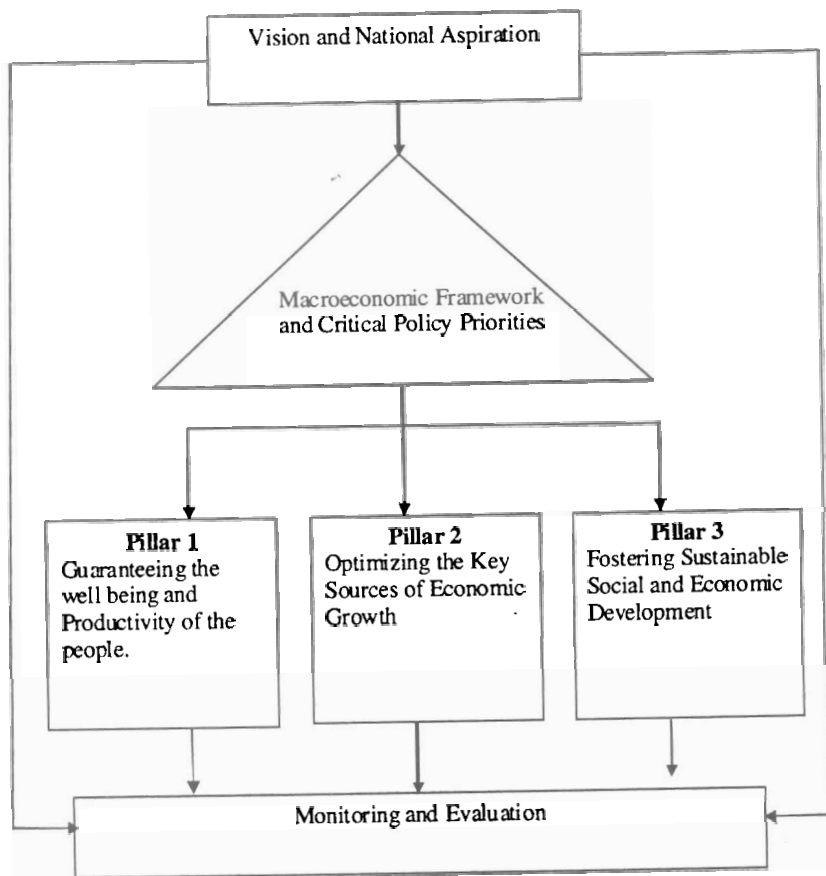
- involve as a matter of necessity a robust macroeconomic framework, supported with relevant and effective policy instruments;
- be all-embracing; encompassing both economic and non-economic aspects of SD; including quantitative and qualitative issues; and emphasizing economic growth and human development concerns;
- preserve environment for sustainable socio-economic development;
- recognize the essence and strategic importance of monitoring and evaluation in development planning; and



imply managing the economy on continuous and long-term basis.

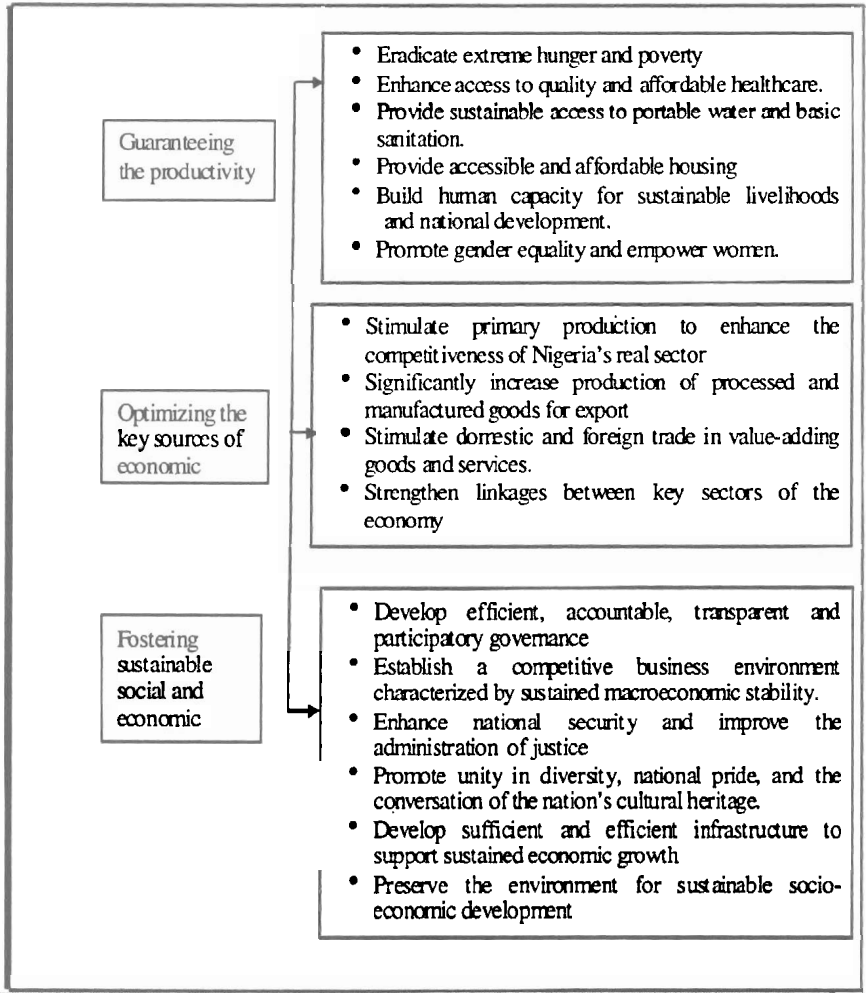
All of these expectations capture the essence and fundamentals of sustainability in development process.

**Figure 4: The Strategic Framework for NV 20:2020**



**Source:** Nigeria Vision 20: 2020 (Abridged Version, December 2010)

**Figure 5: The Three Pillars of the Transformation Agenda**



**Source:** National Planning Commission (NPC), Nigeria Vision: 20: 2020. Economic Transformation Blueprint (Abridged Version)

More than previous planning efforts, Vision 2020 appears to have enjoyed some measure of political commitment, evidenced by government initiatives meant to ‘breathe’ life into the Vision. At the inception of the Vision, it was the 7-point Agenda introduced by Late President Umaru Musa Yar ‘Adua and lately the Transformation Agenda (TA) of the President, Doctor Goodluck Ebele Jonathan. The Transformation Agenda is not a standalone as it builds on the Foundation of National Implementation Plan (NIP I) (2011-2013). The other two implementation plans are NIP II (2014-2017) and NIP III (2018-2020); each with detailed goals strategies and performance targets for all sectors.

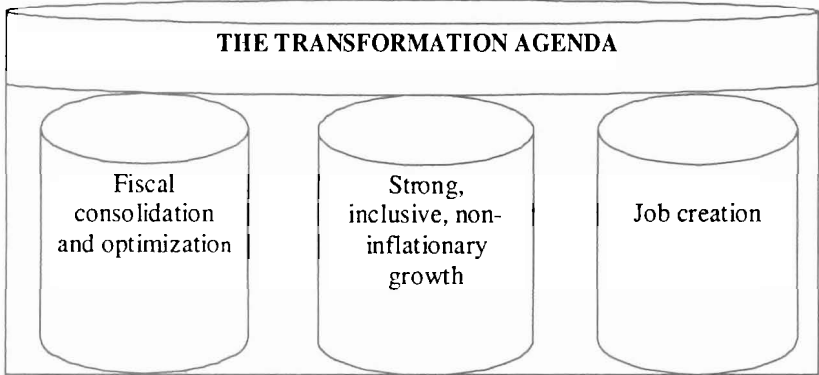
By all indications, the Transformation Agenda (TA) has emerged as a critical document for the operationalisation of the NV20:2020. It represents the concerted effort of government to translate the strategic intent into action and results on a sustainable basis. Apparently TA is targeted at some human SD concerns, namely to:

- create decent jobs in sufficient quantities to address the protracted problem of unemployment and reduce poverty;
- lay the foundation for a robust and inclusive growth of the Nigerian economy; and
- improve on a sustainable basis, the well-being of all classes of Nigerians regardless of their personal circumstances and location.

Essentially, TA is a medium term plan covering the period 2011-2015 that overlaps NIP I and NIP II. Like the Vision 20:2020 from which it was derived, TA is been conceptualized in terms of three pillars. As shown in Fig. 6, these are:

- fiscal consolidation and optimization;
- strong, inclusive, non-inflationary growth; and
- job creation.

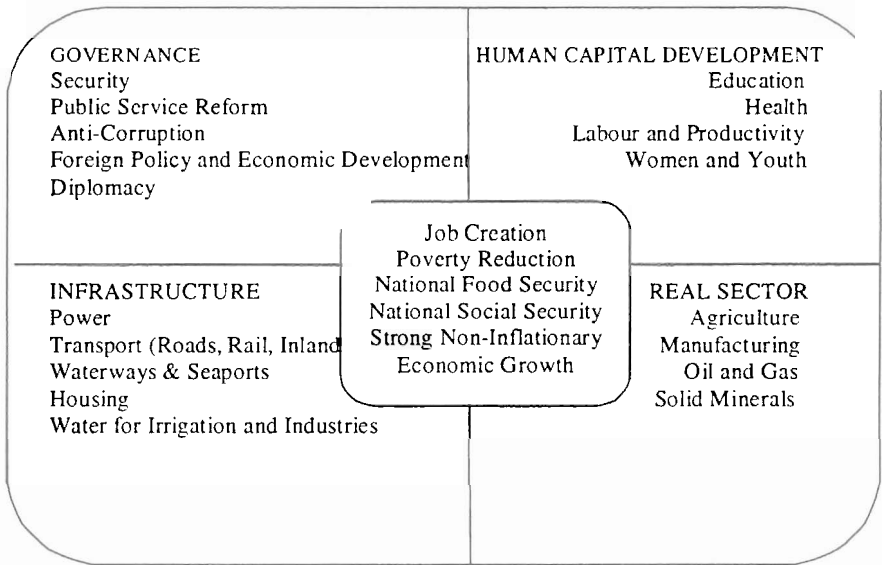
**Figure 6: Pillars of the Transformation Agenda**



**Source:** National Planning Commission (NPC): Transformation Agenda 2011

The Transformation Agenda is also been articulated in terms of its development priorities, which are grouped into four thematic areas of Governance, Human Capital Development Infrastructure and Real Sector. As shown in Figure 7, these four areas constitute, as it were, the “environment” considered necessary for the realization of such objectives as job creation, poverty reduction, national food security, national social security, and strong non-inflationary economic growth.

**Figure 7: Development Priorities of the Transformation Agenda**



**Source:** NPC, the Transformation Agenda, 2011

Unarguably, the Transformation Agenda and Nigeria Vision 20:2020 have been packaged to incorporate the very essence of SD. In design and conception, they bring to the fore the imperative of addressing human situation concerns and do acknowledge the need for human capital development. More than ever before, the development strategy implied in the planning initiatives emphasise growth with poverty alleviation. Overall, the development process in view is meant to build a better Nigeria for all Nigerians, including a promising future for the coming generations.

## *Appraisal and Prospects of Vision 20: 2020*

Mr. Vice-Chancellor Sir, distinguished audience, development planners in Nigeria are not lacking when it comes to plan construction. The nation has garnered so much experience that one should expect nothing less than a well drafted plan. Indeed, in terms of the articulated ideals and underlying principles, Vision 2020 holds so much prospect in terms of what is expected of the nation to launch into SD and in particular, becoming one of the top 20 economies in the World by the year 2020. But what has been the impact of the Vision whose implementation revolves around the Transformation Agenda?

### *Growth Impact*

If the opinion of the Honourable Minister of National Planning Commission (NPC) then, Dr. Shamsuddeen Usman, is anything to go by, there is some ray of hope with Vision 2020. According to him

**“while opinions may vary regarding Nigeria’s ability to achieve this goal, most statistical indicators remain positive. For example, in 2009 Nigeria was No 44 in global rankings, but as at 2011 it had climbed up 5 steps to become No. 39”** (NPC, 2012:5).

The Mid-Term Report of the Transformation Agenda (TA) returns also some positive outcomes over the period, 2011-2013. (see Box 3). If the statistics supplied by the erstwhile Minister, Dr. Shamsudeen Usman, are anything to go by, especially the latest ranking and provided the tempo of growth process remains unabated, Nigeria stands the chance of making the top 20 economies by 2020! As the statistics indicate, the robust growth process lies significantly in the impressive developments in the non-oil sector and the substantial inflow of Foreign Direct Investment (FDI). The challenge, however, remains the sustainability of the growth process: a situation that requires

### BOX 3: STATE OF THE NIGERIAN ECONOMY, MAY 2011- MAY 2013

- Robust average GDP growth of 7.01%, recorded in 2011 and 2012
- GDP growth rate stood at 6.56% at the end of the first quarter of 2013.
- Eight out of the 14 broad sectors surpassed their growth targets in the Transformation Agenda (TA).
- Growth driven largely by the non-oil sector of the economy.
- High but stable inflation rate – single digit target yet to be achieved.
- Growth in non-oil exports averaged 29.57% in 2011 and 2012, surpassing TA target of 25.92%
- Growth in the balance of trade was 13.0%, fell short of the TA target of 14.53%.

Foreign Direct investment (FDI) averaged US \$7.97 billion per annum in 2011 and 2012 from US \$ 6.10 billion in 2010. Still the highest in Africa.

- Home remittances increased from US \$19.20 billion in 2009 to US \$20.61 billion in 2011 and US \$21.89 billion in 2012.
- Gross external reserves improved from US \$32.34 billion in 2010, to US \$48.8 billion as at April 26, 2013
- Global ranking by nominal GDP as at 2012 climbed up 3 more steps from 2011 to become No. 36

**Source:** *Usman Shamsudeen at the Ministerial Platform on June 24, 2013*

effective economic diversification, the realization of good governance, provision of quality and affordable infrastructure, effective human capital development and sustainable environmental management.

### ***Impact on Employment***

To accept the so-called “*robust growth*” uncritically is to fall victim of what Teriba (1980) described as “*development illusion*”. Evidently, what obtains so far is a case of “*jobless growth*”, namely a growth process that comes along with rising unemployment. And with the rising poverty incidence, the country can be said to be experiencing as well “*immiserizing growth*”. As shown in Table 4, although the rising unemployment has become a global phenomenon since the last 7 years, the joblessness in sub-Saharan Africa (SSA) (including Nigeria) is particularly more worrisome. The unemployment rates for the region (SSA) in the last 3 years are in the double digit ranging between 24 and 27% for Nigeria and South Africa.

**Table 4: Unemployment Trends, 2007-2013 (percent)**

	2007	2008	2009	2010	2011	2012	2013
Advanced Economies	5.46	5.83	8.01	8.27	7.93	8.03	8.08
United States	4.6	5.8	9.3	9.6	9.0	8.2	8.1
United Kingdom	5.4	5.6	7.5	7.9	8.0	8.1	8.1
Japan	13.1	12.7	12.9	12.5	12.9	12.9	12.9
Euro Area	7.6	7.66	9.6	10.1	10.2	11.2	11.5
Germany	8.8	7.6	7.7	7.1	6.0	5.2	5.3
France	8.4	7.8	9.5	9.7	9.6	10.1	10.5



Greece	8.3	7.7	9.4	12.5	17.3	23.8	25.4
Ireland	4.6	6.3	11.8	13.6	14.4	14.8	14.4
Portugal	8.0	7.6	9.5	10.8	12.7	15.5	16.0
Spain	8.3	11.3	18.0	20.1	21.7	24.9	25.1
Developing Asia China	4.0	4.2	4.3	4.1	4.1	4.1	4.1
<b>Latin America and the Caribbean</b>							
Brazil	9.3	7.9	8.1	6.7	5.9	6.0	6.5
Mexico	3.7	4.0	5.5	5.4	5.2	4.8	4.8
<b>Middle East and North Africa</b>							
Egypt	9.2	8.7	9.4	9.2	12.1	12.7	13.5
Morocco	9.8	9.6	9.1	9.1	8.9	8.8	8.7
<b>Sub-Saharan Africa</b>							
South Africa	22.2	22.9	23.9	24.0	23.9	24.4	24.7
Nigeria	12.7	14.9	19.7	21.1	23.9	27.4	n/a

**Source:** World Economic Outlook Database, April 2013.

The Mid-Term Report of TA equally acknowledges the joblessness as an outstanding challenge for the nation; namely that of translating the robust growth rates to jobs and addressing the issue of unemployment and underemployment. As far as TA is concerned the solution lies in the implementation of government initiatives such as;

- Subsidy Reinvestment Programme (SURE-P)

- Youth Enterprise with Innovation in Nigeria (YouWin) Agricultural Transformation Agenda (ATA)
- Quarterly Job Survey /Mapping

The impact or otherwise of these initiatives is largely a matter for empirical verification. A priori, it can be posited that their effectiveness depends critically on the sustainability of the programmes and the robustness of the framework for their implementation and monitoring. Whatever it is, a piecemeal approach to the country's employment problems as articulated in TA cannot be a perfect substitute for a more systematic and holistic approach, which should be implemented within the broad framework of development planning.

### ***Impact on Human Development***

The appraisal measure of the Nigeria Vision 20:2020 has continued to emphasise growth in Gross Domestic Product (GDP) to the neglect of other equally important development parameters, notably employment, income distribution and poverty. This renders the system of ranking grossly imperfect and misleading for appraising development performance. The Human Development Index (HDI) has come to be recognized as a more valid indicator. HDI measures a country's overall achievement in its social and economic dimensions-based on the health of people, their level of education attainment and standard of living. Hence countries are ranked on a scale of 0 (lowest human development) to 1 (highest human development) using three end products of development, longevity, knowledge and standard of living.

The construction of HDI is still being revised, extended and refined. The latest and most ambitious attempt in this regard is the

one by the United Nations Development Programme (UNDP). Perhaps of paramount importance is what information HDI conveys about SD. First, the index captures the multidimensionality of development process. Two, it reminds us that development is all about human development, not just higher income. Three, it shifts the focus from national income accounting to people-centred policies. Four, the index underscores the basic variables that underlie sustainability in development.

Hence, it is necessary to shift focus away from the traditional measure of economic performance, (growth in GDP) to a more holistic measure of development. As shown in Table 5, Nigeria with HDI of 0.448 in 2004 is ranked 159 on the global ranking of 177 countries, which places Nigeria as one of the low human development countries. Table 6 shows that in the period (2005-2012) the HDI figures for Nigeria rose from 0.434 to 0.471 but fell below sub-Saharan African Countries (SSA) in most of the years and very much below the world average. As shown in Table 7, the basic indicators of human development: HDI-Health, HDI-Education and HDI-Income, ranged between 0.404 and 0.510. The latest HDI for Nigeria in 2013 is 0.482, placing the country in 153<sup>rd</sup> position out of 187 (See Table 8). All the foregoing statistics show that the human development conditions in the country are far from being impressive. Hence, the much vaunted robust economic growth and the improved ranking fly in the face of reality as far as SD is concerned.

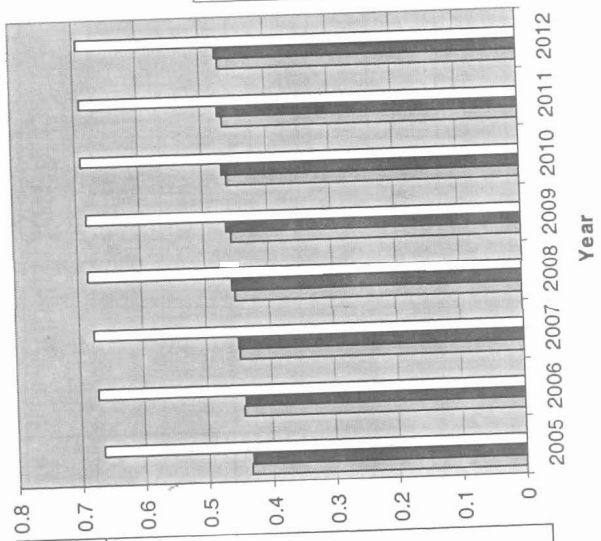
**Table 5: Human Development Index for 23 Selected Countries (2004 Data)**

Country	Relative Ranking (Lowest to Highest)	Human Development Index (HDI)	Real 2004 GDP per capital (PPP, U.S. \$)	GDP Rank Minus HDI Rank
<i>Low Human Development</i>				
Niger	177	0.311	779	-7
Ethiopia	170	0.371	756	+1
Malawi	166	0.400	646	+10
Tanzania	162	0.430	674	+13
Angola	161	0.439	2,180	-32
Guinea	160	0.445	2,180	-30
Nigeria	159	0.448	1,154	-1
<i>Medium Human Development</i>				
Bangladesh	137	0.530	1,870	+7
Pakistan	134	0.539	2,225	-6
India	126	0.611	3,139	-9
South Africa	121	0.653	11,192	-66
Turkey	92	0.757	7,753	-22
Peru	82	0.767	5,678	+12
China	81	0.768	5,896	+9
Saudi Arabia	76	0.777	13,825	-31
Brazil	69	0.792	8,195	-5
<i>High Human Development</i>				
Malaysia	61	0.805	10,276	-4
Costa Rica	48	0.841	9,481	+13
Qatar	46	0.844	19,844	-14
Chile	38	0.859	10,874	+18
United Kingdom	18	0.940	30,821	-5
United States	8	0.948	39,676	-6
Canada	6	0.950	31,263	+4
Norway	1	0.965	38,454	+3

**Source:** Data from United Nations Development Program, Human Development Report, 2006 (New York: Oxford University Press, 2006) tab.1.

**Table 6: Nigeria – Human Development Index (HDI) 2005-2012**

Year	Nigeria	Sub-Saharan Africa	World
2005	0.434	0.432	0.666
2006	0.444	0.440	0.672
2007	0.448	0.449	0.678
2008	0.453	0.456	0.683
2009	0.457	0.463	0.685
2010	0.462	0.468	0.690
2011	0.467	0.472	0.692
2012	0.471	0.475	0.694



**Source:** Human Development Reports, Various Years

**Table 7: Nigeria-Human Development Index – HDI**

<b>Year</b>	<b>HDI -Health</b>	<b>HDI-Education</b>	<b>HDI-Income</b>
2005	0.455	0.445	0.404
2006	0.466	0.447	0.422
2007	0.473	0.450	0.423
2008	0.481	0.452	0.429
2009	0.488	0.455	0.431
2010	0.496	0.457	0.437
2011	0.503	0.457	0.444
2012	0.510	0.457	0.450

**Source:** Human Development Reports, (*various years*)

**Table 8: Nigeria: Human Development Indicators**

Human Development Index	Ranking 153
Health	Life expectancy at birth (year) 52.3
Education	Mean years of schooling (of adults) (years) 5.2
Income GNI per capital in PPP terms (constant 2005 international \$)	\$2,102
Inequality	Inequality-adjusted HDI value 0.276
Poverty	MPI: Multidimensional Poverty Index (%) 0.310
Gender	GII: Gender Inequality Index, value n.a
Sustainability	Carbon dioxide emissions per capita (tonnes) 0.6
Demography	Population, total both sexes (thousands) 166,629.4
Composite Indices	Non-income HDI value 0.482

**Note:** n.a is not available

**Source:** UNDP (2013): National Human Development Reports for Nigeria

### **4.3 Targeting Sustainable Development**

Evidenced by the jobless growth phenomenon in contemporary Nigeria, there can be a conflict between growth and employment. To get to the heart of this matter, it is needful to appreciate the underlying factors behind the country's growth process, paying particular attention to investment and technological decisions in the non-oil sector and foreign direct investment ventures, which have been reported to be driving the growth process in Nigeria. Given the jobless-growth situation in Nigeria, one can hazard a guess that the employment impact of these sectors has been quite minimal despite their impressive impact on growth performance.

#### ***4.3.1 Preference for Employment Objective***

Both growth and employment objectives are almost equally desirable. However, in view of a conflict between them, the need to strike a trade-off between these development goals becomes inevitable. The seriousness of unemployment in Nigeria and the complex range of causes underlying it will already have made it clear that, much more preference should be accorded employment objective. Hence, development policy attention should begin to emphasize and attach much more weight to employment objective.

In general, a number of reasons have been advanced for preferring employment to growth. These are: income redistribution effect (in favour of those who would otherwise remain unemployed), the demoralizing effect of being unemployed, and the fact that work itself is intrinsically satisfying. Also included are the political challenges and dangers associated with widespread unemployment, Steward and Streeten (1973:371-372).



The strategic importance of employment for human resource development deserves special recognition in the quest for SD. The pursuit of employment objective makes for substantial improvement in Human Development Index (HDI) of any nation. Where there is a widespread employment opportunities, income becomes redistributed while poverty is alleviated. Targeting the educated unemployed for productive employment opportunities in particular, is instructive and strategic in view of its implications for SD. Increased employment opportunities for the educated would improve their welfare and their family members. And given the spillover effects, such employment could confer on future generations an enhanced wellbeing.

#### **4.3.2 Targeting Human Resource Development**

The overarching goal of Nigeria Vision 20:2020 is *to build a better Nigeria for all Nigerians*. As remarked earlier, given the recent growth rate in the economy, climbing to become one of top 20 economies in the world is perhaps realizable by 2020. However, on the basis of HDI, the latest global ranking of 153 out of 187 countries for Nigeria is suggestive of the herculean task in the way of propelling the nation into this league of economically buoyant nations.

Realistically, a much longer period, beyond year 2020 will be required to make any appreciable improvement on the Human Development Index (HDI). Targeting improved human resource development in particular is characteristically a long term affair. The lead time for the production of scientific manpower and professionals is fairly long, requiring a perspective plan with a time horizon much longer than 10 years. All in all, as long as human resources development is critical for SD, strategic visioning will remain an imperative that must sufficiently accommodate the

critical lead time for educated manpower generally. Thus, it behooves on the country's visioning exercise to always set a realistic time frame that is compatible with long lags for the production of qualified manpower.

No doubt, unemployment among the educated is a critical challenge for SD in contemporary Nigeria. The rising unemployment generally and educated unemployment in particular, have meant a slip in HDI, arising from income loss, increased poverty incidence and worsened inequality. Targeting this problem for solution requires a strategic response in a manner as to assure sustained development.

#### **4.4 Targeting the Problem of Educated Unemployed**

The diagnoses of the educated unemployment phenomenon in Nigeria from my treatise over the years indicate that it is an issue traceable to a complex range of causes. As opposed to the neoclassical reliance on market forces, a deliberate and strategic approach should provide a more potent and promising alternative in tackling the country's employment problem. And for SD, the strategic approach should be informed by the concern for human resource development with a view to boosting the overall HDI. It is therefore illogical to call for a cutback in students' intake in the country's educational system; but rather to clamour for the expansion of the economy. Continuing emphasis should be placed on expanding the overall pace of economic activity to generate productive employment opportunities. The following are thus proposed:

##### **4.4.1 *Human Capacity Building***

More than anything else, a robust development planning that is employment-oriented should provide a veritable and

strategic response to the educated unemployment generally and graduate unemployment in particular. The critical planning parameter in this case is the *absorptive capacity* of the economy for the educated labour force, which has been found to be rather low in Nigeria, Akutson and Oladeji (2006). Hence, a substantial improvement in the absorptive capacity for the educated manpower should be targeted as a matter of priority.

It is instructive to note that absorptive capacity is significant for development as it allows domestic economic actors to internalize knowledge that exists within the domestic economy and externally. A core aspect of the absorptive capacity is human capacity building or simply put, knowledge accumulation, power of ideas and innovation, Narula (2003). For this reason, while the correlation between economic growth and absorptive capacity is recognized, it is needful to target in the most fundamental manner human capital development with a view to enhancing the absorptive capacity.

#### **4.4.2 Educational Reform**

It has also been established in my research engagements that the country's educated unemployment is traceable to lack of integrated educational planning and manpower planning coupled with structural imbalance in the country's educational system. Efforts should therefore be geared towards redressing the predominantly 'single axis' and structurally imbalanced system of education that is inadequately geared to the needs of the economy. Today, the curriculum up to post-secondary education is geared towards gaining entrance to the university system as if it was the only form of tertiary education. This is reinforced by the socio-economic milieu which appears to make acquisition of a degree the

only surest route to success in life. All these inform the persistent pressure of demand for university education in Nigeria.

The need for a restructured educational system in the country cannot be over emphasized. The restructuring should emphasise a balanced and well diversified educational system. This will require concerted efforts geared towards the development of other forms of education hitherto virtually neglected, namely vocational training programmes, technical education, technological and professional training programmes, polytechnic education, teacher training programmes and colleges of education, etc.

Such educational reform as proposed would have far reaching implications. It will relieve to a great extent the pressure of demand for university education and stem the proliferation of the university institutions in the country. And in terms of manpower implication, it will invariably help to redress the skill-mix problem which has been perversely tilted against the intermediate manpower. To give concrete public expression to this strategic educational reform, relevant higher education policy should be formulated. This should also translate into massive public investment in higher education generally, complemented of course by increased private sector participation in the sector.

#### ***4.4.3 Integrated Macroeconomic Policy Framework***

The nature of the educated unemployment in Nigeria is such that an integrated macroeconomic policy framework is urged. Hitherto, the most prominent and traditional policy instruments of the country's economic management have been the monetary and fiscal policies. In particular and especially during the SAP era, both policies have been consistently deployed to promote economic growth and moderate the inflationary situation in the country.

The persistently rising general unemployment in Nigeria calls to question the effectiveness of the monetary and fiscal policies in tackling this problem. However, some empirical evidences seem to advocate greater reliance on fiscal policy as opposed to monetary policy when it comes to fighting unemployment in Nigeria. For instance, Anyanwu empirically establishes and concludes that:

**“Taken alone, none of the monetary variables (money supply, lending rate and domestic credit) significantly reduces unemployment. Conversely, taken alone, all the fiscal variables (except recurrent expenditure) are highly significant in reducing unemployment”**

(Anyanwu, 1996:121).

In view of the fact that employment is one on a set of interrelated objectives of SD, an appropriate mix between monetary and fiscal policy instruments is required to be put in place. Beyond these, there has to be an explicit employment policy which should be fashioned and integrated into the macroeconomic policy framework.

#### **4.5 Government and Sustainable Development**

The latest planning efforts as encapsulated in the Vision 20:2020 and the Transformation Agenda are, to a large extent, geared towards SD. In terms of its underlying principles, ideals, objectives and elements, the pursuit of this type of development is, or should have meant a fundamental shift away from the SAP. Nevertheless, inasmuch as the country’s economic management is increasingly market-driven and hence runs on the principle of neo-liberalism, one is inclined to believe that, the shift in practice has been half-hearted. It is therefore not surprising why the country

could only lay claim to the so-called robust, but jobless growth in recent times; the best the adjustment policies could offer.

Mr. Vice-Chancellor, distinguished ladies and gentlemen, the latest planning approach in the country is likened to putting new wine into the old wineskins! But new wine must be put into new bottles. Thus, planning for SD should necessitate a paradigm shift that assigns a much more dynamic and purposeful role for government. Essentially, this is a call for a paradigm shift from neo-liberalism to Keynesianism. This, to my mind would constitute the new direction of economic management in the new world order in not too distant future. Nigeria is expected to move in this direction.

Hence, in the context of SD, the steering capacity of the State is of critical and strategic importance. As recognized by Ekpo (2013), countries that have experienced sustained growth and development in Asia (Singapore, China, Malaysia and Indonesia) have strong State sectors. And according to Todaro and Smith (2009:573), the Third world governments must assume a more active responsibility for the future well-being of their citizens than the governments of the more developed nations. This is the imperative now in Nigeria.

The critical challenge for the government in Nigeria is not just growth promotion, but more importantly substantial improvement in well-being measured in the context of human development index. A basic agenda for action is stemming the tide of unemployment crisis and at the same time promoting human resource development. The pursuit of SD within the framework of the Keynesian prescription provides the much needed scope for addressing the twain concerns. By this prescription, there is need to increase aggregate total demand through massive government

expenditure and fiscal policies that indirectly encourage more private investment.

Any plausible solution to the educated unemployment in the country must involve the State. Apart from a virile macroeconomic policy framework, the unemployment problem requires as well more effective government institutions. Imperatively, therefore, governments should

- (i) Acknowledge the strategic role of people in development and as such placing capacity human building a priority development agenda.
- (ii) Undertake planning efforts at all levels of government to address the country's unemployment, including the problem of the educated unemployed;
- (iii) Embark on a fundamental reform of the country's educational sector for a diversified and balanced educational structure. The expected structure should align much better the education and training system with the needs of the labour market;
- (iv) Invest substantially in people and in the entire education system with a view to upgrading skills and building human capacity for sustained growth and development;
- (v) Develop an explicit employment policy and be made to interface with the other macroeconomic policies, notably monetary and fiscal policies.
- (vi) Undertake a comprehensive manpower and employment planning, properly fitted and integrated with the overall development planning;

- (vii) Evolve an integrated national plan so as to facilitate and reconcile inter-state manpower shortages and surpluses in the overall interest of the country;
- (viii) Address labour market balkanization along ethnic and State lines with a view to fostering manpower flows across States and regions in the nation;
- (ix) Provide institutional support to assist in job search and matching jobs with skills, vocational and on-the-job training; and entrepreneurial skills development;
- (x) Transform the nation's informal sector to become high productivity and better earning capacity economy- in a manner as to make the sector a promising alternative for the educated ones to enter for self employment or even paid employment and;
- (xi) Resuscitate the defunct National Manpower Board (NMB), an agency which until lately served as a powerhouse for manpower and employment statistics. This was an agency of government whose mandate covered as well the determination of manpower requirements and human resources development for the nation. It is an organization that could also expeditiously serve for the development of an appropriate employment policy and monitoring of same for the country.

In a mixed developing economy like Nigeria, to stress the role of the state exclusive of the market mechanism or private sector is to miss the point and misleading. Economic development is largely a process of cooperation between the state and the private sector, which in the current parlance is referred to as Private-Public Partnership (PPP). As a matter of fact to foster



social and economic development in Nigeria, the Vision (NV 20:2020) counts on the private sector, civil society and international community as SD partners. What is required now is to define the nature and extent of collaboration in these partnerships. This, to me, should be dictated by the country's priority development challenges.

The issue of educated unemployed is no doubt a pressing development challenge that requires such collaborative efforts of the development partners. They are needed to provide needed infrastructure and for capacity building, namely providing support for human resource development. As emphasized in this lecture, the development challenge is not a matter for the market forces or to be consigned for the development partners to address. The steering role of the State in tackling educated unemployment and promoting SD is thus strongly recommended.

Apart from the steering capacity the State, the organizational capability of public bureaucracies is of the essence which unfortunately is lacking in most developing nations, including Nigeria. Identified as the main weaknesses are a chronic shortage of skills, inadequate management incentives and organizational structure; and institutional environment that is not conducive to efficiency and accountability, Yusuf and Stigliz (2001:248). In Nigeria, problems of governance, corruption, ethnic and political divides and lack of continuity in implementation have remained live issues, undermining organizational efficiency in the country's public bureaucracies.

In view of such pervasive failure, the private and NGO sectors have been found to assume various public-good roles in which normally government should have had the comparative advantage, Todaro and Smith (2009:573). Hence, the way forward is to tackle these problems decisively and consequently build

requisite organizational capability for governance and SD. The State must assume an active responsibility for the future well-being of the Nigerians. It must embark on nation building for SD, address problems of educated unemployment and tackle the challenge of human resource development in the country.

## **5. CONCLUDING REMARKS**

Mr. Vice-Chancellor Sir, distinguished ladies and gentlemen, I have tried in this inaugural lecture to highlight basic facts behind the topical and seeming intractable problem of the educated unemployed in Nigeria. Specifically I have shown that:

1. The problem is multi-faceted in nature, traceable to vulnerability of the country's educational planning to socio-political pressure, structural rigidities of the country's labour market; restrictive SAP policies; inadequate development planning response to the country's unemployment in general, and educated unemployment in particular, and lack of an explicit employment policy.
2. As opposed to SAP, the framework of SD provides a veritable platform for addressing the country's educated unemployment.
3. The SD objectives are not just growth- focused but human SD centred; with the ultimate aim of redressing both intra-generational and inter-generational gaps in an economy.
4. The National Vision 20:2020 and the Transformation Agenda copiously incorporate the ideals, principles and objectives of SD.

5. The contemporary planning efforts have yielded an impressive growth rate, but without corresponding employment opportunities for the citizenry.
6. Whereas the country has been making an impressive showing on global ranking based on the economic growth criterion, the ranking on the basis of Human Development Index (HDI) has been dismally low.
7. With the SD, amply embedded in the country's planning efforts lately, a paradigm shift from the neo-liberal development thoughts to Keynesianism is strongly advised in development thoughts and policy making.
8. Given the Keynesian prescriptions, a strategic response to the unemployment problem in the country would require, more than ever before, massive government expenditure and fiscal policies that would encourage more private investment.
9. The steering role of the State is an imperative and of strategic importance in tackling educated unemployment and promoting SD in Nigeria.
10. The steering capacity of the State in this regard depends crucially on the institutional environment, organizational capability of, and governance in the country's public bureaucracies. These are challenges and imperatives for governments decisive actions.

In all, the pursuit of SD necessarily implies striving to improve on the Index (HDI) as opposed to mere economic growth. From this standpoint, a strategic option for the country is to build human capacity and at the same time attend to the problem of educated unemployed in order to boost the global ranking on HDI.

In view of the foregoing, the solution to the educated unemployment is not by closing educational opportunities to people, but rather expand education even faster. What a conclusion you may say: a dogma, a shibboleth or a paradox? It is a paradox whose explanation could be found in Confucius quote: "No nation goes bankrupt educating its people". Of course, it stands to reason when it comes to building capacity for SD, which in itself provides a strategic response to unemployment. There is no gainsaying the fact that education generally is of the essence in building capacity for SD. The provision of functional higher education is particularly of strategic importance. It is a system of education that is sustainable only in the context of well-developed postgraduate education and training.

Mr. Vice-Chancellor, Sir, permit me at this juncture to acknowledge this great University, Obafemi Awolowo University that has over the years been at the vanguard of sustaining the country's higher education system and the economy at large through its postgraduate training programmes. The last two decades of the Postgraduate College of this University witnessed a deluge of applicants for our programmes, culminating in the rapid growth in students' enrolment and diversity of programme offerings at the Postgraduate Diploma, Master's and Doctoral levels.

The developments in the last six years had been particularly spectacular in terms of enrolment profile and higher degrees awarded. In the period 2006/2007- 2011/2012, the College admitted on the average 3,177 postgraduate students while the average enrollment figure was 4,668. Higher degree graduands from the College rose from 1,020 in 2005/2006 to 2,233 in 2009/2010 and in the last convocation held in December 2012, the College produced a total of 3,296 graduands. Of this 143 were awarded the postgraduate diplomas, 2, 284 Masters, 134 Master of

Philosophy and 178 Doctor of Philosophy degrees (PhDs)—the highest recorded so far in the history of this University.

Acknowledgements should go to successive administrations of this University for providing the platform and an enabling institutional environment for the giant stride of the College. The invaluable contributions of the previous Deans and Provosts, who had served creditably at various times, equally deserve commendation. To me, these men laid the solid foundation on which the College now thrives on sustainable basis and for which I, as the immediate past Provost, cherish with great delight.

In line with your cherished vision, Mr. Vice-Chancellor, OAU is being launched into the 21<sup>st</sup> Century as a World Class African University in terms of cutting edge research and human capital development. This great university is now in a vantage position to pursue more vigorously a virile postgraduate training and to sway more effectively admission in the university in favour of postgraduate enrolment. The crucial success factor however, remains that of adequate funding of the university system generally and postgraduate education in particular.

Let me therefore make a clarion call to governments in the federation, non-government organizations, the nation's development partners and individuals to make worthy investment in this level of education, thereby contributing to capacity building for this nation. Whereas the environmentalists think SD in terms of environmental management and development, such thinking should be extended to human resource development in such a manner as to foster investment in future generations. The postgraduate education and training is patently strategic for sustainability in the country's development process and should therefore be accorded the priority it deserves.

Mr. Vice-Chancellor Sir, I have not only made modest contribution to academic knowledge, I have also helped to build capacity of others. Over the years, I have supervised several students at the postgraduate level out of which 12 were awarded PhDs. And to the glory of God, the Lord has made me fruitful: some of them have risen to the professorial cadre in universities. Two of them are still in this university also contributing to capacity building in the Department of Economics: Professor A.A Adebayo, the current Head of Department of Economics and Professor P.A. Olomola. Dr. G. T. Arosanyin, an Associate Professor in the Department of Economics, University of Ilorin also received his training through me; so also Dr. M.O. Saibu who has recently relocated to University of Lagos, now an Associate Professor.

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My election and tenureship as the Provost of the Postgraduate College in the period, 2010-2014 has put me in vantage position to superintend over the processes of human capacity building in the University for the Nation. Senate members graciously endorsed my candidature as a Senate Representative on the Board of Postgraduate College, which eventually facilitated my election as the Provost of the Postgraduate College. Thanks to the members of the Board of Postgraduate College. You are all specially identified and appreciated for your unflinching support and also to the Vice-Chancellors under whose my tenureship fell: Professor M.O. Faborode and Professor Bamitale Omole. Their *liassez-faire* attitude in the running of the College gave me ample space to operate as a Provost. I say thank you sirs.

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