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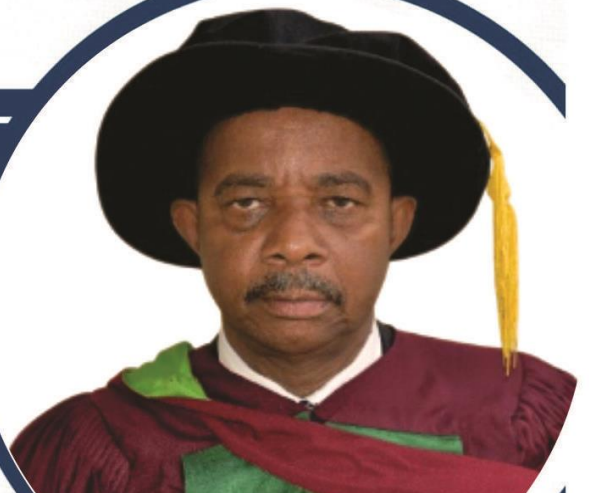
## INAUGURAL LECTURE

*Titled*

**BEING AN ECONOMIST:  
THE HOMO ECONOMICUS**

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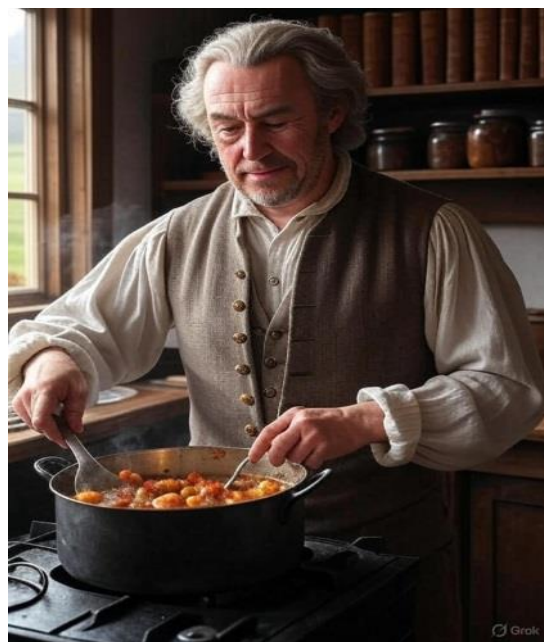


# BEING AN ECONOMIST: THE HOMO ECONOMICUS

*An Inaugural Lecture Delivered at Bingham University*

*By*

Professor Michael S. Akpan.





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on

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By

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9<sup>TH</sup> INAUGURAL LECTURE

BY

PROFESSOR MICHAEL S. AKPAN. BSC, ABU, MSC, UNIBEN, PH.D., ABU.

PROFESSOR OF ECONOMICS



## BEING AN ECONOMIST: THE HOMO ECONOMICUS

Economics is a very simple subject deliberately made difficult.

- Prof. Sam Aluko

*Economics is a very difficult subject. I've compared it to trying to learn how to repair a car when the engine is running.*

- Ben S. Bernanke, 2004.

### PREAMBLES

- I believe strongly that today is the day that the Lord has made for me to stand before this mixed audience to deliver the 9<sup>th</sup> Inaugural Lecture in Bingham University, the 3rd in the Faculty of Social Sciences and the 2nd in the Department of Economics. I am indeed grateful to God because he has made me to be the last man standing. I assumed duty at Bingham University on the 17<sup>th</sup> of March, 2009 as the only Lecturer 1 in the Department of Economics. We were just three permanent Lecturers and out of the three, I am the only one remaining and therefore, the last man standing to deliver this lecture today. Before me in the Inaugural Lecture Series have been Professor John Aiyedogbon of the Department of Economics, and Professor Odoma Samuel of the Department of Sociology in the Faculty of Social Sciences. In the larger University community have been Professor Olufemi Babalola, Late Professor Lovett Lawson, Professor Adebayo Adejeola, Professor Lori Joseph, Professor Okoli Bamidele and Professor Haroun Isah.

- An Inaugural Lecture is a public lecture given by either a newly appointed Professor or a Professor of longstanding at a university to mark their official introduction to the university community.

- A typical Inaugural Lecture therefore, has four purposes: 1) To showcase one's research and expertise. 2) To show one's contribution to public discourse. 3) To share one's insights in a subject. 4) And to introduce one's future research interests. This lecture titled: "Being An Economist: The Homo Economicus", was designed to achieve these four purposes.

### 1. INTRODUCTION

- Wednesday, June 11, 2025 was Bingham University's Chapel Faculty Day for Education, Administration and Social Sciences. On that occasion, a 400L student of Educational Psychology, Mr LAWSON Oladimeji, who anchored the question session for Deans of the respective Faculties had asked me a very brilliant but very tricky question that almost swept me off my feet. His question was: "Sir, supposing a parent came to complain to you that the child is not doing well in economics because economics is a very difficult, what advice would you give to that parent?" Truly, I was momentarily destabilized. Then, suddenly, I remembered Ben Bernanke's statement



and confirmed to the student that economics is truly difficult. But that it requires critical thinking and a measure of discipline to study it successfully. That question was indeed a very brilliant one. It was also reminiscent of a question I was asked at the interview in Bingham University in 2009 during the 2008/2009 Global Meltdown. The question was more of an instruction: "Tell this panel quickly why interest rates are very low in the advanced countries, but still very high in Nigeria?" Suddenly, in one instinct as if it was from God knew where?, I defined interest rate as "the price of using money services." I also explained that, like other prices it follows the rate of inflation, and that the recession (low general price level) in the advanced countries was responsible for their low interest rates while the high inflation in Nigeria was the cause of our high interest rates.

- I can still remember I also added that if we deflated our interest rates with their rate of inflation, the results could be the same.

- Again on 09/02/15, His Excellency, former Military President, General(Rtd.) Ibrahim Badamasi Babangida(IBB) at his resident in Minna, with my 2013 book on IMF/World Bank reforms in Nigeria held between his two hands had told me: "It means you have been working." And immediately, the question followed: "So, what have you been doing to assist this government?"

- That was during the President Jonathan's government. I fumbled for a while before I could find the right answers.

Permit me say that these interfaces represent, in a nutshell, what the economic man is and what his economics is all about. They are observations, followed by theorizing and proving or disproving the theory with empirical and even historical evidence.

- So, Mr Vice-Chancellor Sir, Principal Officers, other Members of Bingham University Senate and Management, Invited and Public Spirited Guests, the press and other members of the Bingham University Community, the homo economicus is also known as the economic man, and for the purpose of this lecture, he is an economist, because he started his economics with managing the pots in his kitchen. This explains the concept and the idea behind the inner cover design of the lecture.

- Conceptually, he is a theoretical model of human behaviour in economics. An economic model is a simplified theoretical and sometimes economic statistics or economic mathematics construct designed to represent a complex system or a complex process, e.g. a model house, a model aeroplane, a model ship or a model factory, etc. This means a model is stripped to the barest, but has important features of the object it is representing.

- As a model therefore, the homo economicus has five attributes or better still, five major features or characteristics of the person he is representing:

- 1) He is always acting to maximize his profits and utility by minimizing his cost.



- 2) He is rational, i.e., always makes logical decisions and acts rationally at all times.
- 3) He is self-interested, i.e., self-centred, motivated always by egoism and acquisitiveness.
- 4) He has a short-term outlook, i.e., everything of his is now or never.
- 5) He has perfect knowledge of what he wants to do in his kitchen and in the markets (as a producer, supplier, buyer, seller and consumer).

- His creation was pioneered by Adam Smith, the father of modern economics. He was born in 1723 and died in 1790; he lived for 67 years. Adam Smith's purpose for constructing this model was for the purpose of the development of markets. In line with this purpose, the philosophy behind his creation was that if everyone behaved like him, there would be an ideal world where every transaction would be perfect to keep with the perfect competitive market of the classical economic thinkers of the period.

- Either fortunately or unfortunately, but I will say fortunately, economics as a discipline as we have it in this 21<sup>st</sup> century was developed and built around the man and his attributes. Literature has also shown that the man was created during the period of the European Enlightenment Project which aimed at converting everything to mathematics and science.

- But as it is normal with concepts, models and theories in economics, the man, his creator and his economics have, from majorly, 2008, come under damaging attacks by the behaviourist economists and their followers who are now questioning the truism and validity of his attributes, his existence and even the real life examples of him. In other words, they are asking whether the real man has the economic man's attributes. There are also the feminist economists who have taken a swipe at Adam Smith and are asking why he did not also create the economic woman?

- About five to six of the most visible of these critics have been considered in this discourse, starting from Nigeria, since charity begins at home. In his 2014 Inaugural Lecture at the Ahmadu Bello University titled 'Economics: A Discipline in Need of A New Foundation', Professor Abdul-Ganiyu Garba had argued six dimensions for his proposed new foundation for economics. These were:

- 1) Purpose.
- 2) Epistemological commitments( a person's assumptions, standards, and beliefs about the nature of knowledge itself, how knowledge is acquired, the things that make up valid knowledge, and what criteria must be met to consider something true or trustworthy?).
- 3) Metaphysical commitments(the fundamental philosophical beliefs, positions, and assumptions one holds about the nature of reality and existence that influence their



understanding and approach to phenomena, even when these beliefs are not directly verifiable by empirical evidence).

4) Ethical commitments (morals, norms).

5) Exemplars (example of a person or thing serving as an example or appropriate model).

6) Structure( the position of each element of a whole).

- However, directly relevant to the subject-matter of this piece are the metaphysical commitments, the exemplars and the epistemological commitments, which respectively, have to do with the economic man's realistic elements of existence, his examples, his assumptions and his view of knowledge or knowledge level.

- Garba listed four key metaphysical commitments he considered in his lecture:

1) Nature of human beings.

2) The human environment.

3) The economic phenomena.

4) Markets.

He then argued that the most crucial of these are the nature of human beings and the environment. And within these most crucial two, his conceptual analysis of the homo economicus highlighted the man's attributes as individuated, self-loving and hedonistic (prefers pleasure to pain and an optimizer), being who has free will and perfect knowledge that he or she employs to achieve the hedonistic goals(maximum pleasure, maximum profits; maximum rent and maximum levels of exploitation as the case may be).

- From the results of his metaphysical analysis, the homo economicus obviously failed the existence question and on the basis of the man's existential failure, Professor Garba asked the question: " Does the homo economicus exist?" He listed four evidences of the man's failed existence as follows:

1) Real humans have a diversity of motives and intensions.

2) They act irrationally.

3) They are inefficient.

4) They select adversely and sometimes are helped to choose because they are unable to rank alternatives or choose a satisfactory option.

In support of his evidence 4 from his personal experience, he said in note 45 at p.90 of his lecture that even after due research about laptops and about reviews before he bought the laptop he was using to write his inaugural lecture, he later found several



defects that convinced him that he did not make the best choice, given available alternatives at his disposal.

-I argue that it follows logically, that from his evidences of the man's failed existence and his self-evidence of a less-than best choice of a laptop, given the available alternatives at his disposal, the man's failed existence means absence of his exemplars.

- The rests of his arguments on the metaphysical commitments for his new foundation for economics were more or less further refutations of the man's characteristics, his nature, and highlights of empirical evidences which have shown that some of the man's characteristics (as taught in the universities), have been found to influence the behaviours of students of economics in the United States. They included:

1) Studies have shown that students of economics are more selfish than their counterparts (in other disciplines) in American Universities (cited Bauman & Rose, 2009);

2) Graduates of economics are more likely to free-ride (cited Marwell & Ames, 1981;

3) And take bribes (cited Frank and Schulze, 2000).

- Again at home Dr Tope Fasua's 2017 two-part article in the Daily Trust, titled: "Who is an Economist?" also criticized the economic man within the constructs of the behaviourists' views. On the basis of these views, he accused the Nigerian economists of still teaching dogmas based on Adam Smith's economic man's economics which his article said are all nonsense.

-After reading parts 1 and 2 of his article, I felt such an attack from the town on the gown, on a widely circulating print media like the Daily Trust could adversely affect students' enrolment in the subject and more so our enrolment in the Department of Economics was nose-diving during that period. So, I called him on phone, expressed my views on his article and introduced my books on IMF/World Bank policies in Nigeria, and Keynes to him, which he gladly bought.

-The reason for introducing the books was that, section 23(p.27) of the book on IMF/World Bank policies focuses on the origin of economic theories and their application which I felt could soften his hard liner's view on orthodox economic thinking, including the person of the homo economicus.

- In summary, pp. 30-46 of the book analyse the origins and the policy relevance of the various theories of economics, starting from mercantilism(state capitalism) to physiocracy (individualism) led by the French physician Francois Quesnay(1694-1774) with their famous "Laissez faire, laissez passer, La monde va de Lui-meme." This means "Leave alone, let go, and the world goes on of itself." This, by implication means that the idea of individualism or private property was originally that of the physiocrats. They were a group of 18<sup>th</sup> century French Enlightenment



economists who championed the idea that agriculture was the sole source of a nation's wealth. They advocated for minimal government interference in the economy (*laissez faire*) which was in their attempt to rescue the economy from state capitalism.

- Thereafter, were those who felt that government should provide all the goods and services for the general well-being of the citizens, thus advocating for a big government. This in turn gave rise to state businesses and provided avenues for corruption by the British civil servants of the 17<sup>th</sup> and 18<sup>th</sup> centuries (Friedman, 1981 cited in Akpan, 2013a).

- Next were the classical economic theorists. Among them were scholars like Adam Smith(1723-1790), who created the economic man – he started the pioneering work, Reverend Malthus(1766-1834), David Ricardo(1772-1823) and Jean-Baptiste Say(1767-1832), with his famous Say's Law of Markets( Supply creates its own demand). Say's Law provided the foundation on which stood the classical economic theory and all its assumptions, including the attributes of the economic man.

- The economic man was therefore a classical economists' creation. The central thesis of the classical economic theory was based it seems on what Adam Smith observed from the man's economic attributes, which was that the economy is self-regulating; as a result of which unemployment could not exist. If it occurred by chance it would last for a short while because in the long run, the system will self-regulate it back to full employment due to the self-interest of the economic man as a producer and as a consumer in the markets(Goods and Services, Factors of Production: Land, Labour and Capital).

- This was possible because prices were deemed to have been determined at the markets by the forces of supply and demand; they will always obey the Laws of the markets. The philosophy behind the efficiency of these forces was that prices were flexible; falling when supply increases and rising when supply decreases.

- The classical economists did not rule out government regulation to prevent private producers from colluding to charge exorbitant prices. In addition, government was to create and control money supply, as well as ensure quick dispensation of justice.

- The Say's Law of Markets and government creation and control of money supply were supported by the classical Quantity Theory of Money. The theory states that the general price level (increase or decrease in prices) is proportionate to money supply. For example, if government increased the money supply by 20%, the general price level would increase by 20% and if government reduced money supply by 20%, the general price level would decline by 20%. The philosophy behind the theory was that the economy was always at full employment level of equilibrium and so total economy's output was constant at all times.

- Based on the Quantity Theory, the only macroeconomic policy tool available to government in the classical dispensation to regulate price, output and employment



levels in the economy was monetary policy. The instruments were money supply and interest rates.

- After Adam Smith, were the neo-classical economists led by Alfred Marshall (1842-1924). They introduced the concepts of the margin and the *ceteris paribus* caveat (the practice of taking one bite at a time and holding all other bites constant).

- The margin and the *ceteris paribus* caveat became cardinal concepts in the economic man's economics to guide his rational decision in his determination of what quantity of output to produce and the unit price to charge, notwithstanding that in the classical markets, prices were determined by the markets themselves, through the interactions of quantities supplied and quantities demanded in the goods and factor markets.

- In the Great Depression of the 1930s, supply failed to create its own demand. Then Keynes (1883-1946), in his *General Theory of Employment, Interest and Money* (1936) written principally to explain the cause and solution of the Depression, had argued that the classical theory had failed, though only to the extent that supply cannot create its own demand even in the long run under Depressive economic conditions. These were characteristics high level of unemployment, low income due to high unemployment and output glut due to a deficiency in aggregate demand.

- Keynes had argued that before the long run would come, "we are all dead." So, he took a short-run approach of the economic man's outlook and argued that in the conditions of the Great Depression, demand should create its own own supply. Consequently, he advised government to make it happen in the short run by public spending (fiscal policy) to create jobs, even if it meant running a budget deficit.

- This was the first time government expenditure (fiscal policy) became a policy tool in macroeconomic management, against the economic man's classical economists' monetary policy tools. The Keynesians' slogan in the circumstance was: "money does not matter."

- Then after his demise in 1946, Milton Friedman (1912-2006), a monetarist, set out to revive the classical monetarism (classical money supply and interest rate tools). This was because Keynes had argued in his theory that the classical macroeconomic policy instruments were not effective in pulling the world economies out of the 1930s Depression and so money did not matter. But Friedman and his Chicago school friends insisted that money still mattered.

- In the 1950s and the 1960s were the post-Keynesians like Mrs Joan Robinson and Kelecki; two of the leading post-Keynesian theorists. Their central thesis was that in the real world of economics outside the assumed ideal world of the classical, neo-classical and even Keynesian economics, prices are not determined by market forces but are fixed by the firms, and rather than focus on profit maximization of the economic man's



perfect competitive world, firms and individuals also pursue other objectives and motives and aim to satisfy, and not maximize profits.

- The late 1970s through the 80s to this 21<sup>st</sup> century has witnessed the current neoliberalism (classical + neoclassical+ Keynesian + post-Keynesian + state businesses + globalization) which tends to dominate the world of reality in existing and emerging market economies. So, in this admixture of theoretical dynamics in economics over these time periods, where have been the economic man and his economics in all of this? It is obvious that while they have remained active while adjusting to their changing economic circumstances the man has modified some of his early attributes.

- Consequently, this lecture took a look at all the arguments from his critics and proceeded to situate the man within these trajectories of different economic theorizing which started from his original state, and his attributes, founded in the world of the British Industrial Revolution into which he was created to function, through to the modern world where he is no longer a profit maximizer but a profit satisficer and yet has maintained his relevance in managing the economy of the modern world, from the perspective that he managed the pots in his kitchen.

- A product of critical thinking, the lecture was also designed to answer critics who have harped on the fewness of my publications by their low value judgement in the last 18 years. Then as economists, "Let us dare to read, think, speak and write." (John Adams cited in Husain, 1991), because "Science invites us to let the facts in, even when they don't conform to our preconceptions. It counsels us to carry alternative hypotheses in our heads and see which best match the facts." (Carl Segen cited in Husain, 1991).

- The lecture was therefore designed to defend the Homo Economicus, defend his economics and his creator, Adam Smith (1723-1790) and to present some selected publications of the lecturer, some of which adopted the economic man's economic concepts, assumptions and markets in their analyses.

## **2. METHOD OF ANALYSIS**

- The methodology for a lecture title of this nature required the use of the technique of exploratory studies in its analysis. It is a technique which perhaps, is alien to most economists in Nigeria, especially, the econometrics addicts in our universities. Saunders, et al. citing Robinson (1993, p. 42), described exploratory studies as a valuable means of finding out 'what is happening; to seek new insights; to ask questions and to assess phenomena in a new light' (Saunders, et al. 1997, p.78 cited in Akpan, 2014, p.593). The technique is likened to activities of the traveller or the explorer. Its great advantage in literature is its flexibility and adaptability to change. This means that the focus is initially broad. It later becomes progressively narrower as the research progresses, and the researcher is willing to change their direction as a result of new data which appear and new insights which occur to them (Adam and Schvaneveldt, 1991 cited in Saunders, et al. 1997 cited in Akpan, 2012).



- Exploratory studies research method has three sub-techniques:

- 1) A search of the literature.
- 2) Talking to experts in the subject.
- 3) Conducting focus group interviews.

-Like in one or two other works I have employed exploratory technique this lecture adopted the first two sub-techniques in its analysis. Accordingly, the techniques have:

- 1) Captured the attributes of the economic man in real life experience.
- 2) Applied them and other concepts of his economics to real life experience.
- 3) Proved that the homo economicus is not just one of the models in economics, constructed to suit observed economic realities in his activities as at the time he was created;
- 4) But that he is also in existence, his exemplars exist, his assumptions and knowledge are real and his economics are not all nonsense dogmas.
- 5) Given a more plausible answer to why the economic woman was not created.

### **3. SCOPE AND MOTIVATION**

-Outside the purposes of this work, the topic for the lecture is all embracing as the preambles and the introduction tend to suggest. Its scope and motivation cover an array of experience, i.e., the general knowledge and skill gained, along my career paths, amidst different economic crises, policies and political transitions in Nigeria: from military to democracies, from democracies to military and from military to democracy, before and after my graduation from the University in 1984, to the final settlement in academics in the last 25 years.

-My year of enrolment in the University in 1981/82 for a 3-year B. Sc. Degree Programme was when the Shagari April 1982 austerity (economic stabilization) measures were announced. We started and graduated in the midst of unprecedented economic and political crises of the Nigerian economy due to violations of the well-defined rules of decisions of the economic man's economics. I can still remember that in the 3<sup>rd</sup> term of our final year in the University in 1983/84, heads of frozen fish were served in our meals and we were praying God to let us graduate and get out of the hardship at school.

- The hardship was harder during our national service in 1984/85 because we had to queue (sometimes a whole day for essential commodities – I didn't myself because I felt, the costs in terms of convenience and time spent on the queue were not worth the trouble. Most of these experiences are reflected and treated in my book on the



IMF/World Bank and Nigeria's economic and political reforms between the period 1986 and 2012.

- My first job experience with the Federal Elections Commission (FEDECO) after my 'A' Level exams in 1979, though ad hoc, is also a factor of motivation. I was a Presiding Officer at one of the Polling Units at Primary School, Ede Obuk (Eket Central) in my Local Government, Eket. It was my first leadership experience and responsibility. I had a Polling Officer, I had a Polling Clerk and I had a Polling Orderly working under my supervision as a team leader. It was a transition election from a military to a democracy. As a Presiding Officer I was paid N15.00 (Fifteen Naira) only for each of the five(5) elections – President, Senate, Federal House of Representatives, Governorship and State House, totalling N75.00(Seventy-five Naira) only. That was a lot of money then.

- My second job post 'A' Level was with the Institute of Education at the Ahmadu Bello University as a Library Assistant. That was in April 1980. It exposed me to the library work experience and reading materials. Indeed, most of the materials for my Undergraduate research project were sourced from that Library. It was on the implementation of Nigeria's indigenization policy in the oil industry. The case study was Mobil Producing Nigeria, Eket. That research results later helped me in my M. Sc. research to realize that the SAP of 1986 was more or less a reversal of that policy.

- There were military take-overs in November, 1983, in 1985, a failed coup in 1992, interim government in 1993, a coup in the same year and a final transition to democracy in 1999 which has endured for about 16 years by 2025. The central problem has been the violation of the rules of decisions of the economic man's economics.

- My first job post-graduation and national service was my participation in a federal government public works programme in my Local Government in March 1987 under the Directorate of Food, Roads and Rural Infrastructure (DFRRI). It was supervised by the National Directorate of Employment (NDE). Again, I was a team leader with about seventeen to twenty (17-20) participants under my supervision. The DFRRI and the public work programmes were announced in the 1987 federal budget. I later understood in my master's degree research work at the University of Benin in 1990/91-95, to have been an IMF/World Bank Poverty Reduction Strategy Paper (PRSP) designed to reduce poverty in countries adopting Structural Adjustment Programme (SAP).

- The full-blown SAP, which was preluded by the Shagari 1982 austerity measures and the Buhari reinforced measures in 1983 was introduced on July 2, 1986 by the Ibrahim Babangida (IBB) military government. The SAP was introduced because of the limited success of the Shagari April 1982 austerity (balance of payments stabilization) measures, and the Buhari reinforced austerity measures of November, 1983 to August, 1985. These are for the benefits of the younger generation who may



not understand the fuss about oil subsidy removal, devaluation, and floating of the naira exchange rate. They all have a long history.

- The DFFRI programme, among others, had four objectives:

- 1) To create jobs for unemployed youths, particularly, young school leavers in each of the 774 local government areas of the federation.

- 2) To achieve increased food production for domestic use and exports.

- 3) And to improve rural feeder and farm roads to ease transportation and ease evacuation of farm produce.

- The programme was allocated 50% of the budget's projected proceeds from oil subsidy removal from refined petroleum products by the IBB military government (Akpan, 2013a, p.159). I was the public works' team leader in my Local Government, Eket. The team was deployed to plant cassava on the NYSC Farm at Eket in the then Cross River State(Akpan, 2013a, p.247). Graduate participants were paid a monthly stipend of N200.00 (Two Hundred Naira) only, just as obtained during the youth service programme then and non-graduates got N150.00(One Hundred and Fifty Naira) only. This was my second leadership experience.

- As a former team leader in the public works programme, I am now always amused and at the same time satisfied each time I stumble on my copy of the first progress report I wrote on that farm, or when I think of the slow progress we have made in the implementation of the reform programmes that gave birth to that whole process and my participation in it – all within the economics of the homo economicus.

- I am also always enthused by that farm experience – it was quite a unique experience because it provided a transition platform for my job as a Career Project Officer in an Agricultural Development Bank (Akpan, 2013a, p.247). The bank experience was a career that got me working as a core loan operations (project) officer, handling loan appraisal and implementation duties.

- A loan Appraisal exercise in the bank involved working on the entire five(5) phases of the project cycle as taught and is still being taught in a project evaluation course at the undergraduate and graduate levels in economics. It was a compulsory course in my master's degree course work (1990/91) at the University of Benin. I can tell critics that from personal field experience, a project evaluation exercise is based on the economics of the homo economicus. The phases are project identification (conceptualization), preparation and analysis (planning and costing), appraisal (independent team review), implementation and evaluation. In all these, the price theory was the working concept, tool of analysis and the basis for a rational decision as to whether to grant or not to grant a loan for the implementation of a client's proposed project.



- There are also post implementation activities such as monitoring, supervision, debt recovering and sometimes, project recast for the purpose of fresh funds injection(if project is troubled) or reactivation ( if moribund), including recommendations for foreclosure if project is completely and irredeemably dead. On the basis of this experience, Deloitte and Deloitte had between 2001 and 2002 when I applied, invited and interviewed me for the job of an Executive Director Projects at the Niger Delta Development Commission (NDDC). They can check their records.

- I was employed in the bank in 1987 as Investment Officer 1(GL 9:1; N5112.00 basic pa) and deployed to the Branch Office of the bank at Benin in the then Bendel State. That was after an intensive two weeks' orientation exercise at the Bagauda Lake Hotel in Kano (training for enlightenment to achieve a goal or realize a purpose). Each State of the federation (except Oyo State) had only one branch office in the state capital. The bank was just about fourteen (14) years old.

- My job schedule outside core project operations duties also included representing the bank in court cases with the bank legal retainers. It was either the bank was sued by customers or vice versa in the course of debt recovery or project foreclosures.

- I also was placed as the Officer-in-Charge of a Special Loans Unit called the Small-Holder Loans Scheme (SHS). It was a scheme which, although started operations in 1981 and was designed to cater for the loan needs of smallholdings farmers all over the federation, its operations were not formalized until in 1988 when an Operations Manual was developed and launched. Thereafter implementing officers, including yours faithfully, were rigorously trained for its implementation (again, the role of training and enlightenment to achieve a purpose).

- The contents of the manual were the processes involved in loan appraisal at that level and the rules of decisions for positive or adverse recommendations which were structured on the basic principles of lending (risks and safeguards) in economics, banking and finance.

- Once again the training was held at the Bagauda Lake Hotel in Kano. It was rigorous, thorough and lasted for about a month because every detail of the manual was discussed.

- Already on ground was an operational structure made up of about 12no. Field Offices in the local government areas, manned by equal number of field officers designated as Agriculture Credit Assistants (ACAs) under my direct supervision.

- Their responsibility was to appraise smallholder loan applications (sale of application forms, farm visits and loan appraisal reports writing) and submission of the appraisal reports to the Branch Office for further appraisal and consideration.

- As the Officer-in-Charge of the SHS, my responsibility was the "further appraisal and consideration" (i.e. recommendation to the Branch Office Management



for approval if bankable, i.e., passed all investment selection tests). I was directly supervised by the Branch Head of Operations and I was reporting to him.

- The Bank had well defined loan appraisal and approval structure which ran from the Branch, through the Zone to the Head Office. Each Branch had a Branch Agricultural Project and Management Committee (BAPMC), each Zone had a Zonal Agricultural Project and Management Committee (ZAPMC) and there was a Head Office Agricultural Project and Management Committee (HOAPMC). Loan limits for each level were also properly defined.

- For any loan to be recommended for approval at any level, it must pass the basic tests of investment selection including the provision of adequate security against risks as safeguards.

- As a rule, no Branch Manager, no Zonal Controller and no Managing Director could single-handedly approve any loan at the respective levels. These helped to reduce sticky loans.

- Any Development Bank is a policy implementation bank. My experience as the Officer-in-Charge of the SHS Loans was along the line very tedious and very stressful because at some point there was an influx in loan applications between 1988 and 1990. The influx came with implementation of the agricultural and rural development strategy component of the Structural Adjustment Programme (SAP) package in its second year in 1988(it started in July 1986).

- Part of the objectives of the SAP and the DFFRI was to increase food production for domestic consumption and export. Government policy focus was on funding the small-holder farmers to realize the objective. I can remember our Benin branch funded the first yam export project during that period. A document called a Per Hectare Budget (PHB) was developed by each Branch for the Scheme. It was a document that itemized the cost of planting a hectare of a single and mixed-crops (max two crops). It also covered the cost of raising specific numbers of poultry and livestock at the smallholder level. The maximum loan amount was N10,000.00 (Ten Thousand Naira) only. The purpose was to ensure uniformity in project funding in each state.

- Sometime in 1991, while serving at the Benin Branch Office, I was posted at the request of a new Branch Manager to assist him to start a new Branch Office at Irrua in Edo State. The Branch was established at the instance of a former Chief of Staff in the IBB military government who was an indigene of the state. Co-starting a new Branch was completely a new experience and a responsibility that provided me the opportunity of being the pioneer Head of Operations. A transfer in 1993 to the Head Office in Kaduna to work in the Project Implementation Division of the Operations Directorate and later deployment to the Research and Training Directorate in 1995 on personal request where I functioned as Head of Planning and Monitoring, gave me a third leadership experience. But, above all, provided yet another shades of experience



and responsibility in Development Banking, built on the principles of the economic man's economics.

- In 1998, while still in the Bank, the Financial Institutions Training Centre (FITC), Lagos, established its Kaduna Campus and I was privileged to be one of the pioneer Course Facilitators. I was teaching Project Evaluation to their students of Advanced Diploma in Banking and Finance and also supervised their research projects.

- I was well known in the Head Office of the Bank because I was an active Congress Member of the Senior Staff Association of Banks, Insurance and Other Financial Institutions (ASSBIFI). Aside the fact that I contested and lost the chapter's presidential election in 1997, I used to make very useful contributions at congress meetings in matters of welfare in the manner of a homo economicus. I can still remember a time in 1996 when the Union wanted a pay increase and management had complained of the huge financial involvement. Negotiations with management were still on-going. The president I contested to succeed at the end of his tenure had just briefed congress on the outcomes of his team's previous meetings with management and management's insistence on the huge financial involvement if the request for pay raise was granted. I told congress that the reason was out-rightly, not tenable.

- My analysis as homo economicus was that we had four (4) designations in the officer cadre (IV, III, II, I; I was the highest) and for all of them, their allowances were basically the same and ditto were the allowances of the middle-level manager and senior manager levels. I had argued that there were just marginal differences in their basic salaries and I asked rhetorically: "So where is the huge financial involvement?" Then, a Senior Manager said, "Yes, what Mr. Akpan has said is correct." It was normal that a mole would take the day's deliberations and 'who said what' to the MD.

- Some days later my boss, a Deputy General Manager, had gone to sign my travel request with the MD and the MD told him that he was told my boss was breeding radicals in the Research Department – the rational analysis of the homo economicus had become radicalism. My boss had sent for me and when I got to his office, he told me all that had transpired between him and the MD concerning me, and asked me to go and see him. When I got there, I greeted him and he said, "Chief Akpan, sit down," and I sat down. He had been my overall boss as the Executive Director Operations (EDO) so I felt safe with him like David said in the Psalms that he would prefer God to punish him than Satan because God would have mercy on him, being his God.

- He told me persuasively about the financial challenges of the Bank and all the other problems the bank was facing and so on and so forth while I listened attentively. But he didn't mention that it was the mismanagement of the resources by his immediate predecessor (which he was part of) that was at the root of the problems including the refusal of previous management to improve on staff welfare when it had the financial resources to do so before the problems set in.



- To be fair to him, the agitation for pay increase actually started during the tenure of his immediate predecessor; he only inherited it the way President Shagari inherited a troubled Nigerian economy from the Murtala/Obasanjo government in October, 1979. Yet, it was a strike action by the Union, led mainly by the junior staff cadre that led to the suspension and subsequent removal of his immediate predecessor. After he was done, I thanked him for his explanations and I went back to my office.

- Miffed by the effect of my analysis on the congress, the Union President and his Vice had invited me to attend a meeting between his team and management billed for 4pm the following day. I attended. Legally, I had an observer status. The meeting was chaired by a later to be "very unfriendly" Executive Director(ED). Naturally, he asked the President who I was and he was told I was an observer member of the congress. That was my first time of meeting him one-on-one. I think it stuck. At the end of the meeting, there was no positive take-away for staff and as an observer, I was not entitled to any say; I only watched the unfolding manoeuvring. At the next congress meeting, the President told members: "Can you imagine that throughout that meeting Mr. Akpan did not say anything?" My answer was simple. If I had said anything as a non-exco, my punishment would have been a transfer out of the Head Office and as a rational homo economicus, I didn't want that experience.

- The main driver of the decision to leave the Bank voluntarily was that by the time we were due for promotion to the Deputy Manager cadre on our 4<sup>th</sup> year in the rank of a Senior Assistant Manager, a new policy of six (6) years in rank was emplaced. I want to believe that my practical experience in project planning and appraisal, the experience in research in the Bank and the teaching experience at the FITC, to a very large extent catalysed the plan and the final decision to exit the Bank.

-With a master's degree in economics and statistics I obtained from the University of Benin in 1995, my plan A as a homo economicus was to settle into private consultancy. A career in academics at the nearest university was the plan B in case plan A failed. Yet, exiting the Bank was a very tough but a rational decision which I did not discuss with members of my family.

- Rationality of the economic man demands that tough decisions are not discussed with family members; Abraham did not discuss with Sarah, his decision to sacrifice Isaac even unto God. Some of my bosses and colleagues were very concerned when I submitted my application for voluntary retirement after only twelve (12) years of service. I was 40 years old then.

-The letter dated March 1, 1999 if I can still recall, if approved, would end my appointment with the Bank on 31<sup>st</sup> May, 1999. By the new retirement age in the IBB SAP labour policy reforms, I would be due for pension at age 45 on 02/02/2004. The reforms also had reduced the minimum number of years of service to qualify for retirement and pension from 15 to 10 years. So I was acting on the basis of the new policy (complete knowledge and information) in the way of a homo economicus.



- My immediate boss in the Research and Planning Department, Dr. I. G. Eziakor, neither discouraged nor encouraged me when I submitted the application letter through him – it was a show of confidence in my decisions. But my General Manager in the Research and Training Directorate, Mr. A. S. Musa, was so concerned that he did not forward my letter to the Managing Director until my last day in the office when I went to bid him good-bye.

- He looked very worried when I told him that was my last day in the office. He asked me to sit down and I did. And he said, he did not forward my application because he thought I was going to change my mind, and I said, “No Sir.” He then asked me what plan I had for a new job and I said I planned to go into private consultancy services, but I did not disclose the plan B. Luckily, he was in charge of the Bank Pension Scheme and he accelerated the processing and prompt payment of my gratuity.

- 31/05/99 was memorable in my exit from the Bank and in the trajectory of a new career in academics and growth to professorship. I had also to bid farewell to my Ag. Managing Director (MD). He was my Executive Director Operations before my deployment to the Research and Training Directorate. One Executive Director was “very unfriendly” when I got to his office to bid him good-bye.

-He just asked me with a very unfriendly tone and an angry look, “What do you want?” I told him my mission. He softened his countenance and appreciated me for coming to bid him good-bye. Truly, I didn’t know why he was angry at me and I was somehow worried. My attendance at the Union-Management Meeting couldn’t have been the reason because in the first place, I maintained the silence of an observer status throughout the meeting. So what could have been the reason? The real reason was revealed 5-6 years later.

- I had also to bid good-bye to the General Managers and one of them had asked me what I thought would be the future of the Bank now that I was leaving? I told him there was going to be a re-organization and things were not going to be the same again.

- I left my initially “unfriendly ED” in the Bank in 1999 and he had a federal appointment which I did know of. On a particular evening between 2004 and 2005 at about 5-5.30pm I was standing at the Zaria end of the Kaduna-Zaria Expressway junction with Samaru, just after the Fly-over Bridge, waiting to get a vehicle back to Kaduna. A jeep car drove past and after some distance, it stopped, reversed, and pulled-up in front of me. I was wondering who it could be and a voice from the car said, “Akpan, where are you going?” Again, I was wondering who it could be and when I looked closely at the person it was the ED – that was very kind of him.

- I greeted him with humility and excitement and told him politely that I was waiting to board a vehicle back to Kaduna. He asked me into the car. I thanked him and hopped into the front seat. He asked me what I was doing and I told him about my new



career in academics at the Nigerian Defence Academy (NDA), the Ph.D programme in economics at ABU, my book series for policy enlightenment and my desire to introduce the first book in the series to the then governor of Kaduna State, His Excellency, the Late Sir Patrick Yakowa. He told me he (ED) read Political Economy in the late sixties at the University of Ibadan.

- We got talking about the Bank and in the course of the conversation I discovered the reason for his past unfriendly disposition: I was an innocent victim of a high level political cross-fire in a power struggle for who would succeed the substantive MD who was then on suspension. My offence was that my immediate boss was in the camp of the Ag. MD. He had forgotten my "past sin" and gave me a note to see the governor. For some inexplicable reason I couldn't see the governor before his unfortunate demise. The card is still with me.

- But as a homo economicus something got me thinking to-date from my exit visits experience with management teams generally. One General Manager had told me he was also planning to exit and set up a law firm. One had asked me what I thought would be the future of the organization now that I was exiting and I had told him. In 2000, a merger took place between the Bank and the Peoples Bank and all was not the same again.

- The lessons from all of this were that there was no concrete planning for the operational sustainability of the Bank by its management team, and so while the Bank was sinking and the substantive MD was on suspension, the remaining team members were struggling for who would succeed him. So there was wilful irrationality in the whole set up because of inordinate self-centredness outside the type the homo economicus has been accused of; no investment on sustainable plan to justify it.

- However, one thing went well for the Bank's core operations: its supervised credit system under which not even the MD could approve a dime in loan. Also no loan could be approved by a Project and Management Committee without detailed loan appraisal report and recommendation by a professional officer. That procedure was to the best of my knowledge strictly observed otherwise above average very sticky and toxic loans could have compounded the management problems of the Bank.

- I believe that the practical experience in project planning and appraisal, the experience in policy research in the bank and the teaching experience at the FITC, to a very large extent, catalysed the plan and the final decision to leave the Bank.

- With a master's degree in economics and statistics from the University of Benin, my plan A as homo economicus was to settle into private consultancy. A career in academics at the nearest university was the plan B in case plan A failed. Yet, leaving the bank was a very tough decision which I did not discuss with members of my family.

- I was involved while in the Bank with practicing consultants in paper delivery at workshops and training programmes. So with my exit from the Bank I was



fully available for them, while supervising postgraduate diploma projects of students of FITC. I was no longer interested in a banking job, because at some points I had to turn down offers from friends who were genuinely concerned about my well-being and felt it was taking too long for me to settle down on a new job; and were eager to link me to jobs in the commercial banks.

-To some people I was so irrational in my decision to exit the Bank only to roam the streets that some people from my state at the Abuja Branch Office of the Bank(I was told) were saying that witches and wizards at home had remote-controlled me to leave my job without an alternative arrangement for another job. But my plan B with a master's degree in economics and statistics was intact.

- In terms of policy also, my public work experience under the SAP was also very unique as one recalled with nostalgia the late Bala Usman's "Behind the Oil Smoke Screen." It was his 19983 May Day Speech to workers in Kaduna State which blamed the country's 1981/82 economic crisis on the mismanagement of the economy by the endemic corruption of the political class under the Shagari government.

-I can still feel the large crowd of us gathering to read the abridge version of the speech on the glassed Notice Board at the Faculty of Arts and Social Science of the Ahmadu Bello University and the discussions and arguments that rented the air of the Main Campus then. So, it wasn't any surprise to most students of the faculty that General Buhari seized power in a military coup in November 1983 and in a military fiat reinforced the Shagari 1982 austerity measures by imposing wage freeze on public sector employees and enforcing redundancy on a large number of civil servants (Apkan, 2013a, p.156).

- The policy measures were introduced to contain Nigeria's 1981/82 economic crises which had been exacerbated by a 1981/82 global mild recession, and its negative effects on Nigeria's crude oil sales, foreign exchange earnings from oil, federal government revenues, and its negative effects on the country's foreign reserves and balance of payments (bop).

- The policy of austerity actually started in the Murtala/Obasanjo military regimes with the public service retrenchment of 1975/76 under the late Murtala Mohammed and the ban on public employment in 1978/79 under the Obasanjo military regimes before the 1979 general elections. The elections culminated in President Shagari's swearing in on October 1, 1979 as Nigeria's first Executive President.

-I have painstakingly, laid bare my experience at different levels of official activities of the Nigerian economy. I have been involved in its politics, economic crises and policies.

-My experience in Development Banking as an economist has had immense impact on my work in academics in the past 25 years. Keynes did so much in economics and for economics because of his Experience in the British Civil Service,



first in the India Office, second in the British Treasury, third as a Director in the Bank of England and fourth, as a member of the British House of Lords.

#### **4. THE BEGINNING OF ACADEMICS – THE FITC AND THE NDA**

- Sometimes I do forget that I started my academic career as a subject facilitator at the FITC, Kaduna Campus in 1998 while still in the Bank and continued in private consultancy. I taught Project Evaluation to their students of Postgraduate Diploma in Banking and Finance as I have earlier intimated.

- It was the January 2000 sectarian crisis in Kaduna that got me to implement the plan B of my exit strategy as a rational homo economicus from the Bank.

- I submitted an application letter for a lectureship appointment at the Nigerian Defence Academy (NDA) in January after the hostilities. I was still living in the Bank quarters and I can still remember that one of my project supervisees came to the quarters to collect a vetted copy of his work, so I was still actively doing something reasonable which many people did not know.

- My application letter to the NDA was successful and I assumed duty at the level of a Lecturer 1 (CONTISS 11:7) on 10<sup>th</sup> April, 2000.

- I left the Bank at age 40 and I was 41 when I joined the Academy after a short sojourn in private consultancy.

- As expected of an old degree awarding military academy (Established in 1964 and made degree awarding by IBB in 1985), I found myself in the midst of very mature and very sound members of the academia, both in mind, knowledge level and reasoning so I had no problem of interpersonal relationship with any academic staff.

- The reasoning behind the degree awarding I was told was the increasing need for peace-keeping operations across the globe that would expose Nigeria's Military Officers to graduate counterparts from other countries. They had to be intellectually equipped for the new challenges in their chosen profession.

- I was now faced with a new career path and a new challenge in my plan B. As a Lecturer 1, even though I was on contract, I needed a Ph.D. to get to the next rank – that of a Senior Lecturer.

- In about June or July, 2000, my first degree alma mater, ABU advertised its postgraduate admissions and I applied for a Ph.D. in economics. The application was successful and I started the programme in the 2000/2001 academic session. My name started appearing in the faculty FASS Bulletin under those with Ph.D. in view.

#### **(A) The Beginning of Writing – the NDA**



- As undergraduate students of my days, we kept track of policies. One sad truth about **the SAP Policy Package in Nigeria** from its inception in 1986 has been the limited knowledge about its components, purpose and objectives. As homo economicus, I felt I could play a role to educate the public by filling the knowledge gap.

- In 2003, my first book titled *An Essay on Deregulation of the Downstream Sector of the Nigerian Petroleum Industry* was published. It birthed what I called Policy Education Essay No.1. The motivation was the need to educate members of the public on the SAP policy thrusts, starting from the downstream sector of the industry's subsidy removal. The reason was that even while in the Bank, I had witnessed various anti-SAP protests and criticisms from respected Legal Icons like the late Chief Gani Fawehinmi, the respectable educationist and social critic the late Chief Tai Solarin and the respected late Pa Imodu of the colonial period labour struggles in Nigeria.

- So, it was clear that there was a yearning public enlightenment lacuna to fill. With that spirit, I gave a complimentary copy of the book to the Commandant, his Deputy, the Provost and the Registrar. It was only the Provost Professor Abdullahi, who wrote me a very short, but sweet commendation note in his sealed official envelope. It was quite encouraging.

- In 2002, while putting finishing touches to the first book, I had respectively, started preliminary works on the 2<sup>nd</sup> and 3<sup>rd</sup> books of the essays.

- The 2<sup>nd</sup> was titled *The IMF/World Bank and Nigeria's economic reforms: Readings on 25 years of economic and political reforms in Nigeria (1986-2012)*. It's a 404pp. work that chronicled the macroeconomic problems that necessitated the SAP, its objectives, programme implementation and policy evaluation from the Shagari/Buhari austerity (economic stabilization) measures of April 1982, through the full-blown SAP in 1986 up to the first half of 2013.

- The 3<sup>rd</sup> was titled *Keynes, 63 Years in Memory 1946 – 2009: His policy relevance in the 21<sup>st</sup> Century*. It's a 289pp work. It was an offshoot of Professor Mike Kwanashie's Advanced Macroeconomics class assignment on the "Distinction between Keynes and the Keynesians." Its initial title was *Keynes: An Essay in Celebration*. It was to celebrate the 60<sup>th</sup> anniversary of his demise in 2006. Along the line, it was caught up in the whirlpool of the 2008/2009 Global economic meltdown which earned it the new title. The reason was that Keynes wrote his last treatise that revolutionized economics in 1936 to explain the cause and the solution of the 1930s Great Depression which was severer than the 2008/2009 meltdown.

- At the same time, after my Ph.D. course work in 2004, the Ph.D. thesis was added to the writing. So, I had no dull moments at the Nigerian Defence Academy because I was working simultaneously on three related research based books. It was however herculean because at some points I had to combine them with my lectures as a Lecturer at the Academy and my lectures as a Ph.D. student at ABU.



- Before these books, was a book I started while in the Research and Training Directorate of the Bank. It's titled ***The Future of Oil, OPEC and the Anglo-American Powers in the Middle-East.*** It's about 600 typed pages. When I joined the Academy, I had given the final manuscript to Professor C.N. Uba the then Dean of FASS to help me vet.

- After about a month or two, he had returned it with a regret note on his inability to do justice to the work as he had to travel out of the country for a medical check-up. That was in about 2003 and since then the book has remained a work in progress and from time to time I poached materials from it to enrich some of my published works and some other works in progress. I hope to complete it someday especially now that peace is gradually returning to the Middle-East.

- I think I can claim that the Research Directorate in Agric. Bank played a major role in preparing me for a career in academics and authorship.

-With the Head Office in Kaduna, the Bank was and I hope is still a member of the Kaduna Chambers of Commerce, Industry, Mines and Agriculture(KADCCIMA). It was represented at meetings by my former boss and Head of its Research and Development(R&D) Division, Dr. I. G. Eziakor, who until he joined the Bank was a Senior Lecturer at the Abubakar Tafawa Balewa University (ATBU), Bauchi.

- A very meticulous writer and scholar and extremely good at 'polishing' (editing) works, I learned the arts of writing and editing from him. He had established the **NACB News Bulletin** and I was the one writing most of the editorial comments and handling initial editorial works. If for some reasons I did not touch the work and the initial draft got to him, he would call me to his office and say, "Chief Akpan, I know you didn't touch this work. Please, go and work on it." Most management staff called me Chief and I did not know why?

- Every Trade Fair had a trade fair seminar which he organized and I was directly assisting him. At the end of each seminar would be published a seminar book of proceedings. I would supervise the typing, vetting, and printing up to the final copy before it got to the press.

-The Division also handled periodic production of charts for the Bank loan operations. The charts revealed at a glance, the organization's operations performance in the number of loan application forms received, amount applied for, loan applications approved, amount of loans disbursed and amount of loans recovered. These were displayed at office receptions and banking halls in the Head, Zonal and Branch Offices of the Bank for management, staff and public consumption.

- This is why in academics some of with genuine industry experience will continue to harp that statistics and applied statistics are more relevant to the industry and to government policy than econometrics. This is even supported by the recent global development of 'data analytics' which combines various statistical and linear



programming techniques to create numerical solutions to practical problems in the diverse fields of human endeavour. Well, I did econometrics for the first time during my Ph.D. course work and my overall performance was a B.

- With Professor C.N. Uba as the Dean of the faculty, there was always a fortnightly seminar at the NDA. However, the one and only paper yours faithfully presented was on Nigeria's 2001 Federal Budget because of the controversies that surrounded it.

- A Senior colleague from the Department of Political Science and Defence Studies in critiquing the paper and the budget had said that economists always assume *ceteris paribus* in all economic matters including the budget and so what happens when *ceteris* is not *paribus*?

- I only addressed his query twenty years later in a journal article that was published in the December 2021 edition of Bingham Journal of Economics and Allied Studies. The article is titled **"Ceteris Paribus in Economic Theory and Econometrics: What is its Real Meaning and What Happens When Ceteris is not Paribus?"**

- Until I left that Military University in July 2006, my engagements in intellectual discourses had always been with mature minds and in most cases with members of that department. This explained the choice of Professor Etham Mijah, a close academic associate in that department as one of the two reviewers of my book *The IMF/World Bank and Nigeria's Economic reforms (1986-2012)* when it was presented to the public at Bingham University in 2014.

## **B. Bingham University (BHU)**

- **I assumed** duty at Bingham University on March 17, 2009. It was then in its 4<sup>th</sup> year and about to graduate the first batch of its pioneer 4-year programme students. I did not expect the NDA level of maturity given the age of the institution. But it was extreme and still is.

- **I was** employed on the bar of a Lecturer 1(CONUASS 4:9). I was and I have been doing my work with the experience of the industry, the FITC, the NDA and about 18 years in Bingham University and doing it diligently. At the beginning it was all over the campus that I did not come to Bingham University with any publication (a falsehood). A Lecturer even said it to my face during a Faculty Appraisal and Performance Evaluation Meeting and I threw my first book at him. Next was," Oh his publications are few." Third was "By the time you finished writing a book, the information is stale" and forth was "They said you are writing history books." Even when I am on air on a media discussion: "Oh he talks about himself." Ripe fruit, eh. And these are said by members of the academia.

- I am the last man standing and still standing to deliver the 9th Inaugural Lecture today, Tuesday, October 21, 2025 to the Glory of God at Bingham University.



## Book Launch at BHU

- The 2<sup>nd</sup> (IMF/World Bank) and 3<sup>rd</sup> (Keynes) books in the policy essays started at the NDA were completed and presented to the public at Bingham University on Friday, 23<sup>rd</sup> May, 2014 at the T. Y. Danjuma Hall. There were two reviewers of the book on the IMF/World Bank reforms in Nigeria because of the controversies that trail such reforms anywhere in the world.

- For example scathing public criticisms of the British and the American adjustment policies between 1978 and 1983 under the late Prime Minister Margaret Thatcher and late President Ronald Reagan (Thatcherism and Reaganomics), are well documented in standard macroeconomics and political science texts, newspapers and magazines. Thatcher was called a killer of children and raw eggs were thrown at her when she shrank public welfare programmes in Britain, including school feeding.

- But there were things most British and American public did not know. They did not know that Thatcher and Reagan had inherited from their immediate predecessors, disequilibrium macroeconomic conditions comprising high rates of inflation, high rates of unemployment, low levels of national productivity and high-budget-to-GDP ratios in their respective economies and that those harsh macroeconomic policies were designed and implemented to stabilize(resolve) those conditions of instability. These are all within the economics of the homo economicus.

- Professor Mijah (a Professor of Political Science) and Dr. Kachi Ononuju(an economist) reviewed the IMF/World Bank reforms. Let me at this point acknowledge Professor Mijah's material contribution to my works from Professor Hellbroner's 2000 book *The Worldly Philosophers* which I used for my book on Keynes. Mijah and I had been friendly academic adversaries at the NDA.

- Before he mounted the podium, he had asked me privately whether he should just do a "nice guy's job" or be objective in his approach? I told him he had the floor. And he did a "dirty" good job by way of a political scientist.

- Outside the general adverse disposition toward reforms, the implicit reason for Professor Mijah's "dirty" good job was that at an NDA National Conference on the theme: "Nigeria's Economic Crises from the 1980s" organized in 2005 by FASS, Professor Mijah had at the plenary, presented a paper on behalf of a Professor who for some reasons could not make it to do the presentation himself. I had raised some issues I didn't know had put him at a corner.

- I had a paper to present on Nigeria's banking crises. And while I was trying to locate the venue for my syndicate group, a Lecturer friend in his department saw me and said: "Mijah is looking for you. He is looking for where you are going to present your paper – he said you raised difficult questions on a paper he only assisted the owner to present."



- So, I was on the look-out for him and spotted him among the audience in my syndicate room. After my presentation, he criticized my abstract for being too lengthy and in addition asked me how bank failures constituted a crisis?

- I told him that depositors lose millions of naira of their deposits in failed banks and that could be traumatic enough to induce victims to commit suicide. He was satisfied with my answers because after the session, he told me he did not really understand it from that perspective.

- The point is that we were intellectually very active there amongst very mature colleagues and seniors. In fact it came to a point that one or two presenters would ask me why I did not comment on their papers at the FASS Seminars or Professor Uba the Dean would tell me “M S, we didn’t see you at the seminar, what happened?” This meant I did not attend that seminar.

- Let me add that NACB Ltd, being a Development Bank, was a top-loaded organization with highly experienced university graduates of the sixties and early seventies in different disciplines as heads, especially in the project appraisal and implementation divisions, including the branches. Discussions among staff, particularly at our Benin Branch Office in the then Bendel State centred on projects, politics and policies with mature graduates who were designated as Professional Officers, including yours faithfully.

- In the course of such discourses during the anti-SAP protests across Nigeria’s state capitals, I had told our colleagues that one day, I and IBB would meet because I was in support of his macroeconomic policy adjustment as a homo economicus and it came to pass on 09/02/15.

- The book on Keynes was reviewed by Professor Chuta of blessed memory. He was of the Department of Economics, Nasarawa State University. I learnt in January this year that we lost him in 2024. Please permit me to ask this audience to give him the minute’s silence that he asked the audience during his review to give to late Mrs Stella Obasanjo and victims of the 2005 Sosoliso plane crashes.

- The incidents are part of the book’s literature. Can we all rise to our feet? May his Soul rest in peace - Amen. Let me posthumously acknowledge his contributions in making that day what it was for the author, the entire Bingham University and for endorsing to me, a complimentary copy of Professor Skidelsky’s 2010 book (first published in 2009) on Keynes titled, *Keynes, The Return of the Master*, which I acknowledged in mine of 2013 that he reviewed.

- For me as a person, the intellectual significance of Professor Skidelsky’s book in my work on Keynes was in the fact that the two of us were working on the same subject Keynes, at the same time, in different countries for the same reason – to explain the 2008/2009 Global Meltdown in the way Keynes had explained the 1929/30s



Great Depression, in his 1936 book, *The General Theory of Employment, Interest and Money*.

- However the intellectual beauty of the entire exercise of that day was that the combined works of the three reviewers produced Mr Segun Ayobolu's "Intellectual fireworks at Bingham University" at the back page of The Nation of Saturday, June 21, 2014 (available on Google).

- Without being immodest, permit me to report that Mr Segun's reportage on the event of the book launch at Bingham University was such a piece of journalistic excellence that eloti.tv, an online television network posted it on their website under the caption: "Nigeria's news at its best." It was an ex-student of our Department of Economics Miss Deborah Onwachi who sent me the link: (<http://elotitv.com/entry/intellectual-fireworks-at-bingham-university>) via my e-mail dated 15/05/2015 6:56 AM, to Bingham University's glory and visibility. In that piece Segun described those books as "two new landmark books." He came all the way from Lagos officially by air to attend the book launch.

- And when I accessed and saw that incisive and balanced piece online, it was like wow, this is it! It was a clear case of the homo economicus who was motivated by egoism, self-centredness and acquisitiveness to write the books and in the process marketed Bingham University and even Nigeria at home and globally; a case where private benefits equated social benefits in the price theory (microeconomics) and in the social cost-benefit analysis in project evaluation based on the economic principles of the economic man..

- That was a year after their public presentation. Let me also use this occasion to thank Mr. Segun Ayobolu for that great and fascinating job I never paid a dime for. Let me also thank him for his two-part review of my book, *On the Need to Devalue the Naira: Let me take-up the Gauntlet*. The two-part review titled, "Professor Michael Akpan and the Devaluation Debate (1) and (2)" are respectively, at p.26 of The Nation of Saturday, June 20, 2020(1) and at p.26 of the Nation of Saturday, June 27, 2020(2) in his column *Petals of Thought*. It is also on Google.

## 5. THE CHOICE OF THE LECTURE TOPIC

- Permit me to say that the topic for this lecture was to a very large extent influenced by the challenge to economists in Dr. Fasua's two-part article titled, "Who is an economist" which appeared respectively, at p.21 of the Daily Trust of Sunday, September 10, 2017 and at p. 21 of the Daily Trust of Sunday, September 17, 2017.

- In the article, he had said that it was an embarrassment that there is no definition of who an economist is and what he or she does and yet many people go about calling themselves by that profession, until luckily, he got something from arguably, the best economist that ever lived: John Maynard Keynes.

- But that before his find, the few that attempted to define who an economist is, still used the word "economics" in their definitions. His article raised so many issues



and condemned how economics is being taught in our universities which he said, is still based on the old dogma of the rationality of man, the homo economicus who is always out to maximize utility and profits. He said in the article that it is all about nonsense, whereas the behaviourists have proven it wrong with the new concept “Nudge”, which the then British Prime Minister David Cameron had adopted in his policy in Britain (citing Thaler, Sunstein and Stiglitz etc).

- Closely related to Fasua’s adversarial on the homo economicus and his economics was Professor Gurba’s doubt about the existence of the homo economicus with the two of them apparently drawing their theoretical paradigms from the Professors Thaler and Sunstein Nudge thesis.

- One other factor that shaped the title of this lecture is the intellectual falsehood that some economists and econometricians have built around econometrics to make it look larger than just one of the quantitative tools of analysis in economics which I believe is even lower in efficiency than economic statistics and applied statistics. For a long time they have dismissed descriptive statistics as irrelevant in economic analysis, but lately in about 2024, they suddenly realized that their econometric analyses have gotten them on to some dubious grounds (as Keynes described Marshall’s analysis of the multiplier), and descriptive statistics now takes precedence in results presentation over the results of their econometric analysis. I was trained in statistics and statistical analysis up to my master’s level. It was only at the Ph.D. level at ABU that I did econometrics and I didn’t do badly.

- Econometrics itself has a dubious foundation as a discipline. The econometricians claim that economic statistics, mathematical and statically models are not suitable for research in economics because apart from specifying exact relationships in economic theories (whereas there are other factors that determine economic relationships), they do not contain randomness found in the behaviour of economic agents. So in order to solve these problems and make economic statistics suitable for research in economics, econometrics introduced the random variable ‘e’ or ‘u’ to account for the randomness in the behaviour of economic agents as well as the influences of other factors not included in economic, mathematical and statistical models that affect the behaviours of these agents in economics (Koutsoyannis 1977, p. 3 cited in Akpan 2021, BJEAS December 2021, p. 263).

- The econometricians however forgot that like the model of the homo economicus, all economic models are built with the ceteris paribus caveat, i.e., holding all other factors constant. I will present in this lecture, the journal article hereto cited which was designed to dismiss this falsehood and provide a replacement for the ‘e’ and ‘u’ terms.

- There have been these falsehoods from some colleagues on my person on first, that I did not come to Bingham University with any publication, second, that my publications are few in number and the third, is the general downgrading of books, not just in relevance to research and for research, but as sources of knowledge, and yet they want students to read books? I have heard statements from professors such as “Books are for commercials.” “Books get stale before you finish writing them.”

- I had cause to tell a University Librarian, that the holy bible must be very stale because he had said in a discussion we had on writing a book that by the time one is



done with writing a book the information is stale. I had also added that “You Librarians, your work is just to shelve books.”

- Can one imagine an Associate Professor of Economics asking me when he saw my books on the IMF/World Bank policies in Nigeria and Keynes: “Do books really matter in social sciences?” And the person is teaching economics? I am saying today that books matter, not just in the Social Sciences, but in all the other disciplines. Well, I was a Library Assistant at the ABU Institute of Education Library between 1980 and 1982. I know books.

- There are also issues on the superiority of foreign journals over our local journals and then the arrogance amongst some people who call themselves economists (if I may borrow from Dr. Fasua’s 2017 two-part article) as if they have monopoly of knowledge in the discipline. Yet the only thing they do is parade econometrics as if it is the main subject in economics and in so doing, emphasize on short-and long run co-integration in ARDL results when in practice, short-and-long-run periods in economics are indeterminate.

- For me econometrics is the weakest tool of analysis in economics, especially, with its introduction of dubious techniques such as the ARDL to undermine economic theories. For example, the ARDL techniques’ only acclaimed superiority over OLS is its ability to track the co-integration of variables in the short- and long-run without any specific quantifiable definitions for the short- and long run-periods in its application. I have asked our econometricians, including my son, the difference between co-integration in econometrics and correlation in descriptive statistics. They have not been able to tell me. And most importantly, if I may ask: are ARDL regression results BLUE – i.e., Best, Linear, and Unbiased Estimates?

- The truisms concerning the matter are that in microeconomics there are no fixed factors of production in the long-run. The only thing is that there is enough time for adjustment so that there are no constraints to prevent a change in the output level by changing the capital stock or by entering or leaving an industry.

- This contrasts with the short-run, where some factors are variable (vary with the quantity produced) and others are fixed (cannot be varied), thereby constraining entry or exit from an industry. And in macroeconomics, the long run is the period when the general price level, contractual wage rates, and expectations adjust fully to the state of the economy. In contrast, in the macroeconomics’ short-run these variables may not fully adjust.

- Some other truisms about econometrics are found in Keynes’ two letters to Roy Harrod in 1938, on “The relevance of economic model construction and econometrics.” In those letters, Keynes emphasized that an economic model (which includes the model of the homo economicus) is a thinking tool, and described an econometric model, as an aid to that thinking (Akpan, 2012).

- Also, Skidelsky (2009) said of economics, that one of the greatest defects of the subject today is that it has become a branch of applied mathematics, reflected in the way students are taught; and I will like to add that: with econometrics being used to create more confusion. And because of this confusion, when some economists criticize the homo economicus and his economics, they seem to be oblivious of the truism that the homo economicus is just one of the models in



economics, the only problem has been his real identity in human form. Then, who is the homo economicus?

## 6.THE CONCEPT AND THEORY OF THE HOMO ECONOMICUS

In an article titled “*What is an Economic Man? Definition, Use in Analysis, and History*” by Will Kenton (2022), the term “economic man” also referred to as “homo economicus” refers to an idealized person who acts rationally, has perfect knowledge, and seeks to maximize personal utility or satisfaction. Consequently, his preference is the assumption of many economic models.

The key takeaways in the article were that:

- (i) The economic man, the homo economicus is a concept developed by economists to understand the behaviour of humans engaged in economic activity.
- (ii) The abstraction known as the economic man was developed in the 19<sup>th</sup> century as part of a broader enlightenment project.
- (iii) The aim of the enlightenment project was to bring natural science to bear on all areas of knowledge.
- (iv) Later research in late 20<sup>th</sup> and 21<sup>st</sup> centuries, referred to as behavioural economics, have challenged the legitimacy of the economic man abstraction.
- (v) There are feminist takes on the economic man, like *Beyond Economic man: Feminist Economics Today* by **Julie Nelson** and **Marianne Ferber**.

- In Kenton’s explanation of how one should understand the Economic Man in terms of a model, he said that the scientists (and the economists belong here), in order to explain a phenomenon, often build models, and to build these models, the scientists have to make assumptions that simplify reality, meaning that the major function of a model is to simplify complex reality (by leaving out some details). So in economics, one of those simplifying assumptions is a person – a homo economicus, who is fundamentally rational. And unlike an actual human, the economic man always behaves rationally in a narrowly self-interested way that maximizes his satisfaction. This assumption enables economists to study how markets would work if these theoretical persons populated them. For example that, economists assume that the law of supply and demand is describable with a theoretical model:

$Q_d = f(p)$ , a theoretical equation,

One can add:

$Q_d = a - bp$  (mathematics) and

$Q_d = a - bp + e$  (econometrics).

- The idea of a mathematical equation in the law of demand came into the picture of the economic man in this lecture because in the course of my comparing facts from different sources, I came across an AI overview of the Economic Man which revealed that the concept itself was developed in Europe in the 19<sup>th</sup> century as part of what was called the “Enlightenment Project”.



- My search revealed further that the Enlightenment Project was an attempt to define and explain the human predicament through science, as well as to achieve mastery over it (the predicament) through the use of social technology.

-That the Enlightenment (project) valued knowledge gained through rationalism and empiricism (mathematics and statistics), and was concerned with a range of social ideas and political ideals such as the natural law, liberty and progress. Others were toleration, fraternity, constitutional government, and formal separation of church and state.

-Then, from Nicholas Capaldi's book, *The Enlightenment Project in Analytic Conversation*, published in 1998 by Springer Dordrecht in the United States, the Enlightenment was a European intellectual movement in the 17<sup>th</sup> and 18<sup>th</sup> centuries that emphasized the use of reason and scientific methods to improve society. The main idea was that progress and happiness could be achieved through the expansion of knowledge with emphasis on the use of scientific methods such as experimentation and observation to acquire new knowledge.

-And that at the end of the project, the movement had reshaped the way people understood liberty, equality and individual rights. These ideas are now the foundation of the world's strongest democracy. My facts check revealed further that Professor Capaldi is of the University Tulsa, USA. His book was written ten years before Thaler and Sunstein wrote their NUDGE in 2008.

- On the history of the Economic Man, Kenton (2022) explained that the idea that human beings are rational creatures whose behaviours are explainable through mathematics had its roots in the European Enlightenment of the 18<sup>th</sup> and 19<sup>th</sup> centuries. That many assumptions built into the idea of the "Economic Man" were thought to be first developed by early thinkers like Rene Descartes (1596 - 1650) who is described as the father of geometry, and Goottfried Wilhelm Leibnitz (1646 - 1716) and later, Jeremy Bentham (1748-1832) and John Stuart Mill (1806 - 1873). While some of these names are familiar names in the history of economic thought, in the final analysis, it turned out that, many of the thoughts that were brought forth by Western philosophers during the Enlightenment Project were actually proposed a century earlier by an Ethiopian theologian Zera Yacob (ref President Troare's recent encounter with an Oxford Professor on Africa's contribution to civilization).

- The African theologian's methodology was said to be similar to the work of Rene and John Locke (1632 - 1704), and was designed to address anti-sexist and anti-racist attitudes when it came to natural and religious tolerance. Kenton suggested that the "Economic Human" might be a better name for the antiquated use of "Economic Man", which he said, sounds gender biased.

- In the Western History of the Economic Man in the 19<sup>th</sup> century, Kenton's work also revealed that thinkers wanted to harness the analytical power of mathematics in the analytical areas of politics and government. But, that before the 19<sup>th</sup> century, these subjects had been the domain of qualitative philosophers. Thinkers like John Stuart Mill (1806 - 1873) and later economists like Carl Menger (1840 - 1921) had however insisted that the political economy (the word "political" was dropped later and the subject became known as economics) was a discipline that had to proceed with mathematical rigor in all of its principles.



- For example, in his essay, titled: *On the Definition of Political Economy; and on the Method of Investigation Proper To It from 1830*, Mill is said to have argued that the study of political economy (economics) is not a study of applied politics. Instead, that it is a limited study of man in the abstract (model), seeking material gain in the world. The seeking of material gain is worth noting here.

- It is important at this juncture to underscore the point in defence of the homo economicus that Mill did not deny the fact that human beings may have emotions and motivations outside of pursuing material wellbeing. But he argued that those properties of humans should be left out of the study of economics so that it can be more deductive and logical. (I referred to these left out properties in my article on *ceteris paribus* (2021) as “the *ceteris paribus* factors” given by  $1-R^2$ ).

- And so the idea of “stripping” a human being to a bare essence (model) to get to a central truth became a key component in the initial creation of the economic man. In fact, in Mill’s formulation, the economic man does not have to act morally or responsibly; he does not even need to act rationally from the perspective of an outside observer. He only needs to act in a way that allows them to attain their pre-determined narrow goals at the lowest possible cost.

- For instance, in Mill’s example, if an angler (a fisherman) in the Pacific Ocean can catch the same amount of fish with a disposable plastic net than they could catch with a more expensive hand-woven natural fibre net, they would choose the plastic net – even if that means they will eventually and unintentionally poison the fish in the ocean that he depends so much on for their livelihood – disposable plastics in ocean beds have the potential to poison fishes and aquatic life generally.

- So, it has become clear that the economic man was from the perspective of political economy (economics) created with a focus on the pursuit of material wellbeing for the purpose of developing markets. His other motives were left out for the other social science disciplines to grapple with, it seems.

## **7. CRITICISMS OF THE ECONOMIC MAN**

- As is normal with all economic concepts and theories, the concept of the economic man the homo economicus has been subjected to scathing criticisms. From Kenton’s article still, economists are aware of the deficiencies of using the model of the economic man as the basis for economic theories. However, some are more willing to abandon the concept than others.

- One obvious problem of the model is that human beings don’t always act “rationally.” The concept, he said: 1) Assumes that the options faced by the economic man offer obvious differences in satisfaction. But it is not always clear that one option is superior to another. 2) Options may enhance a person’s utility, or satisfaction, in two different ways, and it may not be clear that one of the ways is better than the other.

- Let me add here, for the benefits of the pure economists, that the concept of the ordinal measure of utility, using the tool of indifference curve analysis which I believe was developed after the economic man’s creation, has solved this problem at least theoretically in ordinal utility analysis.



- While movements along the same indifference curve show that each of the different combinations of goods  $x$  and  $y$  at any point, gives the consumer the same level of satisfaction, a movement to a higher indifference curve, yields the consumer a higher or superior level of satisfaction at any point along the curve, notwithstanding that this cannot be accurately quantified, but it can be felt or perceived.

- These facts are illustrated with an indifference curves diagram in fig. 7.1. Each curve is called an indifference curve because the consumer is indifferent to the utility they derive from any  $x$  and  $y$  combination along any curve because they yield the same levels of satisfaction.

- In the diagram, all combinations of  $x$  and  $y$  on indifference curve I yield the consumer the same levels of satisfaction (utility). All combinations of  $x$  and  $y$  along indifference curve II yield the consumer the same levels of satisfaction, but higher than any combination along curve I. Likewise, all the combinations of  $x$  and  $y$  on curve III yield the same levels of satisfaction, but higher than any combination on curve II.

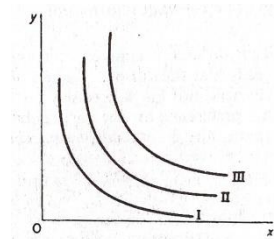


Fig. 7.1 Ordinal Utility Diagram -The Indifference Curve Approach

-Kenton in his article also said that a body of work in economics that has come to be called “behavioural economics” presents the largest sustained challenge to the analytical construct of the economic man.

- And that the elements that make up behavioural economics are diverse: from bounded rationality through prospect theory to inter-temporal choice and the nudge theory. However, that they all offer the same critique of the economic man, i.e., the fact that the reduction of economic actors to first principles (models) is not robust enough to produce a full explanation of economic activity or markets.

- The article further raised the question as to why hasn't there been an Economic Woman. The answer the author gave was that as at the time the term “economic man” was coined, women were living in a society where the study of economics and other higher learning opportunities were dominated by men. So, to address the feminists' concern, he raised the question: “What is an Economic Man?” Then for what an economic man or woman is, he explained that the theory behind the economic man or woman is a person who will focus on getting ahead in a rational way.

- For example, someone who takes the better paying job with the strongest benefits over a job they might enjoy more but pays less money. Like I have said earlier, this lecture will provide a truer perspective to the reason why an economic woman was not created.

- Let me at this point mention in the passing that part of Dr. Fasua's two-part adversarial article “Who is an Economist?” was marshalled along this line of argument



against the economic man. To Fasua, we economists have been teaching our students the wrong stuff and by now, we Africans need to have started thinking for ourselves. And as economists in Africa, we ought to have started critiquing everything we were taught decades ago because evidence is on ground that those theories never worked. A lot of theories he said, that we pass on to our upcoming students are either fundamentally or contextually flawed, but especially contextually. So, someone should lead the change for their review for our peculiar context.

- That we in Africa are taking the wrong medicine – a medicine prescribed for other ailments and hoped to be cured. That already some of the fundamental theories we grew up with have been discredited in a recent article (as at 2017) by Professor Paul Krugman where he alluded to Behavioural Economics and has thrown his weight behind those who now know that the idea of a rational human; the homo economicus is all about nonsense. And yet our economic decision-makers really believe in the rational man who can always be motivated with money.

- This, he exclaimed, is pathetic! Because, according to him, behavioural economics is one new strand of economics, and many cite the work of Richard Thaler called “NUDGE” where he explored the fusion of psychology and economics. Accordingly, that a department was created by a former British Prime Minister David Cameron in his Cabinet Office called “The Nudge Unit.” And the idea was that one must understand the psychology of the people before enacting economic policies, and then, you do things to ‘nudge’ them in a desired direction. The UK Prime Minister, Dr. Fasua said, did the right thing, but that in Nigeria, we still repeat dogma, when Behavioural Economics, is a direct challenge to Adam Smith’s classical thesis.

- As a homo economicus in academics, I felt these claims, once again, if read by a wider number of the public could have adverse consequences on students’ enrolment to study economics major in our Universities. So, as I said earlier, I had to reach out to him and in the course of preparing this lecture I had to search for the nudge and its theory.

## 8. THE NUDGE THEORY AND ITS APPLICATION

- The nudge theory from my search is a 2008 and latest criticism of the concept of the economic man. According to an article by Imperial College London Research Group, published in <https://www.imperial.ac.uk>, accessed on 02/01/25, the nudge theory is based upon the idea that by shaping the environment (also known as the choice architecture), one can influence the likelihood that one option is chosen over another by individuals.

- From the research groups’ article, the concept was introduced by Richard Thaler and Cass Sunstein in their 2008 book: *Nudge: Improving Decisions about Health, Wealth and Happiness*. The key factor of nudge theory is the ability for an individual to maintain freedom of choice and to feel control of the decision they make.

- The reasoning behind the theory was that chronic medical conditions, such as obesity, type 2 diabetes, and heart disease have far reaching consequences at an individual and population levels. From their article, The World Health Organization (WHO) had therefore documented that being overweight or obese is the fifth leading risk factor for causes of death. Globally, for example, diabetes mellitus affects millions of people across the globe.



- Thus, that according to findings by Imperial Home Research Group and Nudgeomics (n.d.), in 2015, The International Diabetes Federation (IDF) estimated that 415 million adults aged between 20-79 years had diabetes. Expanding on this, it was estimated that this number could increase to 624 million by 2040 (citing Atlas 2015). In addition to this fact, it was estimated further that 318 million adults had impaired glucose regulation, which is a condition where an individual has higher than normal blood sugar levels, but not high enough to be diagnosed as having type 2 diabetes.

- In terms of country specifics, the work showed that in the United Kingdom, data in 2013 revealed that 2.7 million people in England had diabetes (cited Gatineau, et al. 2014) with 90% of people who had type 2 diabetes (cited UK, 2014). This did not include the half a million individuals who were estimated had undiagnosed type 2 diabetes (cited National Cardiovascular Intelligence Network - NCVIN 2015).

- There had also been an increase in diagnosed diabetes from 1994 to 2011 (Women: 1.9-4.9%; men: 2.9-7.1%), with a similar increase in the rate of undiagnosed diabetes). If these trends continued, it was estimated that the number of adults with type 2 diabetes was expected to reach 4.6 million in 2030 (cited Moody, 2011). Meanwhile 23,986 people were said to have had premature death in England and Wales in 2013 due to diabetes.

- In order to solve this problem, there were many health initiatives, strategies and programmes such as the UK Diabetes Prevention Programmes (DPP) which aimed to change people's health behaviours, such as reducing smoking, changing diet and increasing physical activity.

- The role of the DPP "access" in 2016 was to identify those at high risk of developing type 2 diabetes. Once a person was identified as being high risk, a referral programme was implemented to allow the individual access to behavioural change programme. Thus, the method in Kenton's article that came to prominence in the decade 2001-2010, designed to influence behavioural change was nudge.

- Again, it has become clearer at this point that the NUDGE theory was designed to solve the problem of the high prevalence of type 2 diabetes in Britain, and not for analysing the economic man.

- The nudge theory has also been applied to management. In another article by Levi Olmstead, in Wwhatfix.com titled ***"Change Management: What is Nudge Theory? How to Apply It in the Workplace"***, published on June 9, 2023 and updated on December 2024, the concept of nudge implies that you can influence people's behaviour, decisions, and opinions by: 1). Modifying the decision-making environment (i.e. choice architecture). 2) Using pre-set defaults. 3). Changing how attributes are presented to highlight the options you want them to take.

- In essence, the nudge theory in Olmstead's work, is based on the idea that our choices are influenced by how those choices are presented to us and consequently, the article explored nudge theory from an enterprise change management perspective – how one can subtly influence their employees to utilize new software licences, adopt better workflows, and make healthier productivity choices independently, without company-wide edicts (laws) that tend to feel restrictive.



- Accordingly, the article defined nudge theory as a behavioural science concept that proposes that people's decisions and behaviours can be influenced in predictable ways by small changes in how choices are presented.

- Again, noting that it was first coined by Richard Thaler and Cass Sunstein in their book in 2008, nudge theory from Olmstead's article does not involve coercion or change of economic incentives. Instead, it relies on understanding how people think and make choices, and incorporating cognitive psychology and behavioural economics insights to "nudge" people toward a particular decision or outcome.

- The article gave some background checks on Richard Thaler and Cass Sunstein. Thaler is a professor of Behavioural Science & Economics at the University of Chicago, a former president of the American Economic Association and a 2017 recipient of the Nobel Prize in Economics. Sunstein, on the other hand, is a professor and director of the Programme of Behavioural Economics and Public Policy at Harvard Law School. Their book, *Nudge*, the article said, argues that humans are consistently irrational – that we don't choose the best options, but instead opt for what seems like best, often due to our unconscious biases.

- In his application of the nudge theory to government and marketers, Olmstead suggested that instead of making people sign for Udemy courses on logic (philosophical or formal logic, critical thinking and reasoning skills, etc) and game theory (they won't), nudge theory proposes that governments, marketers and corporate leaderships can play to human biases, then highlight healthier options, using the same cues that make it easy for people to make bad decisions to make people to do the right things.

- In its application to business, the article said that the nudge theory is built on the notion that you can subtly ease people into making the decisions you want them to make by reducing the effort required and increasing their motivation.

- That this comes in handy when there are desirable changes to be made, but there is a risk that they might be over-looked because of the effort required to make the desired changes or if they are non-obvious, people end up taking undesirable alternatives simply because those alternatives are apparent and are on the path of least resistance.

- The article then argued that for businesses, the implications of the nudge theory are significant, as it presents a non-intrusive and cost-effective tool for guiding customer behaviour and decision-making. On the strength of these premises, companies can then design their products, services, or communication strategies to nudge customers towards desired outcomes, such as purchasing, signing up for service, or adopting sustainable behaviours.

- The article however cautioned that ethical considerations are also crucial, as misuse of nudge theory could lead to manipulative practices. It concluded that applying transparent nudge techniques can enhance customer relationships, foster loyalty, and improve overall business performance. Furthermore, that the nudge theory can also be used internally to influence employee behaviour, enhance productivity, collaboration, and work place well-being.

- The question I asked in my search was whether there had been any past efforts to change human behaviour to get desired results without nudging them? But before I



answer this question, how does the economic man maximize his profits that he is so accused as if it's a crime?

## **9. THE ECONOMIC MAN'S SHORT-RUN PROFIT MAXIMIZATION AND RATIONALITY**

- The attributes of the economic man, the homo economicus after his creation by a classical Adam Smith, had dominated the neoclassical economic thought whose foundation was marginalism, i.e., the marginal principles. Microeconomics, also called the price theory or theory of the firm and the household, was founded on the neoclassical theory of how a firm (homo economicus) takes the decisions on what output quantity to produce and what price level to charge in all the markets (perfect competition, monopoly, imperfect competition - the oligopoly).

- These marginalists' decisions-making principles on output and pricing were, for the reason of rationality, determined at the point of equality between output's Marginal Cost and output's Marginal Revenue ( $MC=MR$ ). These are illustrated in fig. 9.1 (a) and (b), which show respectively, the economic man's short and long run considerations in his pricing and output decisions in a perfect market setting in which he was created.

- The margin is all about doing things one at a time; adding, creating or subtracting one thing at a time. The economic man is interested in the margin because he wants to know the cost of employing one additional hand in his factory, the quantity of output that additional hand will produce and the sales revenue his additional output will fetch for his factory.

- He is not employing labour as a favour or as a corporate social responsibility or to honour a Senator's letter, but purely for his business profits. So, in the short run in diagram(a) he produces at point e where the short run Marginal Cost (SMC) and Marginal Revenue (MR) are equal.

-The price P is also determined by the market (interaction of supply (eSMC) and demand (PeP) and it is equal to SMC and MR. At that point of output and price decisions, his short run Average Total Cost (SATC), i.e., his unit cost of production is at its lowest at point B. At that point he maximizes his profit shown in the shaded rectangle ABPe. This maximum profit is called economic profit.

- In the long run (diagram (b)), his profit has attracted competitors to his production line. They entered the market with the same product, and increased the total production (supply) in the market. The increase in total output forced down his short run price and at the same time, they shared the market with him, eroded his short run maximum profit and forced him to produce with them and sell at a lower price  $P_1$  at the point where the expanded market Long run Marginal Cost (LMC) and Long run Average Cost (LAC) are equal.

- But he is still operating at his initial short run level of operation where  $SMC_1$ ,  $SAC_1$  and MR are equal and selling at a lower market price. At this point, his profit is just enough to keep him in business. The profit is so small that it cannot be reflected on the diagram. The only thing that can be said is that in the long run, he earns normal profit.



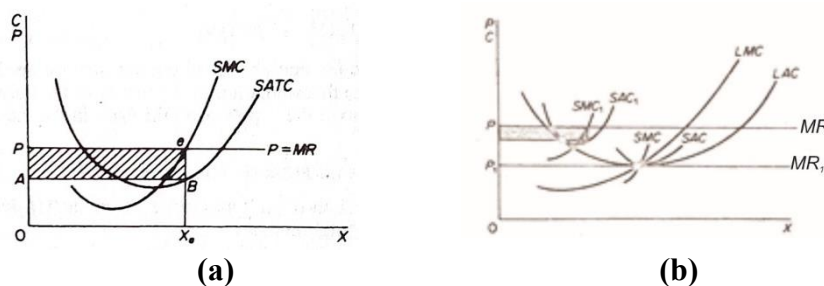


Fig. 9.1 Short and long run MC=MR Diagrams

-These explain why the homo economicus is a short runner, a price taker, rational decision-maker, maximizes his profit and utility, and does all these possibly in the short run. In the long run competitors take over the market and force him into accepting normal profits with them.

-The fact of this analysis is that microeconomics is simply a price and cost theory of the homo economicus analysed at the margin because in a capitalist (classical and neoclassical) economics, it is price that allocates all the resources. This simply means that it is price that determines the decision one takes as a consumer or as a producer and as such the producer, supplier and consumer are analysed as price-takers with all the other attributes of the homo economicus.

-At this point of decision, all factors of production are rewarded at the margin based on the marginal value of their respective factor contributions to the value of output in the factory. Labour for instance, produces marginal output and earns marginal wage. Capital earns marginal interest. Land earns marginal rent. But the owner of capital (means of production) – the so-called capitalist earns full profits from all of the unit profits in total output produced by each labour.

- For emphasis, the homo economicus was and is still a short runner because it is in the short run that he maximizes his profits. In the long run, producers of the same homogeneous products (without brands) in the 17<sup>th</sup> and 18<sup>th</sup> centuries and with brands in the 19<sup>th</sup>, 20<sup>th</sup> and 21<sup>st</sup> centuries, attracted by his short run maximum(economic) profits, enter the market with new brands.

- In the long run in diagram (b), his price is down to  $P_1 = MR_1$ . Total market output has increased beyond the level of  $X_e$  in the short run. His maximum profits have been eroded to the normal level of profits (so small it cannot be shown on the diagram because as long as he is in business, he is earning it).

- Ragolis brand of bottled water was, I think, the first brand of bottled water in Nigeria. I have been asking whether the Ragolis bottled water is still in the market. The answer is always that it is circulating within Lagos only.

- Now we have all brands of bottled water (selling at ₦250/750Cl bottle) in the country operating and contending for larger market share and yet contented with normal profits earnings, hence, they are still in business. While I am still holding earlier attempt to change man's environment constant, how also was income distribution in the economic man's economy at the macro level?



## 10. INCOME DISTRIBUTION IN THE ECONOMIC MAN'S ECONOMY

- In the economic man's macro economy, factor earnings represented the income distribution scale in classical and neoclassical microeconomics of a capitalist (private property) society or a market (price) economy in which he was created.

- It was assumed in the ideal world of homo economicus that labour did not save from wages because they were paid at subsistence level and so workers did all the consumption of the goods and services produced in the system; it was naturally complementary to assume that only the capitalists(profits class) saved from profits and did all the investments.

- This was important in the development of further economic thoughts (theories) on how the economic man's system should operate or could operate in the real world. At this macro level, Keynes who was the first to attack the economic man's economics in his 1936 book, *The General Theory*, had, however, refuted the subsistence labour wage in his income growth theory and had said that in the real world, wages are influenced by government minimum wage legislation and labour union negotiations.

- But still in the macro economy of the homo economicus the income distribution scale equations of the classical and neoclassical theories in relation to saving, investment and economic (output) growth were represented by the respective marginal propensities to save of the workers from wages and of the capitalists to save from profits as follows:

$$(i) \quad S_w = 0 \quad (1)$$

$$(ii) \quad S_p = 1 \quad (2)$$

Equation (1) says that workers' saving from wages was zero in the entire economy and eq (2) says that capitalists' savings from profits was unity (1) for the entire economy – they did all the saving and did all the investment and so did not consume.

- All that were saved were invested and consequently, savings(S) will always equal investment I(S=I) to keep the system in perpetual equilibrium of no recession, no inflation and no unemployment because prices (cost, wages, rent, interest) were flexible as they were determined by market forces (self-interest actions of homo the economicus as producer and consumer).

- But after Keynes, the post-Keynesians refuted and relaxed these assumptions of the economic man's era of income distribution because the workers were now paid above subsistence level and they were able to save out of wages (Eicher and Kregel 1975 cited in Akpan, 2014, p. 594). This new approach modified eqs (1) and (2) respectively, to:

$$(iii) \quad S_w > 0 \quad (3)$$

$$(iv) \quad S_p < 1 \quad (4)$$

The inequalities in eqs (3) and (4) simply say that both workers and capitalists are now saving and consuming units.

-The post-Keynesian literature then argued that if the workers turned in their savings to the corporate organizations in shares ownership for investment, they will



earn in addition to wage income, non-wage income (dividends) from corporate profits which now makes the workers an investment unit (Eicher and Kregel 1975 cited in Akpan, 2014, p. 594).

- These mean that the world is no longer a world of classical(class) society that comprised of the capitalists class and the workers class, but a classless society where all segments function as consuming, saving and investment units that earn both wage income and non-wage income(profits) and bearing in mind that workers also invest directly in small businesses.

- The implications of the new income distribution scale are that labour is no longer paid at subsistence level. The market no longer determines prices; prices are now fixed by firms; profits maximization is no longer the sole objective of investment because there are other corporate objectives to achieve.

- These constitute in summary a refutation of the profit-maximization attribute of the homo economicus because even when he was created as a model these other motives were left out or assumed away. This same “assumed away” is applicable to the concept of ceteris paribus.

- I have not forgotten that I have not answered the question as to earlier attempt to change man’s environment without nudging him.

## **11. CRITICISM OF MC=MR AND OWEN’S EXPERIMENTATION**

- The cardinal principles of the margin that firms maximize profits at the point where  $MC = MR$  had also been earlier and vigorously refuted in literature long before the rise of the behaviourists and the nudge theory in 2008.

- Margolis (1958 cited in Koutsoyiannis, 1977, p. 387 and cited in Akpan, 2014 p. 601) had also argued that the purpose of the behaviour theory is to determine the key variables in the decision-making process in the firm. Simon (1955) and Marris (1963) also cited in Koutsoyiannis (1977, p. 388) found that the firm does not have maximizing behaviour but satisficing behaviour because of its other goals – production, inventory, sales, share-of-the market and profit.

- These findings were shared in Arrow and Debreu (1954), and Maclup (1967) cited in Akpan (2014). Also citing Savitt (1980), Carino (2013 cited in Akpan 2014 p. 601) had also presented and argued a case against the margin on pricing in marketing.

- But I think the economic man is still interested in the marginal cost and marginal revenue principles in his factory because of the need to track the cost and the revenue of the last labour he has employed in his factory.

- Furthermore, going by the history of economic thought, Thaler and Sunstein’s 2008 idea was not the first idea in man’s attempt to change people’s environment to make them to achieve some desired results without necessarily nudging them. There were also many other socialist/psychologist thinkers before our popular Karl Marx who talked about changing the social order by changing man’s environment and some actually put their thoughts into practice.

- For the purpose of this lecture however, I want to dwell very briefly on Robert Owen (1771-1858), as one of such social/psychologist thinkers.



- Owen was born at Newtown in North Wales. Regarded in literature as the father of British socialism, he had left schooling at an early age but continued to read books on history, biography, travel etc., (Bhatia, 1978 p. 261). After serving as an apprentice in a mercantile business and later worked as a clerk in a draper's shop, he engaged himself in cotton spinning. At the age of nineteen, he set up as a master spinner and rapidly expanded his business.

- Under a firm's name Charlton Twist Company, Owen and his partners purchased a cotton mill called the New Lanark Mills with a workforce of about 2000 workers. The Mills became both a place of experimentation and a source of broadcasting his ideas.

- Owen believed firmly that the environment is the most dominating factor in social happiness and more importantly, in moulding the individual worker's efficiency. He was quoted as saying "Of all truths, the most important is that the character of a man is formed for him and not by him" (Neff, 1950 cited in Bhatia 1978, pp. 261-262, reprinted: 2004, 2006 & 2007). When he took over the Mills the condition of the workers there was as bad as anywhere else in Britain. So, he decided to put his ideas to test at the Mills and proceeded to provide that new environment which he believed could mould the workers into new beings.

- His reasoning was that if proper care and maintenance of machines, which were inanimate objects, could lead to improved production, there was all the more reason that equally good results should be expected from human beings; that what was needed was a certain measure of kindness towards them. Moreover, that it was wrong to believe that low wages were profitable even from the commercial point of view.

- Owen believed that higher wages were necessary to maintain workers' health (both physical and mental) in order to prevent any fall in their productivity, and to prevent premature death. He had argued that if, therefore, the employers proceeded with the objective of making maximum profit at the cost of workers' wellbeing, the results would be a reduction in workers' welfare (Bhatia, op. cit.).

- In spite of opposition from his partners, Owen proceeded to put his ideas into practice at the Mills: he abolished the employment of children under age ten in his factory, workers' children and those employed by the Mills were given regular education. Other changes were that the workers were provided model dwellings; the number of working hours was reduced to only ten per day, from seventeen; the practice of imposing fines for spoiled work was abolished; workers were encouraged to develop thrift habits, a love for hygienic living, and so on.

- Then when in 1806 the Mills were closed for a period of four months on account of depression, the workers continued to get their wages. They were further helped through a company store from where goods of high quality were supplied at reasonable rates (Bhatia, 1978, *ibid.*).

- All these steps brought about a miraculous change in the workers and in productivity, and contrary to the common belief that low wages maximized profits, Owen's Mills improved their profitability.



- In due course, however, Owen thought it necessary to experiment with recasting the social environment itself after a success in recasting the workers' work environment.

-His immediate food for thought in this direction was provided by the crisis that came in the aftermath of the Napoleonic wars (1799-1815). Owen had correctly come to the conclusion that the crisis(recession) was a result of the disparity between the productive powers of the society and society's lack of purchasing power as workers were generally paid at subsistence level.

-For during the wars, as he observed, the use of machinery had vastly improved labour's productivity, and total productivity had increased under the support from government demand for war purposes. But, with the close of wars, a surplus of production had resulted (Bhatia, 1978 p. 262, cited in Akpan 2013b, p. 31.).

-Owen had reasoned that an increase in public demand for the surplus produce could have averted the crisis, but because the working classes were victims of low wages and high profits, the net result was a general deficiency of effective demand (Keynes later used deficiency in aggregate demand to attack the economic man's economics in 1936).

- To Owen, profits in the contemporary society were a major evil, and their elimination, would ensure parity between the cost of production and price.

- Based on Owen's thesis, Akpan (2013b, p. 157) has argued that Keynes' emphasis on morals in economics and his economic analysis of a short-run solution to the 1930s Great Depression from the perspective of disequilibrium caused by deficiency in aggregate effective demand during the 1930s Depression appeared to have been influenced more by Robert Owen's practical work in his experimentation when he discovered the cause of the post- Napoleonic wars economic crisis in Europe.

- This argument was based on the fact that Keynes was a bibliophile - someone who reads old books and he would have read about Owen and his reforms in shaping man's environment. And with the results he got, Owen was said to have accomplished the impossible (Neff, 1950, p. 252 cited in Bhatia, 1978, p. 262).

- There were however, other English, German, French and Jewish social reformers in the history of economic thoughts. Some of them were liberal political economists who were not opposed to private property, but needed a change in the social environment (Bhatia, 1978, reprinted 2007).

- I want to note for emphasis that all these English and French political economic philosophers read books and wrote books which enabled them to think critically about the present, in light of the past and made projections into the future in line with Keynes' definition of who an economist is and by extension, the homo economicus in a broader perspective outside his 17<sup>th</sup> and 18<sup>th</sup> centuries' casting.

- Akpan (2013b, *ibid*) has further argued that most of the far-reaching reforms Owen introduced in labour relations in his Mills seemed to have formed the bulk of the later universally adopted welfare packages and the enabling laws to this 21<sup>st</sup> century. Also opposed to class struggle and strikes, and with no desire to expropriate capital, Owen was said to have always been in favour of co-operation rather than competition,



and a society where labour and capital worked in harmony instead of confronting each other (Bhatia, 1978 pp. 262-263 cited in Akpan, 2013b p. 158).

- Unlike Owen however, Keynes had no objection to profits; they were, in his General Theory, the incentives for investment by businessmen and their erosion through deficiency in aggregate demand was the real cause of the Great Depression. Keynes was said to have registered a tremendous success in proffering a plausible solution to the Great Depression by recognizing the shortfall in aggregate effective demand for goods and services expressed in a glut (excess of output over aggregate demand) from lack of purchasing power, among the workers.

- This was a proof that as rightly observed by Alfred Marshall, there are no gaps in economics because literature in the history of economic thought have shown that Robert Owen (1771-1858) had anticipated Keynes (1883-1946) in the use of the term “effective demand” (Akpan, 2013b, p. 31). But very important was the fact that Owen used his findings to change the working environment of his factory and got positive results on productivity and profits without nudging his workers.

## 12.THE ODYSSEY

- My earnest journey to being an economist –a homo economicus, started with a university first degree in economics from the Ahmadu Bello University in 1984. The basic foundation was laid at Government Secondary School Eket, at the forms 4&5 levels. A first degree in any course, as I do tell my students, equips one with an intermediate knowledge **in any** field of study. A master’s degree is the beginning of professionalism in that field. I do also tell my students at undergraduate and postgraduate levels that Jesus Christ, studied up to a master’s degree level, and that was why when he emerged after a long period of training which prepared him for his ministry, he was called MASTER, RABBI and TEACHER. Sometime between April and May 2024, Benjamin Netanyahu, the Israeli Prime Minister was seen on a U-tube video saying that Jesus was a Rabbi, meaning, a teacher. It was the occasion of his response to President Putin’s exhibition of a picturesque depiction of Jesus Christ and his family members as blacks and declaring that the Russians will now be worshipping a black Jesus.

- Jesus the Christ never preached; majorly, he taught his disciples (see Mat. Ch. 5) and they in turn went out to preach the gospel as he taught them. As Christians, you may wish to do the arithmetic from when he was born, through the incident at age 12 when he got missing from the crowd and the parents later found him in the Synagogue reasoning the scriptures with the temple teachers, up to when he started his ministry at age 30.

- My postulation on Jesus’s education was later confirmed in 2022 by Senior Pastor Enenchie of Dunamis International Gospel Church at a Pastors’ Conference in Ghana (I watched the video on U-tube). At that conference, Dr. Enenchie had drawn the attention of his audience to the fact that pastors want miracles to happen within a short period of their ministry; that for a ministry of three-and-a-half (3½) years, Jesus trained for 30 years!

- And I do also tell our postgraduate students who are always in a hurry to graduate that at the master’s level of training in economics, you fine-tune the intermediate level knowledge of the first degree level and at the doctorate degree level,



you consolidate knowledge and become an authority that can be quoted anywhere in the world. These make training at the postgraduate levels a critical process that must be taken seriously on both sides – teacher and students.

- As for the undergraduate students of economics, I tell them that Bingham University is a factory where we produce human capital in economics – the manpower the country needs for its development. And for this purpose, they all came in on admission as semi-finished products; some of them of very poor quality because they either wrote their JAMB and SSCE examinations at “miracle centres” or their parents paid third parties to write the examinations for them.

- Therefore, as factory production engineers in the Department of economics, we have the responsibility to put them carefully through each of the 4-stages of production in the 4-year first degree programme. Each level constitutes a process or a stage of production. And so, the quality or grade of products (manpower) they come out to be at the end of the production processes depends on 2 factors: 1) the quality and volume of knowledge (including morals) we give to them. 2) Their individual ability to absorb the materials made available to them and so, it cannot be a tea party on both sides.

- Perhaps, my thoughts and actions have been influenced by the fact that I have been in both worlds of production – the industry as a development banker (1987-1999), and in academics as a teacher homo economicus first at the Financial Institutions Training Centre (FITC, Kaduna campus), as a subject facilitator in Project Evaluation (1998-2000), the Nigerian Defence Academy (2000 - 2006) and Bingham University (2009-date).

- I started a master’s degree programme in economics and statistics at the University of Benin in 1990/91 while working at the Benin Branch Office of Agric Bank. I completed it in 1995 while at the Head Office in Kaduna; it was a work in progress for five (5) years. The need for a Ph.D. became imperative immediately I assumed duty at the Nigerian Defence Academy as a Lecturer 1 in April, 2000. I had asked of my career path from colleagues, even though I was on contract. And I was told I would need a Ph.D. to be upgraded to the rank of a Senior Lecturer.

- Between June and July of that year my alma mater, the Ahmadu Bello University, advertised admission into its postgraduate programmes and I applied for a Ph.D. in economics. I was admitted and I enrolled on the programme in the 2000/2001 academic session. For many reasons – some outside my control and some within my control, the programme lasted for 10 years (2000/2001 – 2011). Within my control, I had embarked on the authorship of books to fill the serious knowledge gaps in literature on macroeconomic policy adjustment in Nigeria since its inception on July 2, 1986, although it was preluded by the Shagari April 1982 austerity (stabilization) measures.

- The authorship was going on simultaneously with my course work and thesis. The first book titled, *An Essay On Deregulation of the Downstream Sector of the Nigerian Petroleum Industry*, was published in 2003. It birthed a Policy Education Essay No. 1; the idea to educate, nay, enlighten the general public on Nigeria’s new policy direction because of its general negative public perception, including the press.

- Subsequent books were published under a Policy Enlightenment Essay to reflect a public rather than a classroom focus as the target audience, thus replacing the word ‘Education’ with the word ‘Enlightenment’. Consequently, the “two new landmark



books” as Mr. Ayobolu of The Nation described them in his reportage of their public presentation were then published as policy enlightenment essays Nos. 2 and 3, respectively.

- Professor Yeroms of Nigeria’s Armed Forces War College calls them classics. Professor Seth Akutson of Kaduna State University described the work on Keynes as the only book on Keynes written outside America and Europe. While they were written simultaneously with my Ph.D. thesis, they three works are all related as it was Keynes who initiated the idea behind the creation of The International Monetary Fund (IMF) and The International Bank for Reconstruction and Development (IBRD), otherwise known as The World Bank.

- Reasons outside my control were frequent ASUU strikes, sudden end of contract in July 2006 at the Nigerian Defence Academy, coupled with time and resource constraints. Ultimately, I had a final defence of my thesis on November 28, 2011. The joy of it was that my daughter and I were students at ABU at the time; she was studying for a degree in microbiology. Naturally, she was the first person I broke the news of a successful Ph.D. thesis defence to and I had told her: “From now onwards, subject to ABU Senate approval, your father is Dr Akpan.

- Beyond my daughter, a Professor who saw me out of the NDA had told me in 2006, that as long as I was not earning a regular income, I was not going to finish the Ph.D.; that people who saw me in the town came to tell him in his office that me and my family were suffering: “They said, you and your family are suffering”, he quipped. So, the final thesis defence was a victory over principalities and powers; even within Bingham University physical Satan attacked and are still attacking, and God is continually fighting my battles in His Vineyard.

- The choice of my Ph.D. research topic could also have been a factor in the delay: *Economic Reforms and Economic Performance: Analysis of Nigeria’s Economic Growth and Balance of Payments (1982–2007)*. In a department where everybody, including my supervisors, was, as in the entire country, against economic reform measures, getting approval for the topic was a little difficult; it was actually modified by the Chairman of the Supervisory Committee.

- The hate against economic reform in the department was so strong that when the former Governor of Nigeria’s Central Bank, Professor Charles Chukwuma Soludo announced in 2007, the Bank’s proposed 4-point agenda for the naira against implementation in 2008 and 2009, the department held a press conference to denounce the agenda. I was at the department after the press conference and everybody was like: “We wish you were here to witness our denunciation of the policy.” I reminded them that Ghana had implemented that same policy without much ado.

- In another encounter, Greece had just embraced the IMF/World Bank policy reforms in 2010 after defaulting in some foreign denominated loans and bonds. I was discussing it with my Supervisory Committee Chair and he said to me: “Look at Greece, they just set a trap for her and she entered and they caught her kpai.” And I said “Sir, Greece defaulted in its foreign loans which involved bonds that were floated on the international stock markets and were bought by banks and other financial institutions which if not paid back would jeopardize the solvency of the institutional bond holders.”



- He did not “hear” me because there was no response from him. The third manifestation of antagonism came the day I did my internal defence. The Ag Chair, holding brief for the substantive, was so direct in his attack of the work that I had to repel the onslaught immediately by some instinctive response to save my work from complete annihilation.

- What was the sore point? I had in one of my simultaneous equation models in the work, regressed Nigeria’s balance of payments on current account on the country’s foreign reserves, which for the purpose of my analysis and its very active nature in the external sector of the economy was treated as the overall balance of payments. The results revealed a positive relationship between the two, meaning that reserves build-up stabilizes the current accounts of the balance of payments and indeed, the whole economy. At the end of the presentation, he just banged the table and shouted at me: “What kind of reform is reserves build-up? Your results are spurious.”

- Naturally, my response was instinctive and sharp as a damage control measure. The result was a mild altercation between us before I started the analysis to explain the validity and veracity of the results. I was able to prove in my analysis that reserves build-up is a stabilization measure. At the end of the session, a Senior Lecturer in the department came to me and said: “Mr. Akpan, until you did your analysis, I did not know that reserves build-up is a stabilization measure.”

-The analysis was a bit complex because I had to compare the role that foreign reserves play in stabilizing the balance of payments, especially, on current account with the role that the capital account section of a corporate balance sheet plays in stabilizing the profit & loss account of the organization, and indeed its entire operations when they incur losses (deficits). But the damage had already been done because at the end of the exercise, my fellow presenter was congratulated by almost everybody and nobody congratulated me – an indication of the lack of understanding and hatred for macroeconomic policy adjustment (reform) in Nigeria. Unfortunately, this is still very pervasive and justifies why I embarked on my policy enlightenment essays.

- Before the end of the session however, the substantive Chairman had come in; he didn’t witness the scene of frayed nerves though. I think he was briefed later on what transpired between me and his representative Chair and I think he had reserved his comments for the right opportunity. That opportunity came in 2014 when he was invited by our Bingham University Chapter of the Nigerian Economic Students’ Association (NESA) for an award – he was a Vice-Chancellor of a faith-based university then and I was the Head of Department of economics at Bingham University. At the award ceremony, the awardee, a Socialist Economist, and an ardent critic of the IMF/World Bank policies globally, had in his acceptance speech told the students: “Your HOD was a very troublesome student.” The students responded with suppressed murmurings. And he said: “Just wait, let me explain.” Then he continued, “He knew my disposition towards the IMF and World Bank policies and he still came up with a research topic in that area. Other students, when you asked them to go and change their research topic they will go and change, but your HOD will still come back with the same topic. Well, at that level, you don’t impose anything on anybody, as long as you are able to convince us. He was able to convince us and he passed in high grades.”

- He was right because the external examiner’s report, in addition to pointing out areas that needed corrections, had concluded: “This candidate has done a thorough



job and he needs to be commended.” That sealed the victory for the economic man’s economics. The external defence was pretty smooth because every criticism had been put to rest at the internal defence level. When the external examiner was done with me, he invited comments and questions from senior members of the department. While the two other professors including the Ag. Chair at my internal defence had no question for me it was my Supervisory Committee Chair that drilled me. I am not saying I did a perfect job, but the attacks revealed to a very large degree, how much Nigeria’s SAP had been and is still being misunderstood.

- The point was, along with the Ph.D. thesis, the “two new landmark books” (afore mentioned) were works in progress. They were works I started almost simultaneously in 2002 while my course work was on-going. The work on the first book: *An Essay on Deregulation of the Downstream Sector of the Nigerian Petroleum Industry*, published in 2003, started in early 2000 before I applied for admission. Work on the thesis started about 2004 after the course work. The titles of the two works once again are: 1) The IMF, World Bank and Nigeria’s Economic reforms (1986-2012, 404pp). 2) Keynes, 63 years in Memory 1946-2009; His policy relevance in the 21<sup>st</sup> century (289 pp).

- The link between the Ph.D. thesis and the two books is by now very obvious and so the intellectual battles at the different stages of the thesis defence had to be won. Interestingly, it was my Supervisory Committee Chair’s class assignment in 2002 on “the distinction between Keynes and the Keynesians” that produced the book on Keynes and he also wrote the book’s foreword. He however could not attend the public presentation of the two books because of his busy schedules.

- The hard fact was that I had to win all the “intellectual wars” to save the thesis and the books from very serious critics of the bank-fund policies. At the end of the award ceremony, as I escorted the awardee to his car, I had told him with nostalgia that we had some intellectual fireworks from reviewers of the IMF/World Bank work at the public presentation. He calmly enthused: “You were lucky I was not there; it would have been more than fireworks.” Sincerely, my experience with critics of the bank-fund policies at that level was all fun because it is what intellectualism is all about, especially, when your professors had to engage you in such serious policy discourses that frayed nerves at some points.

- All one has said so far qualified one as an economist, a homo economicus, by the dictionary definition of an economist – an expert in economics, notwithstanding that Fasua (2017) disagreed with that definition. From all of this, issues that tend to bother one’s mind from the lecture’s title are the questions: 1) What is economics? 2) What work does an economist do? 3) Who is an economist? 4) As an economist, a homo economicus in the industry and academics, what works has one done and what works has one been doing? This last query is important because it has shaped my career in academics – indeed Keynes’ career in the British Civil Service (The India Office and the British Treasury) actually shaped his thoughts and practice in his academic career as an economist. I believe all these queries are within the scope and objectives of an inaugural lecture. Let me take them one after the other.

### **13. WHAT IS ECONOMICS?**

- From WIKIPEDIA, economics is a social science that studies the production, distribution, and consumption of goods and services. Its focus is on the behaviour and interactions of economic agents and how economies work. For the purpose of this



lecture, I will touch briefly on the first and second elements that economics focuses on and concentrate in details on the third because it is the focus of the lecture – “the behaviour and interactions of economic agents and how economies work”.

-The earlier term for economics was “political economy”, but since the late 19<sup>th</sup> century, it has commonly been called “economics”. The term was by origin, derived from an Ancient Greek word *oikonomia* (oikonomia). It is a term for the “way (nomos) to run a household (oikos)”. In other words, it is the know-how of an *oikonomikos* (oikonomikos), or “household or homestead manager” in running the household. Derived terms such as “economy” can therefore often mean “frugal” or “thrifty”. By way of extension then, “political economy” was the way to manage a polis or a state. This is where the *homo economicus* comes in.

-Economic analyses can be and are applied throughout the society: in business, finance, cyber security, health care, engineering, and government. It is also applied to such diverse subjects as crime, education, the family, feminism, law, philosophy, politics, religion, social institutions, war, science and the environment etc.

-There are however a variety of modern definitions of economics; some reflecting involving views of the subject or the different views of the subject among economists.

-The Scottish philosopher Adam Smith (1776) defined the then political economy as “an inquiry into the nature and causes of the wealth of the nations”. In particular he defined the subject as: A branch of the science of a statesman or legislator with the twofold objectives of providing plentiful revenue or subsistence for the people.... (and) to supply the state or common wealth with a revenue for the public services.

-In other words, the discipline called political economy in the days of Adam Smith and now called economics in the modern time, had from inception, assigned a responsibility to the legislator or statesman. He is to provide plentiful revenue to the people he is legislating over or legislating for to sustain them, not to take revenue from them, to impoverish them.

-Jean-Baptiste Say (1803) is known as the father of markets, due to his popular Say’s law of markets. The law provided a strong anchor for classical capitalism; a system which to him did not need government intervention because the price (market) mechanism had the strong incentive to regulate the activities of producers, sellers and buyers in such a way that the system needed no government regulation to function properly. Say’s Law of Markets simply states that supply creates its own demand because people produce to barter (without the role of money) what they produce for other things they need.

-With this assumed all time stability of the national economy, Say distinguished the subject matter of economics from the Adam Smith’s public-policy uses, and defined economics as the science of production, distribution, and consumption of wealth.

-On the satirical side, Thomas Carlyle (1849) was said to have kind of linked economics to the Thomas Malthus (1798) pessimistic population control theory. The Malthusian population control theory states in a nutshell that the supply of food cannot



keep up with the growth of the human population which inevitably results in disease, famine, war, pestilence and calamity. With this perception, Carlyle coined the term “the dismal science” as an epithet for classical economics, thus linking it to Malthus’s pessimistic view of population control.

- For Lionel Robins (1932), Economics is the study of human behaviour, as a relationship between ends and scarce means which have alternative uses – this was most popular at our ‘O’ Level knowledge studies. Some subsequent comments are said to have criticized the definition as overtly broad and failing to limit its subject matter to analysis of markets.

- From the 1960s, however, such comments abated as the economic theory of maximizing behaviour and rational-choice modelling of homo economicus expanded the domain of the subject to areas previously treated in other fields. Permit me to remind us once again, especially those of my generation that this was the most popular and purportedly the most acceptable definition of the subject in our secondary school days. But definitions are not the main focus of this piece. They are just in the passing. But who is an economist?

#### **14. WHO IS AN ECONOMIST – THE REAL HOMO ECONOMICUS?**

-This is the theme, the focal point and the subject-matter of this lecture. An economist, according to Wikipedia, is a professional and practitioner in the social science discipline of economics. The individual may also study, develop, and apply theories and concepts from economics and write about economic policy.

-An article in Investopedia and once again, by Will Kenton, updated August 29, 2022, reviewed by Robert C. Kelly and fact checked by Yarilet Perez titled “*Who is an Economist? Definition, Role, Duties and Influence*”, defines an economist “as an expert who studies the relationship between a society’s resources and its production or output.” Economists, the article said, “Study societies ranging from small, local communities to entire nations and even the global economy” – this is more or less a reflection of Robin’s definition. From this definition, the expert opinions and research findings of an economist are used to help shape a wide variety of policies, including interest rates, tax laws, employment programmes, international trade agreements, and corporate strategies.

-The article has the following Key takeaways I considered relevant to this piece:

1) An economist is an expert who studies the relationship between a society’s resources and its production or output, using a number of different indicators, in order to predict future trends.

2) A career as an economist has two main requirements: an advanced degree, such as a Ph.D. or a master’s degree, and an area of specialization to focus research efforts.

3) The theories of the economists can provide a way for businesses and the government to react to the future direction of the economy.

4) The duties of an economist are incredibly varied: researches economic issues; conducts surveys and collects data; analyses data using mathematical models, statistical techniques, and software; presents research results in reports, tables, and charts; interprets and forecasts market trends; advises businesses, governments and individuals



on economic topics; recommends solutions to economic problems; and writes articles for academic journals and other media.

-In chapter 18, section 18.5 of my book, *The IMF, World Bank & Nigeria's Economic reforms*, published in 2013 (the chapter was written between the tail end of December, 2011 and 1<sup>st</sup> January, 2012; I think the time frame I'm quoting is right because I had not yet travelled to Abuja from Kaduna to participate in an AIT programme on "Matters Arising" from former President Jonathan's announcement of the removal of fuel subsidy on the 1<sup>st</sup> of January 2012. The policy had come up with a completely deregulated price of PMS at ₦141 per litre.

-But just as I was concluding that section of the book titled, "*The Philosophical Foundation of Reforms*" which concluded that chapter of the work, a vet doctor friend and former colleague in Agric Bank, Dr. Ignatius Abu, who was engaging me on the rationale of that policy pronouncement, while also telling me he had a professor of economics sitting by his side, sent me an sms on this definition of an economist:

*"An economist is someone who knows 364 ways of making love to a woman, but has never met a woman."*

-Economists have been described in worst ways. Mohammed Haruna in a tribute to Sam Aluko, the late great Nigerian professor of economics described economists as notorious for their equivocation – a notoriety he said had prompted Harry Truman's famous exasperation with two-handed economists. Truman, the 33<sup>rd</sup> American president was quoted by Haruna to have said out of frustration with his economists:

-“Give me a one-handed economist. All my economists say, ‘on one hand.... on the other hand.’

-Ronald Reagan, he also said, described economists “as people who see something work in practice and wonder if it would work in theory.” (The Nation, Wednesday, February 15, 2012, p. 64).

-On the contrary however, John Maynard Keynes (1883-1946) said of economists:

“...the ideas of economists and political philosophers, both when they are wrong and when they are right, are more powerful than is commonly understood. Indeed, the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back” (Keynes, 1936).

-For me, the problem is that economists are more often than not misunderstood by politicians who are always in a hurry to get results without weighing in the trade-offs associated with each policy option before making a choice of what policy to adopt to achieve a given set of goals.

-I have come to the conclusion that economics is a 1+1=2 discipline which politicians find very difficult to understand because they have the capacity to build bridges where there is no river.



-For example, according to Amacher and Ulbrich (1986, p. 570), an economist in Washington, whether he is a permanent career economist or an academic economist on a temporary duty in Washington is expected to operate in a political environment, otherwise, he is not a “good economist.” This they said is one of the problems for many academic economists who have taken short-term Washington jobs. But that it does not mean that those in academics cannot be regarded as good economists, only that, it is a label they have to earn in Washington’s bureaucratic environment.

-I argue that economics is a science that is built on theory (model) – a theory explains a relationship between certain parameters in a cause and effect manner. This is hardly understood by the politicians who believe that governance should be built on the rules of the thumb.

-It is cause-and-effect relationships between economic, social and political variables in the domestic and the external sectors of the economy which make up the underlying principles behind the philosophical foundation of economic reforms. It is such that a cause and effect relationship between a policy effort and a policy result can be verified statistically as the basis for policy evaluation and further improvement for future policy formulation.

-Thus because career and academic economists in Nigeria operated in a political environment at State House, Ribadu Road in Lagos between 1979 and 1983 was the reason Nigeria found itself in an economic mess that the country has been struggling to solve. But how did Keynes, the first moderator of the economic man’s (classical) economics and the initiator of the IMF/World Bank project define an economist?

## **15. THE KEYNES DEFINITION OF AN ECONOMIST**

-The Keynes definition of who an economist is very significant in economics and also central to this lecture. In chapter three of Professor Skidelsky’s book, *Keynes, The Return of the Master* (2010, p. 55) which he devoted to: *The Lives of Keynes*, Skidelsky explored Keynes’s life under the sub-title “A Many-Sided Genius.” At p. 56, Keynes died of heart failure in 1946, having worked himself to death in service to his country.

-As an economist, Keynes, from Skidelsky’s thesis, firmly believed in making his assumptions in his models as realistic as possible, in contrast to many theorists for whom unrealism of assumptions (key criticism of economics to-date) have been their models’ chief merit. Keynes was also extremely practical. He had a lot of the civil servant in his make-up, and spent several years of his life working in government departments in both the India Office and the (British) Treasury. A leading feature of his Civil Service performance was his facility in applying theory to practice.

-His practical speculations issued into compact plans of action, which could be slotted into the existing institutions of government, and which could therefore be made to happen without huge convulsions in established practice – or, indeed, the social order (against Thaler and Sunstein’s Nudge).

-He was an evolutionist, not a revolutionist. Few, Skidelsky said, have paid much attention to Keynes as a philosopher, despite that his economic work was philosophically inspired, and what he thought about economic life, its purpose and meaning, was controlled by ethics. Like many economists, Keynes, Skidelsky said had



the double character of the scientist and the preacher. So, Keynes brought a glittering array of talents to his diagnosis of and prescriptions for the diseases of contemporary economies.

-On what sort of economist Keynes had been, Skidelsky stated that in Keynes' obituary essay on his teacher Alfred Marshall, Keynes wrote:

*The master economist must possess a rare combination of gifts ...He must be mathematician, historian, statesman, philosopher – in some degree. He must understand symbols and speak in words. He must contemplate the particular, in terms of the general, and touch abstract and concrete in the same flight of thought. He must study the present in the light of the past for the purpose of the future. No part of man's nature or his institutions must be entirely outside his regard. He must be purposeful and disinterested in a simultaneous mood, as aloof and incorruptible as an artist, yet sometimes as near to earth as a politician (Skidelsky, 2010 pp. 56 – 57).*

-The obituary, Skidelsky said, bore little resemblance to Marshall, but a striking resemblance to one John Maynard Keynes. With that definition, Skidelsky proceeded to unveil Keynes as someone who had a universal curiosity, and could not touch any topic without weaving a theory about it, however fanciful. That Keynes called the 17<sup>th</sup> century scientist Isaac Newton 'the last of the magicians', and not the first of the rationalists.

-In late mid-19<sup>th</sup> century, Keynes, he said, used to complain that young economists were not 'properly educated', by which he meant they were not able to draw on a wide culture to interpret economic facts. He believed that statistical information in the hands of the philosophically untrained was a dangerous and misleading toy. I will add that it is what is happening now in the teaching of economics in most universities in Nigeria.

-The significance of Keynes' definition of an economist was further demonstrated by Fasua (2017) in his two-part article, "Who is an Economist" in which he criticized the homo economicus, his economics and the economics we teach in our universities.

-In the article, Fasua had said that it was an embarrassment that there was no definition of who an economist is and what he/she does and yet many people go about calling themselves by that profession until luckily, he got something from arguably, the best economist that ever lived; John Maynard Keynes.

-But before his find, the few who attempted to define who an economist is still used the word "economics" in the definition. He queried, "Of what use is 'An Economist is someone who studied Economics?'"

-For me however, the beauty of his two-part article lay in two aspects. One was his presentation of the Keynes definition of an economist from the preambles and its original source. The second had to do with some very damning issues he raised on the teaching of economics in Nigeria and Africa and the emergence of the subject of behaviourism in contemporary economics which I mentioned in the introduction. He cited the Economics Journal, No. 34 of 1924, pages 321-322 in which Keynes wrote an obituary to his tutor-mentor, Alfred Marshall, who died that year.



-The article read thus:

*The study of economics does not require any specialized gift of an unusually high order. It is not, intellectually regarded; a very easy subject compared with the higher branches of philosophy or pure science. An easy subject at which a few excel! The paradox finds its explanation, perhaps, in that the master-economist must possess a rare combination of gifts. He must be mathematician, historian, statesman, philosopher - in some degree. He must understand symbols and speak in words. He must contemplate the particular in terms of the general and touch abstract and concrete in the same flight of thought. He must study the present in the light of the past for the purposes of the future. No part of man's nature or his institutions must lie entirely outside his regard. He must be purposeful and disinterested in a simultaneous mood; as aloof and incorruptible as an artist, yet sometimes as near to the earth as a politician.*

In light of this definition and Keynes' belief that statistical information in the hands of the philosophically untrained was (and still is) a dangerous and misleading toy, my desire for students undertaking postgraduate courses in economics is to look beyond calculations and focus on the philosophies of economics as forces for societal change.

-So, permit me to paraphrase some parts of Dr. Fasua's article because of the damning, but incisive issues of concern it raised in economics, some of which, I intend to dwell on in this piece. The paraphrasing goes thus:

-Coming across Keynes' definition of economics, greatly gladdened his heart. He knew that economics is regarded as some generic-pseudo science and that it is called a dismal science. But that, here was a man Keynes, who understood what it was all about, helping him put his first-degree course of study and pride into perspective.

- From his article, he had met many phonies who called themselves Economists but are one-track minded. An economist, a real one, can never think in black and white but in the 50 shades of grey in-between.

-They are trained to have open minds, to always question. Their models and formulas, all of their econometrics, speak to that fact. A pure scientist would prove their equations matter-of-factly and add QED (quod erat demonstrandum or 'thus it has been demonstrated') at the end of his equation.

-But an economist always leaves room for doubt, with his 'error term'. No matter their formula or model, a provision must be made for the 'error factor', represented by small  $e$  or  $m$ . Why? Because in the matter of estimating economic phenomena which involves human beings, economists know and must acknowledge, that human behaviour can never be accurately predicted without any degree of deviation the next moment.

-Therefore, any economist who repeats dogma, who mouths other people's ideas is a fraud. An economist, he said, can never be dogmatic hence many economists find it hard to be very religious because they maintain an open mind. As it is, he observed that so many 'pretend economists' have been running the Nigerian economy.

-Their claim to fame is perhaps that they worked for some multinational donor agencies, after getting the right degrees and often by writing theses that fitted the



agenda to run the world in the way of dogma. For him, we economists have been teaching our university students the wrong stuff and by now, Africans need to have started thinking for themselves.

-As economists in Africa, we ought to have started critiquing everything we were taught decades ago because evidence is on ground that those theories never worked; that a lot of theories we passed on to upcoming students were either fundamentally or contextually flawed, but especially, contextually. So, someone should lead the change for their review for our peculiar contexts.

-The centrality of the matter, he said, cannot be overemphasized and perhaps, the reason why Africa is unable to rise is the intellectual capture which, though subtle, but is effective. Africans are failing to launch because we are reading the wrong tea leaves, and reading them wrongly, especially in our economics. We in Africa are taking the wrong medicine – a medicine prescribed for other ailments – and hoped to be cured. That already, some of the fundamental theories we grew up with, have been discredited, as he recently had read a long article by Professor Paul Krugman where he alluded to Behavioural Economics and has thrown his weight behind those who now know that the idea of a ‘rational’ human being; the Homo Economicus, is all about nonsense.

-Yet, our economic decision-makers really believe in the rational man who can always be motivated with money! “Pathetic!” he exclaimed. Because behavioural economics is one new strand of economics, and many cite the work of Richard Thaler called, “Nudge” where he explored the fusion of psychology and economics.

-Accordingly, a department was created by the former British Prime Minister David Cameron in his Cabinet Office called “The Nudge Unit.” The idea was that one must understand the psychology of the people before enacting economic policies, and then, you do things to ‘nudge’ them in a desired direction. The UK Prime Minister, he said, did the right thing, but in Nigeria, we still repeat dogma. Of course, behavioural economics, his article said, is a direct challenge to Adam Smith’s classical thesis.

-That, he, Fasua, had written before to amplify those who have criticized even the basis of Adam Smith’s teaching of economics – e.g., Katrin Marcal who wrote a book titled, *Who cooked Adam Smith’s Dinner? - Positing strongly that Mrs. Smith – Adam’s mum. Katrin Marcal, Fasua’s article said, had argued that Mrs. Smith did not cook dinner for his son because she hoped to maximize some utility and neither did she wait to take every variable into consideration before acting out of her love for her son.*

-From Fasua’s piece, Marcal, a feminist, had gone ahead to say that Adam Smith wrote as a man would (oops), but perhaps more importantly, that Adam was never married(But he was married). If he had married and had children, he might have formulated economics differently, with a lot more nuance. And so, Adam Smith’s homo economicus is a pitiable, lonely and unfriendly character that is always plotting for monetary advantage – but most humans, she said, are not like that.

-Fasua’s article next highlighted the responsibility bestowed on economists by the Keynes definition of who an economist is. On this, he said, anyone who understands the responsibility that Keynes heaped on economists with his definition of who he is will understand that our job never ends.



-Any such person will know better than to conclude on anything so soon. There is however, a brand of African economists who violently resist new thought, who parade themselves as defenders of textbook ideas which were written without the African context in mind. When people challenge what they have been taught – especially, at Masters and Ph.D. levels – they (resisters) laughed, scoffed, sniggered or even insult. They are the brand that has sold Africa down the river into perpetual economic slavery.

-By African context, Fasua meant in his article that we African economists shouldn't formulate theories that keep Africa in the dark, but such that recognize our peculiar advantages, yet remind us that we have not yet arrived. He underscored a worrisome, yet a critical point about how we Africans see ourselves when we gather at our seminars and symposia at expensive hotels around the country, and would often invite foreigners and forget that the policies we discuss are meant for people who eke out a sorry existence and live in despicable conditions. We cannot expect the people who eke out a living to react to policies in the same way as people from developed nations, as so many economic theories we bandy around are contextually flawed.

-An economist, he argued, must never forget that he is not only a mathematician or a statistician, but must also consider the history of his context. In order to underscore this historical argument, he asked rhetorically, "Is that (the historical context) not the basis of autocorrelation and auto-regression, or lag effects and lag variables?" Then how can a historian forget that he is also a philosopher, that he must study the logicity of situations, and not be afraid to post theories that don't even exist but which have truth in them?

-Why do some economists only focus on figures, but lack the words that are more relevant to the affairs of human beings? We are not machines, are we? And finally, how did we ever forget to be 'as incorruptible and as pure as an artist?'

- The article continued: "How have we allowed ourselves to be influenced by the forces of money, and ideology, and allegiances? And how did those who sit in their ivory towers forget, that economics is about the people; and that they must develop the deft skills of a politician, to look into the eyes of the people and ask the relevant questions, and not to throw theories arrogantly from the top-storeys which never work?"

-His narrative on the responsibility the Keynes definition of an economist has bestowed on us continued in the direction that, even in developed countries, economics is changing, because the old Chicagoans are silent. Thaler for example, he said, is even still in the University of Chicago talking Behavioural Economics. And that one of the most famous Economists today, Stephen Levitt, is also in Chicago pushing Freakonomics – a brand of economics which he said, forces us to look through the minds of people.

-Eugene Fama, whom he said, is still there, though, arrogantly holding on to his Efficient Market Hypothesis – even though the work of George Akerlof and Robert Shiller (Animal Spirit), disproved any efficiency in any market; that Shiller got a Nobel Prize in Economics on his work on market boom and busts in 2013, as well as the fact that Akerlof, obtained his own Nobel prize in 2001 alongside Joseph Stiglitz and Michael Spence for their work which proved that market information is never perfect but asymmetric. Akerlof he said is presently [as at 2017] married to Janet Yellen, the Chairman of the US Federal Reserve Bank. And so, we African economists can hardly



say we don't have enough models amongst the world most-hardworking Economists and those thinking differently for their countries.

-In Nigeria especially, our government, he said, consults people with out-dated ideas, who only push Nigeria into more debt, call for foreign intervention, pass off unworkable economic theories, and are pimps for crass pecuniary ideas, such as the setting up of AMCON2 so that banks will create more bad loans to be underwritten and absorbed by poor taxpayers. Once again, he asked rhetorically, "Are those ones economists?"

-He concluded his incisive and insightful piece by stating that he has always been saying that economists can be extremely dangerous people because they have been seen to bring ideas that would hold generations down.

-But, instead, they should ordinarily, be the most valiant warriors for their societies because they should be the first line of defence in warding off fraudulent ideas. And that as a matter of fact, one does not need a degree to show that one is an economist - it would show itself in the way one thinks, and acts.

-He cited Richard Postner (Chicago Law School), and our own Kingsley Moghalu (Tufts) as Lawyers who have taken keen interest in Economics, and have excelled perhaps because they took the logicity of their legal mind into the economic sphere and refused to buy the dogma; that they make a lot more sense than those who try to sell us snake oil ideologies.

-The dogmatic economists he said, are those, who have chosen to be fooled by randomness, because they got things right a couple of times and believe human beings are totally predictable, markets are perfect, and all information available, can be accessed by everyone. To him, nothing could be further from the truth, especially in a society such as ours. He ended his article thus:

*Thank you, Keynes, you are the only one I know for now, who has defined who an Economist is. Maybe other people should try and define their own economist. For me, an Economist is someone who never stops asking questions, prying for the truth, and standing up for what truly works.*

-When I read the part (1) of his work, I waited for the part (2) the next Sunday (September 17, 2017). It was the main reason I bought the Daily Trust of that Sunday. After I read it, I called him up on phone, because he sounded like a very angry man at the way the Nigerian economy was being managed along dogmatic economics, by the Buhari administration at that time and the way economics was being taught in Nigerian universities.

-I appreciated him for the work he had used the article to do in economics, and introduced him to the two major works I have done respectively, on the IMF/World Bank reforms policy package in Nigeria, and the 21<sup>st</sup> century relevance of Keynes's policy against the backdrop of the 2008/2009 Global Meltdown.

-Although he had not seen the books, but my description of the titles appeared to have convinced him they could be worth his while. We bargained acceptable prices for both books, and I was very conscious of my cost of production and my "profit maximization intent", as a rational homo economicus, which he definitely was not conscious of.



-We met at the Sheraton Hotel - venue of the 2017 Nigerian Economic Society's (NES) Conference and I delivered the two books to him. His first impression of me was that he thought he was going to meet a very old man.

-But something very important emerged from our meeting which he probably was also not conscious of: it was the convergence of the town and the gown. We spoke again in 2018 when he attempted a shot at the Nigerian presidency on the platform of his party in the 2019 presidential election and I was a governorship aspirant in the Action Democratic Party (ADP). At a point though, I had to withdraw to pursue my promotion to full Chair against the 2020 promotion exercise.

- I didn't and still did not get a feedback from him on the books; perhaps he felt I am one of the economists that are still defending the old out-dated theoretical dogmas in economics. But the books give different views. Significant however, in that meeting was the fact that the gown defended itself against the town's misconceptions. I met him again at the 2025 66<sup>th</sup> NES Conference and he had forgotten we ever met.

- At p. 148 of my book on Keynes, I also expounded on the Keynes' full definition of an economist which Dr. Fasua's article made reference to as in Hellbroner (2000, p. 285) and said I was afraid, I could not lay claim to all the qualities of an economist in that definition.

-This was because even Marshall, his teacher and mentor, Keynes had said in the obituary that he only approximated this ideal (Hellbroner, 2000 cited in Akpan, 2013b, p. 149). I then concluded in the work that it was no wonder that Bernanke (2004) described economics as a very difficult subject, comparing it to trying to learn how to repair a car when the engine is running.

- I have taken a lot of space and time to discuss the definitional aspect of who an economist is in this lecture for the benefit of our postgraduate students, and particularly, some colleagues and others outside academics, who believe with very high level of innocence that history has no place in economics—that it is only econometrics, not even economic statistics and applied statistics, from their view point, that make up economics.

-A Librarian had told me soon after the public presentation of my two books on IMF/World Bank reforms, and Keynes: "They said you are writing history books."

-I didn't bother to ask him who said it because I have long realized that pathologically negative individuals are found across all races because even Keynes, in spite of all the works he did in economics and for economics and his country, was in one breath called a fiend (devil), a dunce and a heretic, and in another breath was called a benefactor of humanity and a profound thinker (Jhingan, 1976 cited in Akpan, 2013b, p. 252).

- But I want to emphasize that from my experience as a homo economicus in academics in the past twenty-five years, concepts and theories of economics, even in economic statistics, applied statistics and the so called econometrics, are understood better when read from texts in History of Economic Thought (now and rightly a core course) and that theories don't fall from the blues.

-The question at this point is: do we as economists – the homo economicuses, really understand economics, its real-life applications and the works that economists



do? So, the next question is: What works do economists do and what roles do we play in the society?

## **16. WORKS ECONOMISTS DO GLOBALLY AND ROLES IN SOCIETY**

-According to the United States Bureau of Labour Statistics, there is a good chance that someone interested in a career as an economist will work for the government. Results of the Bureau's analysis showed that roughly 36% of all economists work for either a federal or state agency. They are also employed as professors by corporations or as part of economic think tanks.

-Accordingly, a career as an economist has two main requirements. First, economists generally hold advanced degrees, such as a Ph.D. or a master's degree (notwithstanding that Fasua believes that one does not need to acquire any to be an economist).

-A typical entry-level education for a job as an economist is a master's degree. Second, economists typically develop an area of specialization where they focus their research efforts.

-The work of an economist therefore includes analysing data on economic indicators, such as, gross domestic product and consumer confidence surveys.

-Economists, from the Bureau's analysis, might research the distribution, accessibility, and reach of goods and services, in order to identify potential trends or make economic forecasts.

- Also, the work of economists might be commissioned to target specific segments or topics where expert assessments are needed. This could be done for budgeting and planning purposes when the insights of the economists will serve as the basis for a plan of action. For example, when there is a change in spending trends in a particular industry, investors and companies working in that industry might look to economists to provide perspective on what the next evolution of the market may be.

- Furthermore, the input of economists can reveal the underlying causes that shape market cycles and insights of economists can also be to form forecasts for job market growth as particular segments of the economy grow.

-Economists, may reference factors and elements that provide a new understanding of what drives trends and the assessments that economists provide may draw upon large segments of time and take advantage of large collections of data.

- Our theories can also provide a way for others to react to the future direction of the economy. Companies could use such perspectives to adjust their strategies, including whether or not to pursue development on particular products or if a product should be discontinued in favour of a different approach.

-And by way of summary from other sources I searched, economists study complex data and statistics and use their findings to provide financial advice to businesses. An Economist researches and monitors economic trends, as well as creates statistical models to predict future developments.



-Employers therefore depend on economists to advise them on the potential impact of policies and investments. And therefore, an economist in summary does the following things:

- Gathers information from multiple sources. Gathers and analyses huge amounts of data from different sources including government figures, publications, web-based research and industry surveys.
- Researches and understands economic models and trends. Uses computer programs to analyse data collected. Meets with colleagues and clients to share information.
- Prepares reports explaining the potential economic impact of different decisions. Makes presentations to technical and non-technical audiences. Prepares forecasts that enable organizations to plan the allocation of resources.
- Predicts future market requirements.
- Establishes training or investment requirements.
- Assesses the feasibility of a proposed project. Works standard office hours, Monday to Friday. And faces occasions when it is necessary to work late, particularly in more senior roles (oconstruct.org).

For the society, economists play the following roles:

-Work as Actuaries. As an actuary, the economist uses statistics, mathematics, and financial theory to help clients assess the economic costs of risk and

and financial theory to help clients assess the economic costs of risk uncertainty. Many actuaries work for insurance companies in an office setting. In some cases, their work might require travelling and meeting with clients.

-Economists work as Research Analysts (or Research Associates). As research analyst, it involves work in the research department of a financial firm, such as an investment bank or an asset management firm. Their primary duties will involve researching economic trends affecting particular markets, industries, companies, or investment decisions.

-Economists work as Financial Analysts. As financial analysts, they provide investment advice to individuals or businesses. They work for the “buy-side” and on the “sell side” of the market for companies like hedge funds, insurance companies, pension funds, investment banks or any financial advisory firm as well as large non-profits and private equity firms.

-Economics Majors can work as Policy Analysts. As policy analysts, the economists develop policies to address existing or expected economic issues, such as National Defence, recession, financial instability, climate change, immigration, and inequality, etc.

-Economists work as Financial Planners. As financial planners, with their understanding of economic principles, economists excel as financial planners by



helping individuals and organizations, make informed investment and financial decisions.

-Economists also work as Econometricians, Statisticians and Applied Statisticians. As economics graduates with strong statistical and mathematical skills, economics majors can pursue careers as econometricians, statisticians and applied statisticians. In these fields they analyse economic relationships through mathematical models and statistical techniques. The difference between a statistician and an applied statistician is that while a statistician, through statistical methods, analyses and emphasizes on real world data, an applied statistician seeks concrete solutions to tangible problems in organizations.

-They can work as Government Economists. As government economists in Nigeria for example, they find employment in government agencies as economists, and contribute to policy formulation and economic development.

-In fact, because of their diverse skills and knowledge which make them valuable assets to organizations in need of economic analysis, policy formulation, and strategic decision-making, the demand for economic graduates in Nigeria is said to be growing across the various sectors, as they have multiple career to choose from. Careers in government agencies include the Central Bank of Nigeria, National Bureau of Statistics, Federal Inland Revenue Service, Nigeria Investment Promotion Commission, and the various ministries and departments at the federal, state and local government levels.

-The government economists therefore perform the following functions: policy formulation and analysis, data collection and analysis, budget planning and management, economic forecasting and modelling, advisory roles, monitoring and evaluation, including capital budgeting (project analysis, appraisal and evaluation – my work in Agric Bank) etc.

-Many policy economists work in various departments of governments at local, state, and federal levels. Other places hiring policy analysts include Think tanks, Lobbying groups, Special interest groups, business and non-profits (glassdoor.com).

-Other general career options for an economics degree majors are in informing others about economic-related issues as a business reporter or journalist, news anchor, sports economist, management consultant for a professional sports team, podcaster, and you-tuber.

-Economists work as Academic Economists as I am doing. They supplement their income by writing textbooks and other educational materials and by consulting. Consulting opportunities for the academic economists are numerous, and the most common are economic analysis for government, business, and the legal profession.

-The duties of a governmental economist in the United States are very diverse and in large part depend on the particular governmental agency. For example, an economist for the State Department or CIA (Nigeria's DSS equivalent) might become an expert on the economy of a particular country; an economist for the Office of Management and Budget may be an expert in a particular programme area such as welfare or health care; and a treasury economist may specialize in tax policy.



-Working for the United States Congress, has been a relatively new area of opportunity for economists. Not quite long a time before 1986, except for the Joint Economic Committee, very few congressional committees or individual congressional staffs hired economists. This changed rapidly, as the Congressional Budget Office rapidly became an important research arm of Congress. It serves somewhat the same research role as the Office of Management and Budget does for the President of the United States.

-Legislation and issues facing Congress have become increasingly complex and economic in nature. As a result, Congress had to turn to economists for expert advice on these issues.

- I think Nigeria's National Assembly some few years back, had set up something similar to the American Congressional Budget Office. I hope it is staffed with economic experts.

## **17. FROM THE POTS TO THE ECONOMY**

-I have said that in the admixture of the dynamics of his changing economic circumstances and economic theorizing, the economic man has maintained relevance in managing the economy the way he managed the pots in his kitchen.

-He has achieved it by reducing the entire economy to a small 4-sector model about the size of his home - where he started to learn the science of managing his domestic resources. He calls the 4-sector economic model the National Income Identity. The identity is of the form:

$$Y = C + I + G + (X - M)$$

This is the model representation of an entire economy of any country. In the system, Y on the left-hand side represents in monetary terms, the aggregate value of all the goods and services produced by nationals and foreigners living in the country. It is called the Gross Domestic Product (GDP) or Gross National Product (GNP).

-In one simple language, it is the aggregate supply side of the economy of a country. It is where in the Say's Law of Markets supply created its demand.

-In order to balance the equation, the aggregate value of the right-hand side represents the monetary value of all the goods and services demanded or consumed in the country by each of the component units of the right-hand side, which include exports(X) and imports(M) of goods and services.

- Imports are included because they are purchased with the foreign exchange earned from exporting a portion of Y. It is represented by M and Export is represented by X. So,  $X=M$  in the system.

-Then  $X = M = Y - (C + I + G)$ . The result is that X must equal M for the income identity (the economy) to be in a state of balance or in a state of equilibrium. So, the right-hand side represents the aggregate demand of all the components of Y: C, I, G, X, M. The right-hand side also represents the income (earnings) distribution side of the economy.



-‘C’ represents the aggregate demand or consumption of all the households in a country.

-‘I’ represents all the goods and services demanded for production purposes by all the investment units, ranging from the individual persons (micro), small-and-medium enterprise(the so called MSMEs) to the large and mega (multinational) producers (investors) of goods and services - buying machinery and equipment, raw materials, labour services, fuel oil, telecommunication services, electricity, water, transportation services, capital(loans/bonds and debentures, stocks, etc) and land services – all that are needed for the production of goods and services to satisfy the consumption needs of a country. So ‘I’ represents the investment sector of the economy.

-‘G’ represents aggregate government revenues from taxes and other sources as well as expenditure of all kinds (budgetary allocations and disbursements). Put simply, ‘G’ represents aggregate government revenue and expenditure.

-‘X’ represents the aggregate export of all the goods and services from Y which is the aggregate supply side of the economy.

-‘M’ represents aggregate imports of all the goods and services brought into the economy with the foreign exchange proceeds earned from X. So, the main purpose of X is for M, i.e., the main purpose of export (X) is for import (M).

-For this reason, X and M are usually treated as a net value (X-M) which explains why it is in parenthesis in the income identity model. Its value at any given time is a net +tive or a net –tive value; a zero net value may be possible, but it is doubtful if it has ever been recorded in any country. It is very important to mention that each of these values has its economic policy implications for the macroeconomic management of any country.

-In ordinary mathematics both sides of the identity are deemed to be equal (in equilibrium) and with numerical equilibrium value for each component.

This means  $Y = C+I+G+(X-M)$  can be solved by means of simultaneous equations model and techniques for an equilibrium value of Y, i.e., the equilibrium value of the entire economy. This implies that, at any time t, the economy is either in a state of equilibrium or in a state of disequilibrium, but in most cases, it is in a state of disequilibrium.

-The disequilibrium condition may be positive or negative because it is any deviation from equilibrium to the left or to the right. Disequilibrium condition in most cases is caused in (X-M). For this reason, and because of possible leakages on either side at any given time t, and also for purposes of national economic accounting, the whole system is also called a national income accounting criterion, meaning that both sides may not necessarily be equal because of certain factors of disequilibrium.

-For reason of tracking the monetary values of the services each member of C, I, and G contributes to the production of Y and so earns from the distribution of Y, it explains why the right-hand side of the identity is also regarded as the distributional side (wages, salaries, rents, interests, profits, royalties, tax revenues for government, etc.). In other words, the value of each of our services in contribution to the production of Y is what each of us receives as reward for our services in the income distribution scale of the economy (the country).



-Each employed member of 'C' working in either I or G earns salary/wages for labour services, rent for land, interest for machinery and equipment (capital) bought with loanable funds obtained from the money market (banks) and capital market (stock exchange) as well as profits (entrepreneurs), dividends and capital gain (shareholders) and taxes (government), based on the values of their respective services as individuals in their contribution to the production of Y. These constitute the earnings. Self-employed people also earn income from their contributions to the production of Y, so no one is left out.

- 'G', the government, for its regulatory, legal, governance and economic management services, earns taxes and revenue of all kinds including VAT, excise, export and import duties, corporate and personal income taxes and sundry revenues.

-For emphasis, the size of each contributor's earnings depends on many factors such as the size and quality of Y, the size and value of each contributor's contribution as well as each contributor's position in a country's income distribution scale. Very important is the fact that the size and quality of Y depend on the size (productivity) and quality of the manpower that produces it – including the knowledge level and the quality (sophistication) and the quality and size of tools at their disposal.

-For emphasis once again, knowledge, now called technological progress in new growth theories in economics, as distinct from technology or capital in the old growth theories, is treated as a critical factor of production with its own sector, called the Research and Development (R&D) sector of the economy. It is what makes the difference between those who eke out a living in poor countries and those who live in developed countries in Dr. Fasua's article and in Adam Smith's economic man's economics.

- There are **Nine** important facts about an economy Y that are worth noting:

1) All the sectors on the right-hand side are interrelated and each in turn interrelates with Y (ref the circular flow of income in macroeconomics).

2)  $C + I + G$  constitute the domestic sector of Y.

3)  $(X - M)$  is the external sector. It is called the Balance of Payments.

4) X is a part of Y and it is derived from Y. Similarly, M is also a part of Y and it is derived from Y. So, the only reason for X is to procure M. In other words, the only reason for export is to earn the foreign exchange to purchase import including other external payments.

5) When  $X > M$ , the balance of payments is in surplus, and all the other sectors of Y including Y itself are in peace and Y grows.

6) When  $X < M$ , the balance of payments is in deficit, and all the other sectors of Y are in trouble and Y itself decreases.

7) When  $X < M$  is temporary, there is no cause for alarm because it can correct itself or can be corrected with ease within a short time; and the decrease in Y can be managed and reversed with ease.



8) But when  $X < M$  is persistent (permanent), it is a cause for alarm or it is worrisome because all the other components of  $Y$  including  $Y$  itself are in serious crisis.

-The reason for the crisis in 8) is because persistent  $X < M$  condition is classified as permanent or fundamental and more difficult to manage and reversed. It is a disequilibrium condition in which the government runs helter-skelter to manage the resultant crisis because it (government) did not take preventive measures early to check the deficit. For example, measures to control excessive imports such as sufficiency in production of some domestic need, deliberate policy to build up foreign reserves as a first line of defence against unforeseen external shock (sudden fall in foreign exchange earnings) or a combination of both that results to persistent  $X < M$ .

-Let's be clear, it is the responsibility of the president of a country by the definition of political economy, and members of his team, including the legislators, to bring plenty of revenue for the state to prevent these.

- 9) When  $X = M$ , the economy is in a state of equilibrium, and all of  $Y$ ,  $C$ ,  $I$ ,  $G$ , are in their comfort zones in good health and  $Y$  grows steadily. This means however that  $Y$ ,  $X$  and  $M$  are growing at steady rates – it's however, a very rare occurrence.

-In economics however, equilibrium is technically and strictly, never achieved; the system is always striving to get there, but never gets there (Amacher and Ulbrich, 1986 cited in Akpan, 2013a). As a result,  $(X - M)$  is always either in a condition of  $X > M$  or in a condition of  $X < M$ . The former is the desire of every country, but the latter, like Professor Tibor (1971 cited in Akpan, 2011, 2013a, 2013b) would say, is a cause for worry when it is random or temporary, but worrisome, when it is persistent or permanent.

-The reasons for being worrisome are the resultant prolonged negative systemic macroeconomic consequences – depletion of foreign reserves to pay for the persistent deficits, negative growth in  $Y$ , high rate of inflation, high rate of unemployment, declining productivity, high debt-to-GDP ratio, public finance insolvency, weak banking sector and loss of investors' confidence in the economy  $Y$  etc.

- The hard fact about  $(X-M)$  is that when  $X < M$  is persistent, the immediate short term measure to get it back to  $X > M$ , is the dreaded devaluation or floating (flexible) exchange rate policy, complemented with other policy effort measures such as removal of unsustainable subsidies, increase in domestic interest rate via increase in Monetary Policy Rate (MPR) - formerly called Minimum Rediscount Rate (MRR). They are conventionally designed (with immediate short-term pains though) to resolve the crisis, subject however to some conditions of elasticity of a country's imports and exports. These are the current policy thrusts of the Tinubu federal government.

-Then why are  $X < M$  problems classified as random (temporary) and persistent (fundamental)?

## **18. WHY $X < M$ PROBLEMS ARE CLASSIFIED**

- I think there is need to throw more light within the context of international finance on why  $X < M$  is worrisome when it is persistent and technically classified as “fundamental”.



- The reason is that for the purpose of designing the right solutions to the problems by the IMF,  $X < M$  is classified into two types: temporary or random, and persistent or fundamental.

-A temporary  $X < M$  problem according to Vaish (1980 cited in Akpan, 2013a, p. 63), is caused by a temporary factor, say a locust invasion or other temporary mishaps that could result in say, a loss of harvests, or temporary loss of exports capacity during a year or two, e.g., the covid-19 lockdown, and economic recession. The country can then borrow from IMF's temporary (unconditional) facility to, for example, undertake massive importation of food, or restore its exports capacity, and as a result, the country incurs a temporary deficit ( $X < M$ ) in its balance of payments. The deficit is temporary because it can be corrected in the next one to two harvest season(s) when the locusts have been destroyed or after restoration of exports production, or the cause of loss of exports capacity has been corrected.

- In contrast, a fundamental  $X < M$  problem is one that is caused by a permanent factor which makes the deficit to be persistent over a long period of time and would not correct itself until certain drastic changes are made in the productive structure of the economy, including the macroeconomic policy environment. This happens when a country has a defective industrial sector whose output cannot pay for the foreign exchange used in its production. It can also be caused by persistent craze for foreign goods and services by citizens of a country whose government is willing to continue to borrow from foreign banks to make such imports available to them. Or a country is not able to refine its crude petroleum oil into refined products when it has 4No. public owned, but moribund and obsolete refineries and would rather depend on importing refined petroleum products to meet its energy needs instead of selling them off and then, turns round to sink scandalous subsidies in millions of foreign exchange into the import.

- For example, it was a fundamental  $X < M$  problem that triggered Nigeria's 1982 foreign exchange crisis which led to the president Shagari April, 1982 austerity (balance of payments stabilization) measures (Akpan, 2013a p. 64). They were reinforced with more stringent measures by the Buhari military regime (December, 1983 to August, 1985). The political result was the coup of August 1985 with which IBB ousted his regime.

-Also, the 1997/98 Asian financial crises that involved Korea, Thailand, Malaysia and Indonesia, were persistent balance of payments deficits-induced (Fischer, 1998 cited in Akpan, 2013a, p. 93; CBN, 1997 cited in Akpan, 2013b, pp. 213-214).

-In helping a country in both cases, i.e., when the country as a member, approaches it for a loan to close the deficit, the IMF will first carry out some diagnostic tests to determine whether the country's  $X < M$  problem is temporary or fundamental (Vaish, 1980 cited in Akpan, 2013b). For emphasis, the initial role of the IMF at creation was to provide only short-term finance facilities for temporary  $X < M$  problems.

-The fundamental question is: Why is the classification into temporary and fundamental  $X < M$  problems necessary in the Bretton Woods loan support for its macroeconomic policy adjustment programmes? Sodersten (1980, p. 442 cited in Akpan, 2013a p. 65) gives two reasons.



-First, for a temporary  $X < M$  problem, the IMF has an immediate solution. It will arrange a loan facility for the country in any international currency that the country desires in order to resolve its temporary  $X < M$  problem without any stringent condition. Every member has this non-stringent borrowing right to help it meet this need because the disequilibrium is random, i.e., it occurs at unspecified intervals as it is unpredictable.

-Second, for a fundamental (persistent)  $X < M$  problem, the fund has no immediate loan facility to finance the continuous and non-sustainable consumption of imports or, non-competitive industrial exports for such a country.

-Rather, it will ask the country to devalue its currency to rid itself of first, the non-sustainable imports, and second, remove the cause of the persistent deficit in its balance of payments – cause(s) of the defective productive structure for instance.

-This was part of why the WTO, from Senator Adams Oshomole's 2024 economics, asked Nigeria to close its textile factories. One wonders whether as the President of the Textile Workers' Union in Nigeria, Mr. Oshomole ever bothered to look at the factories' books of accounts. Informed negotiation for pay raise is rooted in the balance sheet and the profit & loss accounts performance of a business.

-So, the economic argument behind devaluation is that it dears the values of the convertible currencies (e.g. the dollar and pound sterling) against the currency of the devaluing country, thereby, making imports to be more expensive for it in terms of its domestic currency while cheapening its exports (in terms of the convertible currencies) for its trading partners to import more.

-Devaluation also discourages the consumption of foreign goods, especially non-essentials in the devaluing country and helps to correct the maladjustments (deficits) in the trade and current accounts of its balance of payments.

-But, for a country that has very low and persistently very low export base, such as Nigeria, the policy can only serve and indeed has served effectively, as a demand management strategy, i.e., to curtail excessive consumption of foreign goods including raw materials (the reason behind the local contents component of a typical structural adjustment/reforms policy package) in the short-run while the country restructures its productive base for export competitiveness. However, the shortness of the short-run depends on how early the country diversifies its productive base into a more diversified and competitive export manufacturing, agriculture value-added and services, etc.

- For countries with strong export base, e.g. India, China, Korea, Indonesia and Thailand, devaluation will dear imports, cheapen exports in terms of the convertible currencies, and encourage citizens of other countries to import more of their products. This gives rise to increased foreign exchange earnings (inflow) for the devaluing country, and with the combined effects of consumption of less foreign goods in the devaluing country, corrects the deficit in its balance of payments.

- There's however a huge cost: domestic increase in the general price level, but is usually less than proportionate to the increase in exchange rate from the devaluation.

- Strong export bases assisted in the quick recovery in Korea, Indonesia, Malaysia and Thailand after the 1997/98 East Asian crises.



- That was after they forcefully implemented IMF's stringent economic adjustment policy programmes which were supported by a \$17.2 billion "loan assistance and reform package" (Fischer, 1998 cited in Akpan, 2013b, p. 214).

- There's however, a caveat to the macroeconomic principle behind this: the effectiveness and speed of adjustment, are a function of the elasticity of demand for the exports of the devaluing country in other countries (the trading partners) and the elasticity of demand of imports in the devaluing country (Akpan, 2013a p. 66). These were in favour of the South East Asian countries.

## **19. IMPORTANCE OF (X-M) IN MACROECONOMIC POLICY**

- (X - M) is critical in macroeconomic policy management of a country because it is the link between a country's domestic economy and the rest of the world – the global economy. The relationships between them are similar to the relationships between domestic firms operating in an oligopoly market. This is the dominant real-life market in the modern world.

- The market is also called a monopolistic competitive market or the imperfect competitive market in the price theory (microeconomics). This is because it lies between the perfect competitive market and the monopoly market of the homo economicus.

- The relationship between the producers in this market is that of interdependence, but still they are afraid of each other's pricing and output decisions. The reason is that they operate under a non-zero-sum model of the game theory.

- In that market model, what one firm gains is what other firms lose and vice versa. So, when a firm takes a decision to adjust its price and output levels to make a gain, the other firms will respond by adjusting their prices and output levels because they do not want to lose their customers (market shares). Technically, the motive is to 'satisfice' (not maximize) their desired profit levels because of real life uncertainties of the modern world as against assumption of certainties of information and other market fundamentals of the competitive market at all times (Koutsoyiannis, 1979, 2003, p. 258) as at the time the homo economicus was created.

- Consequently, each firm's output and pricing policy decision in this monopolistic competitive market of the modern world takes into consideration the potential reaction of competitors in the market because other firms will react to retain their market shares. One most common example is the rivalry between the Nigerian Bottling Company Ltd, producers of the Coca Cola and the Seven-Up Bottling Company Ltd, producers of the Pepsi Cola brands of soft drink in Nigeria.

- The second example is the rivalry between member countries of the Organization of Petroleum Exporting Countries (OPEC), and the rivalry between OPEC members as a group (cartel) and non-OPEC producers of oil as a group (non-cartel), in the international oil export market.

- These make the international oil market and global oil prices very unstable hence the urgent need for exports diversification from oil by oil export-dependent countries.



- A third example is the rivalry between the United States and China in electric automobile production and export and indeed in export trade generally.

- So, for  $(X - M)$  in the non-zero-sum model market of international trade, when  $X < M$  in one country, it is  $X > M$ , i.e., a surplus in at least one or two countries of its trading partners. Similarly, when  $X > M$  in one country, one or two of its trading partner countries will experience  $X < M$ , i.e., a deficit.

- In the 2008/2009 Global Meltdown, I had estimated in my work on Keynes (Akpan, 2013b) that with all the Keynes remedial packages implemented by countries across the globe during that period, the meltdown would begin to recede before the end of 2009Q4.

- Let me remind us that these remedial packages were based on the economic man's short-run outlook of his profit maximization which Keynes adopted and recommended in his analysis of the cause and solution of the 1930s Great Depression in his *General Theory*.

- The global fear however was whether the huge trade surplus ( $X > M$ ) countries would work to reduce their surpluses? Wolf (2008 cited in Akpan, 2013b, p. 225), reported that the surplus countries' foreign reserves savings (trade surpluses) over investment was estimated by IMF's 2008 forecast at over \$2,000 billion (i.e., \$2 trillion). Foremost among them in order of magnitude were China (\$399bn; 9.5% of its GDP), Germany (\$279bn; 7.3% of its GDP), Japan (\$194bn; 4.0% of its GDP), and the oil exporting countries as a group, including Nigeria (\$813bn).

- The corresponding deficit countries (though figures were not available for each country) in the non-zero-sum model, were five in number. They were in order of magnitude: The United States, Spain, the United Kingdom, Italy and Australia. Amongst them, the United States was identified as the biggest borrower (from the surplus countries) and the five deficit countries were expected to run almost 70% of the world's total balance of payments deficit during the period.

- By the rule of the non-zero-sum model of the oligopoly market, the United States reacted. For example, for years, the US has been experiencing  $X < M$  with China. Reversing the trend was one of Barack Obama's strong campaign points in the race to the White House in 2008. Trump is always on the same page. It is important to underscore the point that it was this problem of creation of large balance of payments deficits ( $X < M$ ) in other countries by huge balance of payments surpluses ( $X > M$ ) countries during the Gold Standard international monetary system that marred the success of that system.

- For example, France and the United States with surplus balances were not willing to lend part of their surpluses to, or import from countries with large external accounts deficits ( $X < M$ ) to solve their balance of payments deficit problems. Keynes felt this had largely contributed to the two World Wars. Their trade policy of creating large surpluses and not lending, importing or investing in other countries violated the rules of that international finance system under which countries traded and made international payments.

-The international trade and payments rule was that surplus countries should import from deficit countries, lend to them or invest in their economies to remove their



deficits. It was in his effort to resolve this problem after the failure of the Gold Standard System that Keynes initiated the 1944 International Finance Conference that held at Bretton Woods, New Hampshire in the United States.

-It was at that conference that his proposal for a new international finance and payments system, which represented the British position and the American Dexter White's proposal, which represented the United States' position, were fused together to create the International Monetary Fund (IMF) and The International Bank for Reconstruction and Development (IBRD) – The World Bank.

-The objectives were:

- 1) to resolve respectively, the twin problems of a new post War international trade and payments system different from the old Gold Standard System.
- 2) the reconstruction of the war damaged countries of Europe.
- 3) Keynes had also foreseen before end of World War II the immediate need to develop the poor third world countries of Asia and Africa.
- 4) the need to 'punish' surplus countries for their surplus accumulation.

-Regarding the last objective, Keynes had, in his proposal for a new international finance order at Bretton Woods, argued forcefully, but unsuccessfully, that balance of payments surplus ( $X > M$ ) countries should pay interest on their surplus reserves as deficit ( $X < M$ ) countries pay interest on reserves borrowed to resolve their trade deficit problems. The idea was to discourage reserves accumulation by countries for its sake. Keynes had described this practice "the capitalists baking cake in order not to eat", thereby creating deficits in other countries.

- This was a typical example of the economic man's self-centredness which could be justified though, as savings against the rainy day, but most importantly, as a mechanism to achieve balance of payments and exchange rates stability.

- But because it is practically impossible to achieve the  $X = M$  condition in balance of payments, macroeconomic management policy measures are generally designed to achieve conditions of  $(X-M)$ 's viability; a manageable margin that oscillates between  $X > M$  and  $X < M$  for purposes of stable exchange rates and stable world trade, especially under a flexible exchange rate regime, notwithstanding that both are conditions of disequilibrium in international trade and finance circles.

-This was the target in the IBB 1986 budget speech, which introduced the SAP when he made mention of achieving balance of payments viability. Thus, the combination of all these stands out  $(X-M)$  as an important policy account because its crises are the crises of the entire economy  $Y$  and the stability is the stability of the entire economy  $Y$  (Akpau, 2013b, pp. 61-62).

## **20. THE FLOATING EXCHANGE RATE AT A GLANCE**

-Let me isolate the floating exchange rate system of the economic man's perfect competitive FOREX Market for a brief discussion of its policy implication because of its adoption in Nigeria in July, 2023 and the controversies it has generated, along with other complementary policies of the package. It has been long overdue.



-The IMF was established to, among others:

- 1) Promote exchange rate stability among member countries.
- 2) Make the general resources (foreign exchange) of the fund temporarily available to needy members under adequate safeguards. “adequate safeguards” means application of the principles of lending – the 5Cs and the CAMPARI to secure the safety of the loan.
- 3) Help ailing member countries to correct maladjustments (deficits) in their balance of payments.
- 4) Shorten the duration and lessen the degree of disequilibrium (deficit) in the international balance of payments of members.
- 5) Thereby, facilitate the expansion and balanced growth of international trade, contribute to maintenance of high levels of employment, and contribute to high level of real income in member countries under the ‘adequate safeguards’ principle.

-Floating or flexible exchange rate is one of the painful therapies for a fundamental balance of payments disequilibrium and “adequate safeguards”.

-The floating exchange rate system in practice can achieve all the objectives the IMF was created to achieve, except that it cannot guarantee a stable exchange rate between the floating country and other countries. The reason is the regularity of fluctuation in the values (prices) of currencies inherent in the system, i.e., the FOREX Market. This, by implication means that no country can achieve a state of equilibrium (a no deficit and a no surplus condition) in its overall (X-M) account (Amacher and Ulbrich, 1986 cited in Akpan, 2013a p. 75).

-A typical (X-M) account has 4 main components – current account (goods and services), capital account, overall balance and foreign reserves. A country’s Balance of Payments is more or less like a corporate Balance Sheet (BS) with a capital (reserves) account section.

- Although one advantage of the floating exchange rate in literature is that it does not require countries to maintain huge reserves stock to regulate the exchange rate as in the case of devaluation, it is adopted when early correctives measures were not taken to stabilize an economy.

-For example, Fischer (1998 cited in Akpan, 2013a, p. 92), in explaining the real cause(s) of the 1997/1998 East Asian economic crises which involved Thailand, Korea, Indonesia and Malaysia wrote:

*“...Why are IMF-sponsored programmes so often unpopular? The main reason is that the IMF is typically called in only in a crisis, which is often a result of the governments having been unwilling to take action earlier. If the medicine needed to cure its economic illness had been sweet, the country would have taken it long ago. Rather, the medicine would usually be unpleasant, in essence requiring the country either to live within its means or undertake changes with short term political costs. The government probably knows what has to be done, but rather than take responsibility, finds it convenient to blame the IMF when it has to act.*



*Similarly, when structural changes have to be made, the losses are often immediate and the gains some way off. Despite all this, there are countries where the IMF's support is welcome, among them, the transition economies that have seen hyperinflation defeated and growth begin, during IMF-sponsored programmes.... Before the Asian crises broke, the IMF had warned Thailand of potential problems, but the government took no action. The IMF's staff also warned governments about potential financial sector weaknesses in several of the countries that were subsequently, badly hit in the crises. Indonesia, Korea and Thailand faced similar problems. They all suffered a loss of foreign investors' confidence in their economies and a deep depreciation of their currencies...But their situations also differed. Thailand was running an exceptionally large current account (balance of payments) deficit, amounting to 8% of its GDP, Korea's was worsening; and Indonesia's was already at a more manageable level. Also, the three countries called in the IMF at different stages of their crises, with Korea getting the closest to catastrophe, before it forcefully implemented its IMF-supported programme....."*

Three lessons for citizens of countries that have gone for the IMF assistance are obvious here:

- 1) Their economic managers have often used the IMF and World Bank as scapegoats, just to explain away their failures to heed to the institutions' earlier warnings on the poor performance of their domestic economies when signs of mismanagement became slowly, but surely evident in their countries' macroeconomic performance indices.
- 2) The IMF is called in to be used as alibi at such a time when their economies got very close to the precipice and are ready to take a plunge down the deep blue sea with their citizens.
- 3) Persistent  $X < M$  was a major macroeconomic crisis of the four East Asian countries which required flexible exchange rate as part of the package for proper macroeconomic policy adjustment.

-However, the good news had been that by 2007, ten years after the crises, the three countries' economies had rebounded, courtesy the Bank-fund bitter pills they all took – more flexible exchange rate regimes, building of impressive war chest of official reserves, inflation targeting, structural reforms measures that dealt with the immediate strains in the financial system and fiscal policies that took on a longer term perspective to safeguard debt sustainability(Burton and Zanelo, 2007 cited in Akpan, 2013b, p. 220).



- The policy implications of a floating exchange rate system in literature (e.g Amacher and Ulbrich, 1986) are that:

1) In practice since its adoption in 1973, no country has allowed the full operation of the system in its foreign exchange market. Governments have continued to intervene in the market by buying and selling their own currencies and other countries' currencies, to limit fluctuations in the exchange rates. The system is therefore called a "Dirty Float" or a "Managed Float System."

2) Global balance of payments deficits ( $X < M$ ) and surpluses ( $X > M$ ) of countries have been smaller since its adoption in 1973 than they had been under IMF's fixed exchange rate system.

3) Although countries have not experienced any true market determined values of their currencies, the floating exchange rate system since its adoption, has brought them closer to the market system than the classical gold standard and the Keynes (IMF) pegged rate systems have done.

4) There is less than proportionate increase in the general price level and less than full increase in equilibrium demand for foreign exchange (imports) to equilibrium increase in supply of foreign exchange in a floating exchange rate system. For example a 20% hypothetical increase in the N/\$ exchange rate resulted to a 12.5% rise in the general price level and a 62.5% rise in the equilibrium level of supply and demand for foreign exchange.

5) Under the floating rate system, government has no absolute control over price of foreign exchange. Policy is focused on the demand for foreign exchange to curtail imports.

6) 1)-5) are all derived from a theoretical model which states that the domestic price level ( $p$ ) is determined by the exchange rate ( $r$ ) and the rate of unemployment ( $u$ ).

On the basis of the theory, Sodersten (1980\_ cited in Akpan 2013a, p.77) set up the following functional relationships:

$$P = f(r, u), \text{ i.e., } P \text{ is a function of } r, \text{ and } u,$$

from which I created two macroeconomic management scenarios:

(i)  $dp/dr > 0$  which means that there is a positive relationship between the exchange rate  $r$  and the price level  $p$  such that a unit increase in the exchange rate  $r$  will increase the price level  $p$ .

(ii)  $dp/du < 0$  which means that there is a negative or inverse relation between the price level  $p$  and unemployment level  $u$  such that a unit increase in the domestic price level  $p$ , reduces unemployment  $u$  and a unit decrease in the domestic price level  $p$ , increases unemployment  $u$ .

- The hypothetical result in 4 was derived from a hypothetical increase in exchange rate based on (i). See Akpan (2013a, p.78).



-The challenge in import curtailment however, is that of appropriate policy instruments that government could use to create and sustain the desired level of disequilibrium (i.e.,  $Se > De$ ) in the foreign exchange market. In other words, what policy instruments can government use to make the potential supply of foreign goods and services greater than the demand? The answer is not an easy one because there is always a cost in every policy choice. However, government is faced with these five choices and their consequences:

- i. physical ban on the importation of some goods and services;
- ii. high import tariffs, i.e., building a very high tariff wall against final goods and services;
- iii. downward review of salaries and wages which can also be achieved with high income tax rate;
- iv. domestic production of equally high quality, but cheaper goods and services than the imported counterparts, using domestic raw materials and;
- v. a build-up of foreign reserves as a deliberate policy (late Gen. Abacha was the first to do it for Nigeria).

## 21. THE BRITISH FACTORY SYSTEM AND THE ECONOMIC MAN

-The puzzle to resolve in this section is: Various works have confirmed that the economic man was and is still a model constructed by the classical Adam Smith. But the question is, as a model and by the definition of a model, what or whose complex reality did the economic man simplify?

-In chapter nine of my book on Keynes, I had tried to find out the economic and social milieus of his time which so much influenced his mind and his thinking habit to have produced the kind of thoughts he formed around issues. In other words, what kind of environment was Keynes born into, holding constant the facts that he was born into a highly educated family; the father was an Economist and a registrar at Cambridge and Keynes himself was taught by Marshall, one of the founding fathers in economics to whom he wrote an Obituary.

-He was also surrounded by many other great economic, political and philosophical thinkers of that epoch in history, including his contemporaries in the diverse fields. When his last work, *The General Theory of Employment, Interest and Money* was still a work in progress, he was said to have written a letter to his friend Bernard Shaw to inform him that he was writing a revolutionary book. He had also discussed the work with his students, and they had booked for copies in advance at a discount.

-My inquiry led me to a little excursion into the history of the rise of the factory system and the Industrial Revolution in Britain and so many astonishing facts that are relevant to this lecture were revealed.

-Keynes was born at a time in the 19<sup>th</sup> century when the Industrial Revolution in Britain, his country, was at its peak. Sprawling factories were already relocated to towns, from cottages and homes at villages. The relocation had attracted artisans and



other skill workers away from farms in rural Britain to factory works and mines in the towns.

-The industrial revolution was also purely of private entrepreneurship in agriculture, mining, manufacturing, rail, roads and canals construction, etc (Meir and Baldwin 1957 cited in Akpan, 2013b, p. 105)

-For example, after the invention of the steam engine in Europe, there was more technological progress in transportation entrepreneurship than had been the case when horses and human labour provided the only two sources of power to drive factory and farm machinery and tools. Improvements were made in roads, canals and railroads, which translated into a form of movement.

- The road-making movement, for example, became very active in the middle of the 18<sup>th</sup> century and hundreds of private turnpike trusts (tolled private road managers) had appeared. The system of turnpike roads had spread over the whole of Britain and in the last half of the 20<sup>th</sup> century, two road engineers, Telford and John Macadam had already done much to revolutionize travel (Meirer and Baldwin 1957 cited in Akpan, 2013b, p. 106).

-While Telford laid stress on solid foundation, Macadam introduced the durable surface of broken stone or flint (tarred roads were then known as macadamized roads). These improved substantially, the carrying capacity of the highways.

-The turnpike roads alone were inadequate for the growing traffic in England and consequently, after 1760, there began the era of canal building, which lasted until around 1830 (Meier and Baldwin 1957, p. 55 cited in Akpan, 2013b *p.* 106). This was the year the Say's Law of Markets was published – a reminder that the economic man was created for the development of markets.

-Also, by 1830, almost 2000 miles of canals and over 1300 miles of improved rivers were made to form a network of interconnecting waterways throughout Britain. While Meier and Baldwin noted that private individuals were responsible for the operation of the canals, they also reported that canal construction reached its peak during the period of low interest rate in early 1790s.

-Canal building also had declined in the 1830s because iron railroads and steam locomotives had revealed the vast potentials of steam transport and by the 18<sup>th</sup> century, rail had been used in coal mines and iron works to facilitate the movement of the wagons. The rails were however imperfect until Birkinshaw patented in 1820, a method of making improved rails by rolling wrought iron.

-Then in 1829, Stephenson's Rocket (a more advanced steam locomotive) dramatically demonstrated the superiority of steam locomotive over horse traction in railway works and from then on, railway development undertaken by private individuals without state aid, began on a large scale.

-In the 1840s, a number of amalgamations transformed many disconnected rail lines into a relatively small number of main lines that formed the framework of the English railway system as it existed as lately as 1957, i.e., 68 years ago in 2025. By the mid-18<sup>th</sup> century, approximately 7000 miles of railway were open in England, and the railways were carrying more passengers and goods than were the roads and canals. ---



-Also, with the discovery and use of steam power, the number of mules (cotton spinning machine) used in the textile industry in England grew from 14000 in 1770 to 100,000 in 1820 (Meier and Baldwin 1957 cited in Akpan, 2013b ibid).

-As regards the link between industrial inventions, entrepreneurship and economic development in England, it was argued that if industrial inventions had not been adopted commercially, they would have had no economic significance. It was argued further that it was not the discovery of the new technology that mattered for development, but the facts that the invention itself was only a scientific fact while the innovation was the economic fact.

-Consequently, entrepreneurs were to a large extent motivated to innovate, if by so doing, it would increase their profits (increase in profits was the motivator). An innovation was therefore, either cost-reducing or demand-creating. It lowered the unit cost of producing an article of the same quality as before, or enabled an article of superior quality to be produced at the same cost, and better still, allowed the production of a new commodity that could replace the old product (Meier and Baldwin 1957 cited in Akpan, 2013b p. 107).

### **21.1 The System's Economic and Technical Efficiency**

-The British Industrial revolution brought so many other changes into economics. Supply and demand conditions had altered in such a way that the old ways of doing things were no longer the best ways; changes were necessary. For example, for the purpose of achieving economic and technical efficiency in production, the need to reduce cost, or the need to expand output, or the need to alter the pattern of demand, had driven the entrepreneur into looking for new technical devices, or some new methods, or re-organising production to meet the requirements of the new situation.

-As a result, changes in factor prices, widening of markets, and growing demand called forth inventions that could be utilized to save the use of a factor that had been relatively expensive, or expand output to meet a greater demand. Innovations were actually prompted because cost difficulties were encountered in some fields and opportunities for profit making were possible in others (Akpan, 2013b p. 107).

-The peak years of innovation, according to Meier and Baldwin, corresponded with peak (boom) years of the business cycle. Also, the fact that so many patents were taken out in the years of prosperity, and few in the years of depression, suggested that it was the hope of profits rather than of avoiding losses that propelled the impulse to innovation.

-Accordingly, I will at this juncture suggest and add that the idea of achieving technical and economic efficiency in production was for rationality and optimization in resource allocation with the primary objective of profits maximization which might even be subconscious.

-For cost to be reducing (as output was increasing) in an innovation meant a machines production technique (combination of labour and machine hours used) was technically and economically efficient.



-Production machines are designed for adjustability to different input combinations (techniques of production and the level (%) of installed capacity utilized) in the neoclassical theory as against the classical fixed ratio.

-For example, for the purpose of this lecture, there is a 1,000,000-unit seasoning cube/24-hr working day production plant. This means output quantity at any level of capacity utilization is pre-determined. We assume again, for the purpose of this lecture, 80% capacity utilization for the production of 800,000 units of seasoning cubes/24-hr day.

-Our second assumption is that there are three different inputs (labour/machine hours) combinations (techniques) with equal technical efficiency, but unequal economic (cost) efficiency levels.

-Our third assumption is that the Industrial Revolution era innovator wanted to maximize profits by using the technique of production that is technically and economically efficient.

-Let the three techniques of producing the 800,000 units of seasoning cubes be as follows:

- (i) 12 man-day + 6 machine hours day = 800,000 cubes
- (ii) 18 man-day + 3 machine hours day = 800,000 cubes
- (iii) 21 man-day + 1 machine hour day = 800,000 cubes

These three different techniques have equal technical efficiency.

-In order to choose the least cost technique amongst the three equally technically efficient techniques, the innovator subjected the three techniques to cost analysis.

-Our fourth and fifth assumptions are: 1 man-day costs ₦5000 and 1 machine-hour costs ₦10000. The results are as follows:

- (i)  $12 \times 5000 + 6 \times 10000 = \text{₦}120,000.00$
- (ii)  $18 \times 5000 + 3 \times 10000 = \text{₦}105,000.00$
- (iii)  $21 \times 5000 + 1 \times 10000 = \text{₦}115,000.00$

-From these results of the innovator's cost analysis, technique (ii) is the least cost technique. This means technique (ii) is the technically and economically efficient technique to produce the 800,000 units of seasoning cubes for the innovator. It is also the profits maximization technique of production for him (the homo economicus).

-For emphasis, in terms of the cost of doing business, the history of the British industrialization and its industrial revolution duly emphasized the fact that the use of innovation was attractive to the entrepreneur because it allowed cost to fall through increase in labour productivity in terms of the units and quality of production.

-Alternatively, same units of output were produced with the use of smaller amount of resources, thereby setting free the resources that could be used to increase the supply of the commodity in the production of which the innovation occurred, or to increase the supply of other commodities.



-Consequently, an innovation was either capital-saving, which increased the number of labour employed per unit of capital or labour-saving, which increased the number of capital employed per unit of labour.

-Labour was usually relatively expensive, and so, there was a tendency among entrepreneurs to adopt a relatively capital-intensive (labour saving) production technique, especially during the depression phase of the business cycle.

-But, in the long-run under normal economic conditions capital-saving (labour-intensive) techniques were used, as labour became relatively cheap. These generally increased the real income of the entrepreneurs as well as those of the consumers, gave rise to internal and external economies of production, and to the mass production of standardized commodities (Kaldor, 1932 cited in Meier and Baldwin 1957, p. 170 cited in Akpan, 2013b p. 110).

-Aside the hope of profits, which was a major stimulant to innovation, Meier and Baldwin also identified four other factors which stimulated innovation in the British Industrial Revolution:

- 1) Technical knowledge which could be utilized.
- 2) A class of entrepreneurs who recognized business opportunities and responded to them.
- 3) Ability to respond on the part of the entrepreneurs by having adequate finance for the introduction of new techniques.
- 4) The 'enterprising spirit' of the entrepreneur which, Sombart (1929 cited in Meier and Baldwin, 1957 p. 187) interpreted it as a mental attitude dominated by the principles of acquisition (acquisitiveness of the economic man), competition, and economic rationality (the source of the economic man's rational attribute).

-In the circumstance Meier and Baldwin had asked two salient questions:

- 1) Why are some individuals motivated by risk-taking and money-making?
- 2) Why was there an increase in the business-like type of personality in the 19<sup>th</sup> century England?

-Max Webber (1950 cited in Meier and Baldwin, 1957 p. 167) gave three reasons:

- 1) The origin of the business-like type of personality was found in the rise of Protestantism.
- 2) On this Webber explained that the religious outlook of Protestantism, especially, Calvinism (ref: History of the Church in secondary 2 history of my days (1973/74) and Professor Kenneth Okpara's 2024 Public Lecture in Bingham University), was more favourable to the progress of capitalism than some other great creeds, and that the advance of capitalism in England during the 17<sup>th</sup> century, was related to Puritanism, i.e., strong moral rectitude.
- 3) The glorification of God by good works was a protestant ethic, which made the pursuit of wealth on earth to be more than economic self-interest, but a duty, consistent with man's "calling to the services of God."



-On the strength of these biases, productive enterprise, mastery of nature and frugality (spending as much as necessary) were regarded as high moral virtues. To the Calvinists therefore, business was an ally of religion, because the calling was not a condition in which the individual was born, but an exacting enterprise chosen by him and to be pursued with a sense of religious responsibility and piety.

-Webber explained further that the Calvinist's doctrine of predestination led psychologically to a religious sanctification of diligent business activity, inasmuch as it was their works, and the methodical organization of their life that the elect could be distinguished from the damned (Meier and Baldwin, 1957 p. 168 cited in Akpan, 2013b p. 108).

-Other writers also cited in Meier and Baldwin (1957) expressed different views. They rather emphasized the close affinity between the capitalists and religious non-conformity. These were Sombart (1915), Aston (1924) and Bebb (1935) who identified such groups as the Dissenters, the Scots and the Jews, who played significant part in the British industrialization.

-A notable example was the Quaker (a religious group strongly opposed to violence and war) industrialization which dominated the iron making industry from 1700 to 1825. David Ricardo, one of the great founders of our economics science during the Industrial Revolution married a Quaker (Amacher and Ulbrich, 1986, cited in Akpan, 2013p, p. 108).

- While alternative explanations for the growth of entrepreneurship in literature during the industrial revolution could be advisable, the essential fact however, was that entrepreneurs frequently came from a minority group in which the spirit of dissent was strong. Charles Wilson for example, identified this group as those who formed a sociological and psychological type with certain common characteristics:

- 1) They appreciated the possibilities of an innovation.
- 2) Were determined to overcome the resistances that stood in the way of doing new things.
- 3) Valued business as a means and sign of achievement.
- 4) Their motives were: (a) Increase in profits or efficiency. (b) Accession or shift in personal power. (c) The growth or survival of the business as a unit (Charles Wilson, 1955 cited in Meier and Baldwin, 1957 p. 168; footnotes p. 168 cited in Akpan, 2013b p. 109).

-One great distinguishing characteristic of the industrial revolutionists was their reputation as organizers: a person functioned as a capitalist (entrepreneur), others as financier, manager, merchant, and salesman, which formed a new pattern of a complete business. Indeed, an important fact about the success of the British industrial revolution as literature have shown was the 'ability' which was facilitated by the increase in the supply of finance. As a matter of fact, it was said that while science was regarded as the mother of invention, finance was the father (Marshall, 1925 cited in Meier and Baldwin 1957 p. 169 cited in Akpan, 2013b p. 109). But, more generally, all these individuals had the common characteristic of a sense of market opportunity combined with the capacity needed to exploit it.



-Therefore, entrepreneurial activity, as explained by Meier and Baldwin consisted of breaking through existing economic patterns and creating something entirely new by overcoming obstacles, to bring economic change, which was possible because of individuals' innovative competitiveness.

-And that with time and advancements in technology development, individual capitalism and individual technological progress, gave way to team work which has remained to this 21<sup>st</sup> century, the driving force of the modern market economy of the economic man. Meier and Baldwin (1957, p. 193 cited in Akpan, 2013b p. 112) put it succinctly thus:

*Technological progress is now the business of teams of specialist, operating within large productive units: the marketing and the administering of new activities is a well-established automated process. Consumers are thoroughly conditioned to new commodities and accept them as a matter of course. Innovation thus degenerates into a depersonalized routine activity, carried on in big businesses through a bureaucracy of highly trained managers. Entrepreneurs in a sense of unique individual leaders, find their economic function usurped.*

-For the purpose of development of markets for which the economic man was created, in 1851, just 32 years Before Keynes was born was the Great London International Trade Exhibition referred to as the Great Exhibition. Meier and Baldwin (1957, p. 172 cited in Akpan, 2013b p. 111) described that exhibition as a festival of industry for which Sir Joseph Paxton built an architectural masterpiece called the Crystal Palace. The palace was later described by Ray (1932, cited in Meier and Baldwin, 1957) as "one of the first great examples of standardized production." And that its huge canopy of glass covered twenty-two (22) acres of land. Under the shelter provided by the huge canopy were exhibited all the evidences of the industrial progress that Britain had already made, and which showed a measure of Britain's achievement as the Workshop of the World.

-Amongst the items exhibited were the largest sheet of plate glass ever made, a miscellany of mineral ores and foodstuffs, machinery headed by locomotives and other railway equipment, manufacturing and tools, models of bridges and lighthouses, ships and life-belts, sporting arms, agricultural equipment, and scientific instruments such as the Ross Telescope. Others were photographic apparatus, flight-balloons, textiles, leather boots and shoes, grates, gas cookers, cast-iron railings, the locks and safes of Chubbs and Milner, the four-cylindered marine engines and the great hydraulic press from the British Bridge (ibid, p. 176 cited in Akpan, 2013b p. 111).

-Ray (1932 cited in Meier and Baldwin, 1957, p. 177) described Britain and its exhibition at the fair as "an insular megalomania, for anyone to suppose that Britain, an island, without a preferential tariff, could focus its possessions without losing their allegiance." Ray's further explanation of this however was that Britain believed, it had things to offer to her colonies and possessions overseas, as to the rest of the world, and whether the world wanted them or not, they were destined to enter into its consumption. That this accounted for why Britain, bestrode with nonchalance, the free trade (international market theory) horse, as she was herself, the supply side of the industrial revolution.



-The point one has tried to make is that Keynes was born into an individual capitalist and enterprising industrial Britain when individually organized finance had already provided the catalyst for realization of individual entrepreneurial abilities, at a time when classical economics had already taken root, when knowledge in different fields was already organized and it was no wonder that in his adulthood, he became an entrepreneur in belief and in deeds and by definition, a capitalist even in his intellectual activism. And of course, he was trained in the classical tradition.

-These were in summary, the economic, political, and the social milieus before Keynes and during his time which I think greatly influenced his thinking – an economist is also a historian, by his definition of an economist.

-Innovations were propelled first by individual person capitalists, then later as teams, organized to work for some common purposes, including profits. *Keynes' last work, The General Theory of Employment, Interest and Money* is a reflection of most of these milieus, especially, his theory of the business cycle; prosperity, recession and depression periods of business.

-In that theory, his analysis of the business community and the businessman's 'animal spirit' in his investment decisions are clear unadulterated applications of the production activities of innovators and entrepreneurs of the British Industrial Revolution.

-The economic beauty of his business cycle theory in this 21<sup>st</sup> century is that Keynes combined the discounted cash flow techniques of project appraisal and the phases of the business cycle to make his point on the failure of monetary policy in conditions of recession and depression.

-He started with the prosperity phase where the businessman's uncontrollable psychology for maximum %age profits or the yield, which he called the Marginal Efficiency of Capital (MEC) pushed him to over-value his stock prices and his investment in new plants until they crashed after the peak of prosperity, as the economy descended into recession.

-Before the peak of prosperity MEC in his theory is greater than  $r$  ( $MEC > r$ ).  $r$  is the lender's interest rate. At the peak of prosperity, MEC and  $r$  are equal ( $MEC = r$ ). During recession, MEC is less than  $r$  ( $MEC < r$ ).

-In Depression, MEC is so low that entrepreneurs are not willing to borrow from banks and the banks are not willing to lend to them.

-At this point Keynes used the imagery of Duck to represent MEC and the imagery of Dog to represent the bank interest rate. So, in Depression the Duck (MEC) took a deep dive down the bottom of the lake and held itself fast to all the tangles and rubbish down there.

-It was only a clever Dog ( $r$ ) that could dive down and bring MEC up to the surface again. But he said in the theory that the Dog was not clever, signalling the failure of monetary policy tools,  $r$  and M2 (money supply) to get the economy out of the Depression.



-So, Keynes recommended fiscal policy (government expenditure) to create jobs and boost aggregate demand as a short run policy to end the Depression. Then, what lessons can we draw from all this in relation to the economic man?

## **21.2 Lessons on the Homo Economicus**

The 1<sup>st</sup> lesson is that the homo economicus has the attributes of the British Industrial Revolution innovator and entrepreneur.

The 2<sup>nd</sup> lesson is that his efficiency is in terms of resource allocation.

The 3<sup>rd</sup> lesson is that the Protestant Church, especially the Calvinist denomination, played a big role in the British innovation, industrial revolution, entrepreneurship and wealth creation.

The 4<sup>th</sup> lesson is that wealth creation was done with piety as a calling from God.

The 5<sup>th</sup> and most important lesson in the entire history, especially for the social sciences is the fact that capitalism as created, defined, practiced and advocated by the founding fathers whether in its commercial or industrial form, started with individual persons and was not designed for exploitation.

The 6<sup>th</sup> is that there was “the animal spirit” in the British Industrial Revolutionists which Keynes later made reference to in his “man’s desire to do something positive” in his investment theory and his “man’s uncontrollable spirit” about future expectations, in his business cycle theory (see Akpan, 2013b, 2017).

The 7<sup>th</sup> lesson is that the different schools of thought in economics built their theories from observations of man’s organized production activities in the different historical epochs – observations of economic phenomena over a period of time, followed by descriptions (theorizing) about their behaviours.

The 8<sup>th</sup> lesson is that, the model of the economic man was a theoretical construct built from observed activities of innovators and entrepreneurs of the British Industrial Revolution and as said in literature, he was constructed for the purpose of the development of markets (demand side) for the supply side of the industrial revolution.

The 9<sup>th</sup> lesson is that economists of that epoch worked to realize that purpose, as Jean Baptise Say (1767-1832), who studied Political Economy and brought the first idea of entrepreneurship, propounded the Say’s Law of Markets for the domestic trade. The Law says that supply creates its own demand. For international trade, Adam Smith (1723-1790), in addition to creating the economic man, came up with his international trade theory of absolute cost advantage which says that countries benefit from international trade by specializing and exporting goods they can produce more efficiently (least cost) than other countries, using fewer resources. On his part, David Ricardo (1772-1823), an Economist and a British Member of Parliament, propounded his international trade theory of comparative cost advantage. The theory says that countries benefit from specializing in and trading on goods they have the lowest opportunity cost, even if they are not the most efficient producers of that good. So, with these evidences, it is clear that the model of the economic man and his economics did not fall from the blues. He was a simplified complex of the innovators, entrepreneurs and wealth creators of the British Industrial Revolution.



The 10<sup>th</sup> lesson is that although technological progress is now the business of teams of specialists, innovation has degenerated into a depersonalized routine activity, and the entrepreneurs in a sense of unique individual leaders, have found their economic function usurped, but a piece of innovation is always, and always is, a product of individual person's initiative, later discussed with teams in an organization.

The 11<sup>th</sup> lesson is that profit was central in the desire to innovate.

-The Bingham University postgraduate students of economics should note that the growth theories of the Harrod and Domar and subsequent growth theories had their roots in these historical narratives of the British factory system and the industrial revolution because they contain all the technical indices and outcomes of innovations that made up the embodiment of the British industrial movement and entrepreneurship.

-They should also note that all other theories and concepts in economics were developed from observations of the behaviours of real economic actors in their pursuit of wealth for profits (gains) as shown in the historical narrative of the British industrial revolution.

-Therefore, the concept or theory of the error term in econometrics for example, and its assumptions, as taunted by the econometricians, cannot be valid because the error term cannot be observed in economics.

-Consequently, it cannot be used as the anchor to convert economic models, economic statistics and mathematical economics to econometrics to make them suitable for economic analysis; it is only an imagination.

-As a follow-up, Akpan (2021, p. 274) has argued that the error term in econometrics should be replaced with the *ceteris paribus* (cpb<sub>t</sub>) caveat to reflect the observed theoretical underpinnings in model specifications in economic statistics, applied statistics and econometric analysis of any research problem in economics.

-Thus, from the historical narrative and as observed by Marshall, there are no jumps in economics - meaning that there are always the historical links between the present and the past in economic thinking and theorizing (Bhatia, 1978 cited in Akpan, 2014). .

-Therefore in further defence of the homo economicus and his economics, are pictures of three of the early founders of our economic science who created the economic man and the domestic and international trade (market) theories from his economic activities in production and marketing.

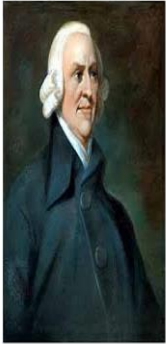
-They were all of the era of the British Industrial Revolution. Adam Smith was a Scottish British; David Ricardo was a Jewish British and Jean Baptise Say was a French economist and businessman. Say's theory of entrepreneurship is said to have profound influence on modern economic thought by establishing the entrepreneurs as key drivers of innovation and economic growth. His view that entrepreneurs create new products and services is said to have laid the groundwork for understanding the role of the entrepreneurs in stimulating demand through supply (<https://library.fiveable.me>). This provided the foundation for his Law of Markets – supply creates its demand. –

-Adam Smith and David Ricardo created the international dimensions of the markets.



### Adam Smith (1723-1790): The Pioneer

- Known as the "father of modern economics" and the "founder of capitalism"
- He outlined the characteristics and benefits of a complete economic system in his book "The Inquiry into the Nature and Causes of the Wealth of Nations"
- Recognized as the foundation of modern economic theory




### Jean-Baptiste Say

Born: January 5, 1767  
Died: November 15, 1832

Classical, Liberal Economist and Scholar

- Known for formulating Say's Law of Markets and for his book, "A Treatise On Political Economy"
- Influenced by and big proponent of Adam Smith's economic theories and philosophies in "The Wealth of Nations"
- Taught political economy



Investopedia

Jean-Say (1767-1832)

### David Ricardo 1772-1823



Stockbroker, M. Parliament, speculator and businessman. Gathered a large personal fortune, allowing him to retire from business 1814.

Tremendous influence on developments in economics, with highly logical arguments he set a standard for reasoning in economics.

Schumpeter coined the expression *Ricardian vice*, by which he meant that rigorous logic was applied but conclusions being drawn did not logically follow from the theories used.

The big question now is: Having passed through the economic dynamics of history, are the economic man and his economics still relevant?

## 22. USES OF MICROECONOMICS [THEORY]

-Inasmuch as nearly everyone knows there are two branches of economics, in all honesty, a large number of students and perhaps economists, and the general reader, may not know the uses of each of these branches (macroeconomics was created after the publication of the General Theory).

-However, because of its origination with the homo economicus (it was the first branch of economic analysis) and its foundation and direct relevance in the management of the home, firms, government and the entire economy, the focus of the lecture is on microeconomics and its uses.

-It is the economics of the small unit - the individual household in the 'C' component of our national income identity. It is the home of homo economicus where in the classical theory he started his economics, learned his home management skills,



strove “to maximize” his utility and hedonism, and now in the post-Keynesian theory he is striving to make the best of (satisfice) the expected outcomes from his production and consumption decisions.

-Microeconomics is the economics of the homo economicus as an individual innovator and entrepreneur in the British Industrial Revolution and factory system where he was an individuated, price-taker capitalist, continuously innovating to maximize profits, in perfect individuated competitive markets – output, labour, capital, and land.

-But now, he is a corporate individual in teams of firms, striving to make the best of (satisfice) all the expected outcomes of his current production and pricing decisions because he is no longer a price-taker, but a price-fixer in the post-Keynesian imperfect competitive market of monopolistic competition – the oligopoly market of few producers of branded products.

-It’s a market where he faces stiffer competition to the extent, he brands his products, and in his pricing and output decisions he takes into consideration, the expected reactions of his competitors as he can no longer focus on profit maximization as his sole objective of production.

-Microeconomics is also called the price theory because its focus is on the theories that determine a firm’s output, cost, price, revenues and profits as well as a consumer’s purchases, the expected utility levels and utility maximization.

-There are however, some exceptions to the law of demand, such as the demand for very cheap essentials like matches and table salt which violates the price-demand law– they are also called giffen goods; the lower their prices, the less they are demanded because their demand is fairly inelastic(low response to increase or decrease in price). The demand for expensive goods defies the rule too – it’s the higher the price the higher the demand, ceteris paribus.

-So one can argue that irrationality, inefficiency, adverse choices and non-profit choices are normal exceptions to rules in real life and may be admitted into the ceteris paribus caveat in economics.

-Thus the place of the ceteris paribus caveat in economic theories is so important that Akpan (2021, p. 274) has argued that the ceteris paribus (Cpb<sub>t</sub>) factors as a group (although the econometricians erroneously classify them as error term) should be added to economic statistics and mathematical economics to make them more suitable for economic analysis (Econometricians say they are not suitable in their present state) and to replace econometrics with the two since the error term ‘e’ cannot be observed in economics and econometrics. The mathematical model for the ceteris paribus factors will now be:

$$Cpb_t = 1 - R^2$$

$R^2$  is a fraction ( $R^2 < 1$ ). A suitable economic statistics/economics mathematics model for economic analysis will now be given by:

$$Q_t = A_0 + a_1x_1 + a_2x_2 + a_3x_3 + \dots + a_nx_n + cpb_t$$



E.g., if only price is considered, and  $R^2=0.8$ ,  $1 - R^2 = 0.2$ . Then,

$$C_{pb_t} = 0.2 = 20\%$$

These results mean that price accounts for 80% of the reasons (factors) that informed the buyer's decision to buy the quantity of the commodity they bought while all the other factors (ceteris paribus factors) account for only 20% of the decision to buy. . –

-Thus, microeconomics or the price theory has the following uses in a market economy like Nigeria:

- a) It helps and gives depth to the understanding of how a market economy works.
- b) Plays a great role in understanding, assessing and criticizing government policy.
- c) For the business executive, the price theory in their service is called managerial economics. Its main contributions to improved decision-making in business are in demand analysis, cost analysis, and in the methods of calculating profits.
- d) Linear programming is also a powerful analytical tool in the price theory in business decisions (I teach my 300L students of microeconomics this). It has proved to be a major innovation in theory and in practical application of the price theory in cost minimization and profit optimization under constrained conditions in economics and business.
- e) In terms of economy and efficiency (technical and economic) in production and consumption, the price theory has proved to be very useful. Economics assumes that producers and consumers are rational in their behaviour, although this has been refuted (e.g., Fasua, 2017; Gurba, 2014, Thaler and Sunstein, 2008) but it is defended in this lecture today – see the results of the cost analyses for production of the 800,000 units of the seasoning cubes. There are however, exceptions, even in nature. For example, humans are generally, right-handed. But, we have left-handers and people that use their two hands equally, called ambidexters. There are also exceptions to the Laws of Supply and Demand.
- f) For emphasis and because of the way we run our economies in Nigeria and Africa by rule of thumb, the price theory deals with decisions and the consequences of such decisions on **economy and efficiency**.

-For example, from personal experience as a homo economicus, in June 2024 I needed a DETTOL brand of antiseptic. At a patent medicine store, I was presented with two bottle sizes of 75mml and 165mml.

-The prices were ₦1,500.00 and ₦2,500.00, respectively. In order to get the better deal of the two, I reached out for my phone calculator and operated a rational mathematics on the two of them. The results were as follows:

$$(i) \text{ ₦1,500.00/75} = \text{₦20/ml}$$



(ii)  $\text{N}2,500.00/165 = \text{N}15.15/\text{ml}$

-These results revealed that the 165mml at ~~N~~2,500.00 was cheaper than the 75 mml at ~~N~~1,500.00. Naturally and rationally, I settled for the 165mml subject to what my pocket was saying (budget constraint).

-In economics, utility is maximized subject to the consumer's budget line and it is also subjective. A consumer who could afford the 75 mml size could as well have maximized their utility at that level under that condition.

-These were my real-life experience with rationality and maximization in resource allocation subject to my budget line of the price theory of the economic man's economics. So, in terms of efficiency and economy, that small pack of your choice may not be the cheaper choice.

-So, I conclude this section by joining Watson (1972) to say that since economic knowledge are being applied to a wide range of problems, the contributions of economists - the economic man (women were not innovators) and his price theory (microeconomics) in many organizations (including government), have been to demonstrate how to rationally attain economy and efficiency in the allocation of resources among competing needs to improve a system.

-The system may be production processes, consumption, office processes, the economy as a whole, the firm, traffic control, tax collection, and the distribution of goods and services, etc.

-Then what work was one doing as homo economicus in development banking and has been doing as homo economicus in academics in the last 33 years?

## **23. DEVELOPMENT BANKING AND ACADEMICS**

### **23.1 Development Banking – the Transition Process**

-The experience in development banking is important because my work in the industry and my readiness and willing to learn on the job actually had shaped and prepared me for academics – I have worked in academics as a Dean with a head of department who retired as Ag. DG from a federal parastatal and could not write a memo and yet was resisting corrections, resisting my deanship and antagonizing me in different ways.

-I was employed in 1987 as Investment Officer 1 on GL 9:1 (~~N~~5112.00 basic salary p.a.) in a group of between 50 and 60 graduates of different disciplines in the then Nigerian Agricultural & Co-operative Bank (NACB) Limited, now Bank of Agriculture (BOA). It was my first post-graduation permanent employment.

- My work was mainly to apply the economic man's rational rules of decision to private and public projects appraisal to determine their levels of efficiency and profitability.

- The decision indices were: The Net Present Value (NPV), the Benefit-Cost Ratio (BCR) and the Internal Rate of Return (IRR).The IRR in economics is the Keynes Marginal Efficiency of Capital (MEC) in his business cycle theory which he used to



explain the cause and solution of the 1930s Great Depression in his last book, *The General Theory of Employment, Interest and Money* (1936). Keynes had called the MEC (IRR) the villain of peace (cause of the Depression) in his business cycle theory.

-The decision rules for accepting a project for financing/investment are:

- (i) Accept the project for investment if  $NPV > 0$  and reject if otherwise.
- (ii) Accept the project for investment if  $BCR > 1$  and reject if otherwise.
- (iii) Accept the project for investment if  $IRR (MEC) > r$  (interest rate) and reject if otherwise.

-Profitability, liquidity and efficiency indicators and decision rules were also applied.

-Loans were given under “adequate safeguards” technically called the principles of lending. There are two major principles of lending: the 5Cs and the CAMPARI.

The 5Cs decompose into:

- Character of the borrower (criminal, questionable, chronic debtor, bad reputation).
- Capacity to repay (financial ability in and outside the proposed project revenue).
- Conditions (product, industry, policy, etc). –
- Capital provided (debt-equity ratio or credit worthiness).
- Collateral provided (adequacy and suitability of security for the loan).

Similarly, CAMPARI decomposes into:

- Conditions (product, industry, policy, etc).
- Ability to borrow and repay loan.
- Margin of profit expected from the business, attractive and compares favourably with industry average? Or is the existing business making attractive profit?
- Purpose of the project – economic and social desirability, including whether proposed project is environmentally friendly or has passed the environmental impact assessment tests?
- Adequacy of capital. Whether existing capital (reserves) level meets the minimum 2:1 (asset/liability) ratio?
- Repayment terms – whether realistic and favourable to both lender and customer? Does customer have other sources of income that they can fall back on for debt repayment in addition to the security, in case the proposed project failed?
- Insurance against risk (security for the loan – suitability and adequacy).

-My schedule also involved representing the Bank with our legal retainers in court cases. I once witnessed a chilling scene at which after the death verdict was delivered, the court was dead quiet and if a single pin was dropped on the floor, the sound would have reverberated across the entire court room.



-On the whole I had in general worked with well behaved, well-mannered and very mature professional officers at both the branch and head office levels of Agric Bank, except for one or two fellows from a particular group whom I think are genetic victims of negative group behaviour – they do not recognize hierarchy at work, have no respect for time, have no respect for place, have no respect for persons, are not ready to learn, but arrogant and always seeking for positions, respect and recognition.

- At the church in Kaduna, I encountered them, at the NDA, I encountered them, and at Bingham University, I'm encountering them. I would say categorically that my experience in development banking had to a very large extent influenced my work in academics, especially in the teaching of project evaluation for more than two decades and in the management of administrative responsibilities in academics.

### **23.2 Academic Career as Homo Economicus**

-My duties in academics have been most challenging. They have been as described in the United States teaching duties at both undergraduate and post graduate levels.

-They are teaching, research, community development, student mentorship and administrative duties. Amongst these duties, teaching is the most demanding, most tasking and most delicate because a single mistake leaves the students with that mistake for a long time to come, if not for life.

-There are five important quotations I cherish highly in these regards:

- 1) "No one can say or do anything beyond the level of their knowledge."
- 2) "No nation can rise above the quality of its teachers." – Dr. Mrs Ogbuagu.
- 3) "A teacher affects eternity; he cannot tell where his influence stops." - Henry Adams (Husain, 1991).
- 4) "Let us dare to read, think, speak and write." - John Adams (Husain, 1991).
- 5) "Science invites us to let the facts in, even if they don't conform to our preconceptions. It counsels us to carry alternative hypotheses in our heads and see which best match the facts." – Carl Sagan (Husain, 1991).

-With a poor reading culture in Nigeria, most people live and die with only their classroom knowledge, therefore academic career as a homo economicus is and has remained a very delicate and challenging one.

-Dr. Mrs. Ogbuagu (an educationist), was the commissioner for education in Delta State in the governor Ibori administration.

-She appeared to have confirmed this delicate nature of a teaching career at a press interview she had in 2006.

-Regarding her ministry's action in curbing examination malpractice and cultism in schools in Delta State as well as other general problems in the Nigerian education system, please permit me to paraphrase in italics part of what she said at that press interview:



*I'm a teacher and will remain one because I love the profession....It is a profession that if you make a mistake, somewhere along the line, you destroy lives, human beings that have been placed under your care for tuition.....The societal values are tuned to how we can make it, chasing money and nobody is talking about hard work again. Any nation that toys with its education cannot see positive development or positive changes in other areas. We have problems right from the primary school to the tertiary institutions. We have the problem of decaying infrastructure, that of teachers; parents are no longer committed to education (as they don't know what their children do). I have been canvassing that the conventional teachers' college be brought back, review the curriculum, make it more creative and innovative; use qualified people to train your teachers, like you prepare your doctors and lawyers. We have to professionalize teaching, and if possible, give licence to teachers. We need institutions that will be fully and better run. I am in support of this because no nation can rise above the quality of its teachers (Akpan, 2013a, p. 275).*

-In all honesty, one's stake in all of this as a homo economicus in academics is the point that no nation can rise above the quality of its teachers, so one is careful as a teacher of economics and I take my job very serious. Incidentally, I studied education as an elective in my part 1 (present 200L) at ABU in the 1981/82 academic session. Three courses were involved: EDU 101 was History and Philosophy of Education in Nigeria (with Professor Babs Fafunwa's book on the subject – History and Philosophy of Education in Nigeria). EDU 102 was Educational Psychology (with all its theories of learning, stages of child development, Freud's and Piaget's theories of learning, etc). EDU 103 was Curriculum and Instruction.

-If I can still remember the incidence in Dr. Balogun's first Continuous Assessment (CA) test in EDU 103 which resulted in a mass failure in that test. It was multiple choice questions. The instruction was: "Read everything before you do anything." The whole exercise was designed in such a way that if you had obeyed that instruction, by the time you got to the last question, you would not have answered any of the questions. Over 90% of the class including yours faithfully failed the test, because we all submitted scripts with answers which would not have been the case if we had "read everything before doing anything". I think we did not understand the instruction fully.

-The lesson was that we did not follow the instruction and the result was costly; the same as not obeying God's instructions – God forgives, Dr. Balogun did not forgive us because he did not give us a second chance to make up for our disobedience [nay lack of understanding].

-Still on teaching and the seriousness with which I pursue it. I started writing chapter ten of my book on Keynes on April 22, 2006. It was the 60<sup>th</sup> anniversary of Keynes' demise, and having read so much about Keynes and his academic (knowledge) prowess from Professor Wood's collection of tributes to him after his demise, my immediate thought on that anniversary was on what kind of teacher Keynes had been.

-I had scribbled down some words I called "a note from Keynes to Nigeria's academia" which I felt were hallucinating in my auditory as if Keynes was a quarter of a meter away. Neisser (1946) in his tribute to Keynes had said three important things about his intellectual prowess.



-First, that he had great ability for clear exposition and great endeavour to go beyond mere institutional framework to come to grips with economic realities; that it was these characteristics that made Keynes's book, *The Economic Consequences of the Peace*, a sensational success.

-Two, the general public was captivated by what appeared in the book to be the first inside story of the peace negotiations, and particularly, by his vivid painting of the psychological portraits of the leading statesmen on the Allied side who negotiated the treaty with Germany. For example, that his characterization of Wilson Churchill, as a Presbyterian theologian in politics, definitely moulded man's historical memory.

-Three, Keynes's use of formal economic theory in the book would have been difficult for the general public to comprehend, so he rather applied a simple theoretical apparatus such that any lay man who cared, could not fail to understand the content of *The Economic Consequences of the Peace*.

-I then concluded my focus on Neisser's tribute to Keynes by saying that one could comment in this 21<sup>st</sup> century that by his approach to explaining the economic consequences of the peace treaty with Germany, Keynes demonstrated that economics is truly an esoteric discipline (Akpan 2013b, p. 130).

- So, the note from Keynes to Nigeria's academia on June 22, 2006 read:

*I was a jack of all trade and master of all. This is what I expect of every academia. It was what made the difference between me and the non-esoteric. It didn't matter whether they had equal education in economics or other disciplines. This is why I was a master, worthy of consultation when knotty problems beyond their imaginations arose. In academics and in policy, I had integrity, and protected and defended the integrity of the academia and the economics discipline. (Keynes, April 22, 2006).*

-I had also on that day remembered that a day in 2005, I was invited to the office of the Academy Provost at the Nigerian Defence Academy, to answer to some official matter. Pasted above his head on the wall behind his seat was this unauthored verse:

A poor teacher tells  
An average teacher informs  
A good teacher teaches  
An excellent teacher inspires

-Then, I had asked myself: "Which category of teachers does the Nigerian academia of the 21<sup>st</sup> century belong?" Keynes, I said, was of the last category. So, I'm asking again in this lecture, which category of teachers do members of the Nigerian academia of the 21<sup>st</sup> century belong? My conclusion of that part of the book was that the quality and speed needed in the development process for the Nigeria of the 21<sup>st</sup> century demanded nothing less from the Higher Education teacher in the Nigeria of the 21<sup>st</sup> Century (Akpan 2013b, p. 150). I'm sure the Provost was not aware that I had committed that verse to memory while I was discussing with him.

- In terms of research, the whole of this lecture is source from my research base and works. Some of them are presented in the next section.



-In community development, aside students' mentorship, since the beginning of a career in academics I have been invited to NTA Kaduna once to discuss the SAP. I was also once caught up by their survey crew in about 2001 along a road in Kaduna. They were conducting opinion polls to find out people's opinion on President Obasanjo's removal of petroleum subsidy. I was a Lecturer at the NDA then.

-Between March 2009 when I joined the services of Bingham University and January 16, 2024, I have been invited to Ray Power Radio 2x and to AIT programmes 20x to discuss critical macroeconomic policy issues at the global and domestic scenes. I can pick out three that are memorable.

- Ray Power radio in 2009 to discuss the 2009 budget in the midst of the 2008/2009 Global Economic with falling oil prices. Nigeria had a war chest of foreign exchange reserves and Excess Crude Account (ECA) balances of over \$50billion to fall back on.

- I was live in 2012 on AIT to discuss 'Matters Arising' from President Jonathan's attempt to withdraw petroleum subsidy. I supported the policy and I am still supporting it.

- So when Senator Adams Oshiomole in his 2024 lecture talked of government shutting down the textile factories because Nigeria had become a member of the World Trade Organization (WTO), I was wondering whether as a textile worker and Union Leader in the industry, travelling to all the textile factories across Nigeria to address workers on wage increment, he ever looked at the books of those factories to see if they were performing well.

-By my little training in asking for pay raise, the indicators to base one's demands are the performance figures in the books – profit and loss, and the growth in company assets.

-The third was in January 2016 during Nigeria's 2014-2017 economic crises. I was invited to AIT to discuss the IMF Managing Director's policy prescriptions for Nigeria to end the crises, which included devaluation and removal of oil subsidy.

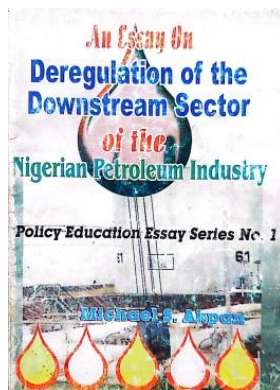
-She had described the crises as that of recession and I had said it was that of stagflation. The presenter was like – "What is stagflation?" I explained. The next question was "What are the remedies?" And I said "supply side remedies".

## **24. SELECTED RESEARCH PUBLICATIONS**

-These are some of the works that qualified me for promotion from Lecturer 1 to Senior Lecturer through Associate Professor to Professor within a span of 20 years, from when I joined academics in April 2000 at the NDA to October 1 2020 in Bingham University. I now proceed to present the front and back covers as well as their brief summaries.



First is the Essay on downstream deregulation of the Nigerian petroleum industry.



The work was published in 2003, as Policy Education Essay Series No. 1. Let me abstract from its preface to demonstrate its motivation and purpose.

*This essay is the first in a planned essay series on policy issues that have affected and are likely to continue to affect the welfare of the generality of Nigerians. The essay has arisen out of the author's conviction that most Nigerians have lost sense of the fact that the macroeconomic policies adopted by the federal government are in continuation of the economic reform programmes formally introduced in 1986. The policy was first introduced as austerity measures in 1982. This conviction derived from the results of informal conversation and discussions with some members of the public at social gatherings and on board buses, just to sound out public opinion on the subject of the deregulation of the downstream sector of Nigeria's petroleum industry.*

*For this reason, it has become difficult for Nigerians to understand the basis of what government is trying to do in its effort to transform Nigeria and its citizenry from the realm of perpetual economic dependence (on other countries) to that of economic self-reliance. The means to achieving this goal is economic deregulation. Moreover, the present young adults now in our tertiary institutions were either not born or were too young to understand government policies as at the time the reform programmes were introduced.*

*I hope sincerely, that the purpose of this essay will be achieved i.e., the education of the Nigerian public on the basis for current government policy of deregulating the downstream sector of the petroleum industry.*

On the inner page of the cover are notable quotes, related to the introduction and implementation of the reform policy package.

*Gentlemen, there is no viable alternative to SAP. Government will continue to do all in its power to cushion the pains of SAP without derailing it...We cannot, and we should not, abandon this programme mid-way because the pains of trying to re-introduce it at a later stage will be worse than the current pains and we may perish in the process...I am aware of agitation for the termination of SAP. When I addressed the nation on the introduction of SAP, I*



*made it clear that SAP had its inherent short-term pains, but we are convinced that its long-term aim is not only for this generation, but also for posterity... Government will continue to do all in its power to cushion the pains of SAP without derailing it.*

*-General Ibrahim B. Babangida, addressing Police and Military Officers on the SAP*

*Policies...and reacting to anti-SAP riots (News Watch, June 19, 1989)*

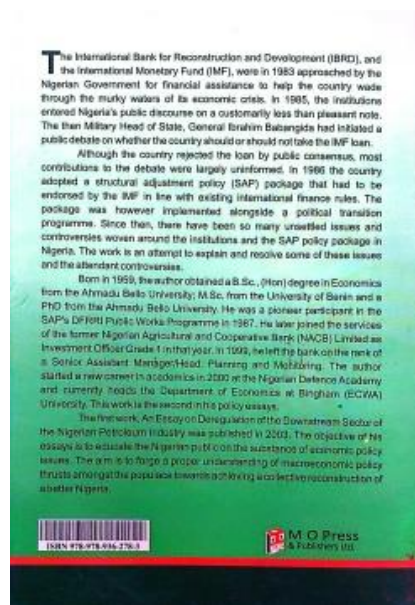
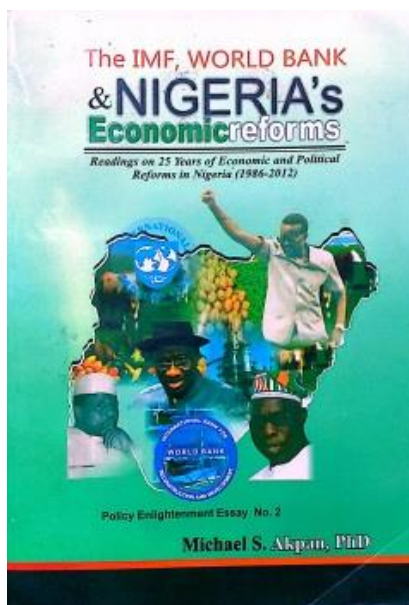
*When you read papers, it's as though we go into a country and connive so that children die. Look at me. Do I really look like somebody who would do that?*

*-Gordon Gondwe*

*Head of African Department of IMF (ibid, p. 7).*

-I took this book with me to the January 2012 discussion on AIT on President Jonathan's attempt to remove the subsidy on petroleum products. I had in that discussion advised on outright sale of the NNPC refineries. Instead, government later commercialized it to NNPC for members of the public to buy the shares in future. I am happy that in 2025, government is ready to sell them off after it has willingly irrationally committed a cumulatively whooping \$18 billion to its turn around maintenance.

-Second is Essay No .2, *The IMF/World Bank and Nigeria's Economic reforms 1986-2012*. 404pp.



The first two paragraphs of the back-page literature provided a summary introduction of the work. With so many unsettled issues and controversies woven around the institutions of the World Bank, the IMF and the SAP policy package, the work was designed to explain and resolve some of the issues and attendant controversies. The aim was to forge a proper understanding of macroeconomic policy thrusts amongst the populace towards a collective reconstruction of a better Nigeria. The question is what were and are still wrong with Nigeria that required and still require collective reconstruction to make the country better?



-The answers are explained in Chapter Nineteen of the book. It is a summary review of the 1986 federal government budget which the then Head of State General Ibrahim Babangida used as the most technically and economically efficient medium to introduce the SAP. The full budget speech is at p. 12, of The Daily Times of Friday January 3, 1986. The salient points are summarized below.

*-Nigeria was facing persistent economic imbalances and the 1982 austerity measures had proved ineffective in correcting them (Farugee, 1994). They were persistent and therefore fundamental balance of payments deficits ( $X < M$ ). They were fundamental balance of payments problems by the IMF/World Bank classification for the purpose of resolving the problems and safeguarding their loans. The other fundamentals were high budget deficits, high rates of inflation, high ratios of external debts to GDP, high external debt-to-exports ratio and negative GDP growth.*

*-Others were that Nigeria's foreign reserves level could hardly cover up to three months of import. At end of 1983, world oil prices had declined by 45% from its 1980 level, the country's GDP growth had fallen to -6.7%, Nigeria's external current accounts deficit had by 1983 grown to 6.0% of GDP (a factor in the South East Asian 1997/98 financial crises) and the country's foreign indebtedness had impeded its access to further external loans. These had forced President Shagari to approach the IMF for its balance of payments support loan and the World Bank for its structural adjustment support loan because the immediate and real cause of the problem was lack of foreign exchange. The fundamental cause was our defective industrial structure. A country is said to have a defective industrial structure when its exports generate less than the foreign exchange used in its production.*

The two debates in sections 18.1 and 18.2 of Chapter 18 are worth highlighting, especially as they relate to president Tinubu's 2023 reform policies.

-Debate No. 1: Efficacy of IMF-World Bank policies: The argument is that in theoretical literature on economic reform, the great debate that appears yet unresolved in nearly all the countries reforming, particularly in Sub-Sahara Africa, is whether reforms do achieve their objectives in the adjusting countries? These objectives are:

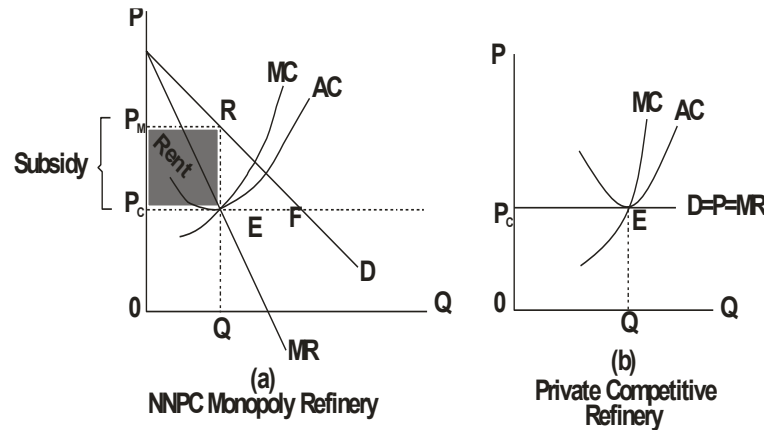
- (i) Improving the current account balance of the balance of payments;
- (ii) Increasing international reserves
- (iii) Lowering inflation; and
- (iv) Raising growth.

-It is very clear that these objectives are to address the types of macroeconomic problems that forced president Shagari to approach the IMF for its balance of payments support loan and the World Bank for its structural adjustment support loan. The loans are to provide the needed foreign exchange to import raw materials and spares to keep the industries working while structural adjustment (economic restructuring) policies are being implemented. The Nigerian public had rejected these loans through a national consensus in the 1985 debate. Nigeria then became the first country to implement the Bank-fund policies without the supporting loans and as a consequence had to endure more pains than other reforming countries.



-Debate No. 2: Removal of Fuel Subsidy: Whose interest? This is argued under the sub-heading:

-The Fuel Subsidy and NNPC's inefficiency with the use of these two diagrams of the economic man's economics.



These diagrams are at p. 364 of the book. Diagram (a) shows a representative NNPC monopoly refinery as very inefficient compared to an efficient representative private refinery in diagram (b) like the Dangote refinery.

-The microeconomics argument of the theory of the firm is that they both take their output decisions at where their Marginal Cost equates their Marginal Revenue for  $0Q$  quantity of a refined product. But  $0Q$  in (a) is far smaller than  $0Q$  in (b), showing that the technique of production in the representative private refinery is both technically and economically efficient; it's the reverse in the NNPC representative monopoly refinery.

-The downstream sector market of the Nigerian petroleum industry is oligopoly (few producers with branded products, NNPC and Dangote). They fix their prices independent of each other, but at the same time pre-empt the reaction of each other to their pricing decision. This explains why NNPC is playing the monopsony (sole buyer) role in the Dangote refined products.

-Their respective unit costs of production play a role in the pricing. It is  $0P_C$  in both refineries, but with smaller  $0Q$  at the NNPC representative refinery, the unit cost is higher. So, while the representative private refinery charges  $0P_C$  price per litre of refined product for normal profit, the NNPC charges  $0P_M$  price to cover its higher unit cost of production for a monopoly profit (rent) which constitutes the subsidy payment. It is for inefficiency.

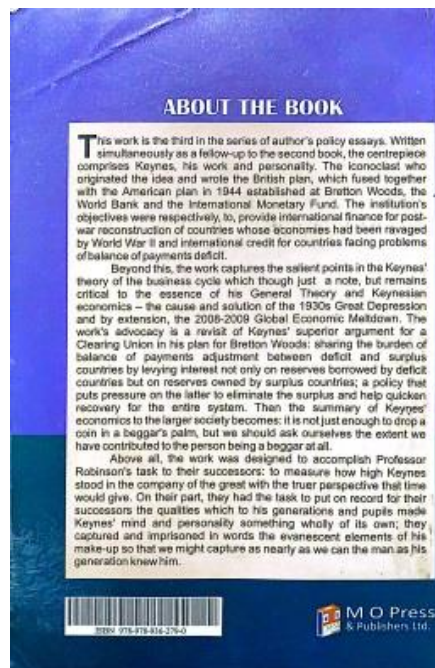
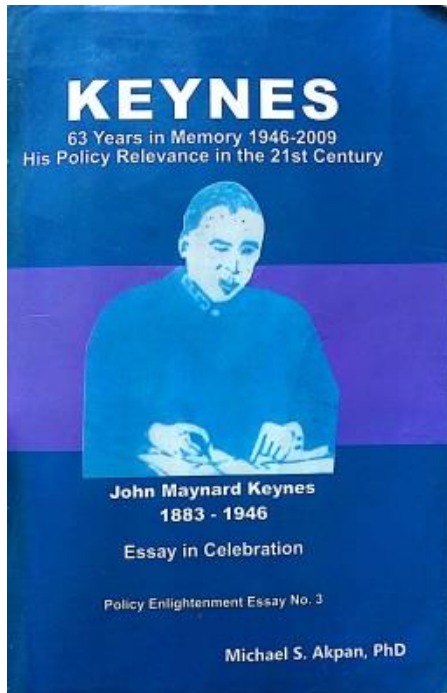
-This explains why in an oligopoly market involving a government monopolist and a private firm, the government monopolist's reaction would insist on buying the private producer's product in a monopsony (sole buyer arrangement) dubiously citing private monopoly as the reason.

-Example again, is the Dangote PMS and the NNPC Ltd as the sole buyer, thereby stifling the spirit of free enterprise.



-The book, out of 5,200 entries, was a 4<sup>th</sup> runner up in the StandTall African Initiative 2019 Readers' Award Contest with a cash prize of a Hundred Thousand Naira, in spite of the hatred for economic reform policies. Bingham University also made a cash appreciation of a Hundred Thousand Naira to the author.

-Third is the book on Keynes: *Keynes, 63 years in Memory 1946 – 2009: His policy relevance in the 21<sup>st</sup> Century*.



-This book was originally designed and titled, *Keynes: Essay in Celebration 1946 – 2006*. It was written to mark in celebration, the 60<sup>th</sup> anniversary of Keynes' demise (1946 – 2006). But before it was concluded the work was caught up in the whirlpool of the 2008/2009 global economic crises which gave it the new title formulated to cover the entire 21<sup>st</sup> century.

-The reason was because the Meltdown was similar to the 1930s Great Depression which produced Keynes's last and revolutionary book, *The General Theory of Employment, Interest and Money*, which he wrote to explain the cause and solution of the 1930s Great Depression. So the book was designed in addition to celebrating Keynes, to explain the cause and solution of the 2008/2009 Global Meltdown.

-The inspiration for the work came in 2002 at the Library of the Nigerian Defence Academy (NDA). It was in the course of searching for materials to do Professor Mike Kwanashie's Ph.D. class assignment on the "Distinction between Keynes and the Keynesians." On a particular shelf were three volumes of a customized research project type bound works titled, "The General Theory: Critical Analysis." As I opened the vol. 1 I discovered it was a collection by Professor Woods of articles from academic Journals written by Keynes' academic contemporaries and friends in tribute between his demise in 1946 and the first anniversary in 1947, and ditto the other two volumes.



-All the works beamed their searchlights on his last work in 1936, *The General Theory of Employment, Interest and Money*. Most fascinating was Professor Robinson's tribute in 1947 which said:

*We are today too near to Maynard Keynes to appraise him dispassionately and to establish with complete detachment just how high he stands in the company of the great. To measure him must be the task of our successors, with the truer perspective that time will give. It must be our task to put on record for them the qualities which to his own generation and to his pupils, made the mind and personality of Keynes something wholly of its own; to attempt to capture and imprison in words the evanescent elements of his make up so that they may picture, as nearly as they can, the man as we knew him.*

- A. Robinson, March, 1947.

-After I read this, I instantly became one of the successors and just said "I am going to do a work on Keynes." And after the assignment, I went back for the three volumes.

-The result is this beautiful book on Keynes which in admiration, Professor Seth Atkutson of the Department of Economics, Kaduna State University had said in 2015 when he saw the book: "Dr. Akpan, this is the only book on Keynes written outside America and Europe." And Segun Ayobolu described it, along with the book on IMF/World Bank reforms in Nigeria as "the two new landmark books" in his reportage of the events at their public presentation in 2014.

-The title of the reportage was: "Intellectual fireworks at Bingham University." (Google The Nation, Saturday, June 21, 2014, the back page).

-There was also an adverse comment from a Librarian in Bingham University soon after those presentations: "They said you are writing history books."

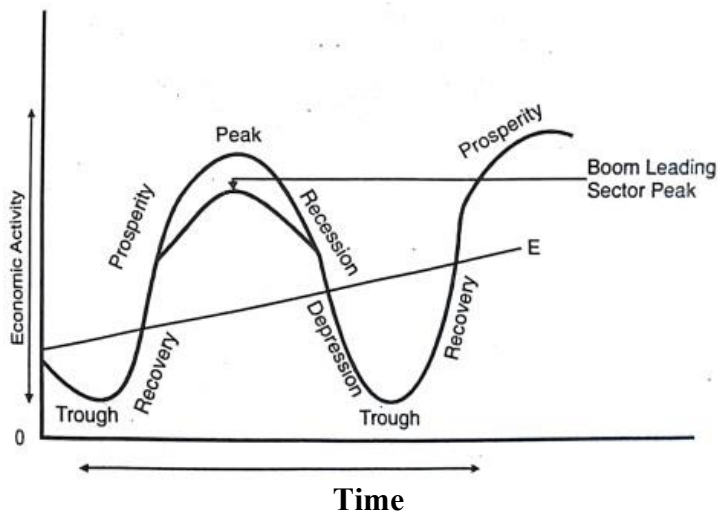
-Of course, I didn't bother to ask who said it because heaps of criticisms were levelled against Keynes and his works in spite of the works he did in economics, for economics, his country and for the global economy.

-High Points of the work:

- (i) It's Academic Beauty: Professor Skidelky and I were working on the same subject, KEYNES, at the same time in different countries (U.S. and Nigeria) for the same purpose (explaining the 2008/2009 Global Meltdown within the Keynes tradition based on his trade cycle theory (See Akpan 2013b, p. 178). Skidelsky's work titled, *Keynes, the Return of the Master*, was published in 2010, while mine was published in 2013. I had to acknowledge his work in mine after late Professor Chuta had endorsed to me a complimentary copy because I had told him I was putting finishing touches to a work on Keynes.
- (ii) A new diagram of the business cycle with two successive peaks to depict respectively, the peak of the boom-leading sector which peaks first and the peak of the entire economy Y which occurs later due to some lag in the transmission effects of the



boom-leading sector growth to the entire economy. The new diagram is at p. 176 of the book as illustrated in fig 24.1.

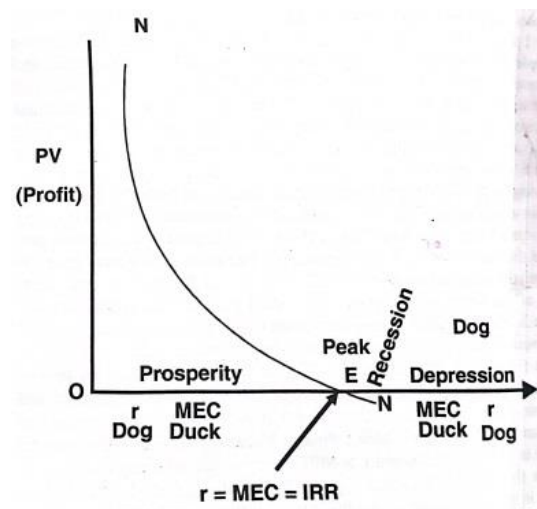


**Figure 24.1: Modified Phase of a Business Cycle**

(iii) A transformation of the Keynes theory of the trade cycle to a two-dimensional diagram at p. 197 of the book and rightly interpreting his Marginal Efficiency of Capital (MEC) as duck and interest rate as dog using the Present Value (PV) techniques of project selection. His contemporary economists did not understand his MEC concept and so criticized it.

This new diagram was conceived after a careful study of the Keynes theory of the business cycle, to answer to Hazlitt's view of the MEC as either vague or ambiguous and Keynes' explanation of its crisis as the cause of the 1930s Depression in his trade cycle theory as either a useless truism or an obvious error (Jhingan, 1976, p. 641 cited in Akpan, 2013b, p. 251).

The diagram is at fig. 24.2



**Fig. 24.2: Keynes' business cycle theory in two-dimensional diagram**



-The two-dimensional diagram was therefore designed to accommodate the phases of the business cycle diagram in fig.24.1, starting from the prosperity phase and its peak, to recession and to its deepest phase of depression.

- In the diagram, line NN is the PV (profit)-r-MEC-IRR curve. It is a graphical representation of the inverse relationships between the present value (discounted profit), the bank interest rate (r), the MEC (yield or % return on investment) in the discounted cash flow techniques of project evaluation – it is called capital budgeting in accounting.

-Tagged along are Keynes' Dog (r) and Duck (MEC). At the peak of prosperity in fig. 24.1 and point E in fig. 24.2, the bank rate (r), Dog and the yield (MEC), Duck are equal. So, the yield (%) which equates the bank interest rate is called the Internal Rate of Return (IRR) in the discounted cash flow techniques of project appraisal.

-Once again, since investment is done today in expectation of future benefits (profits) discounting is a technique that projects the expected (discounted) benefits (profits) into the future and brings it back to what it is worth today (present). This is in tandem with the economic man's rationality.

-After point E, the economy enters a recession (resulting in massive unemployment) and MEC collapses ( $MEC < r$  or  $r > MEC$ ) and goes deeper into depression because aggregate demand (total economy's purchases) and the only source of profits incentive to stimulate investment collapsed (deficient).

-Consequently, the three rules of decision for investment also collapsed ( $NPV < 0$ ,  $BCR < 1$ ,  $IRR (MEC < r)$ ). Profits collapsed. No lending by banks. No borrowing by investors. There was less spending by consumers. Stock markets collapsed.

-In the Keynes business cycle theory, the bank, the investors, and the consumers hoarded (trapped) all the money (liquidity) in the economy. In this circumstance even if the Bank of England and the American Reserve Bank had reduced the Bank Rate – Minimum Rediscount Rate (MRR) and the now Monetary Policy Rate (MPR) to 2% so that banks can reduce their interest rates to encourage businessmen to invest, they will not because aggregate demand (the source of profits) had collapsed.

-This happened during the 2008/2009 Global Meltdown when the Bank of England and the American Reserve Bank reviewed their Bank Rates downwards to 5% to no investment effects. Again, this is in tandem with the economic man's rational behaviour based on knowledge (investment behaviour in business cycle's recession/depression).

-The bailouts by governments across the globe were based on Keynes' 1936 recommendation for government expenditure (fiscal policy) to create jobs and boost aggregate demand and profits incentives to resolve the crisis.

(iv) A proposed Lord Keynes University of Economics in Nigeria (p. 238) in tribute and in celebration of Keynes for the great works he did in economics, for economics, for humanity in Africa and Asia and for global peace, more than he celebrated William



Javons' centenary birthday to celebrate Javon's exotic theory of the business cycle in the 1935 edition of the Journal of the British Royal Statistical Society.

-All my publications (including this lecture) will go on net to raise the sum of \$2 billion over a period of five (5) to build the University. The Endowment Fund was launched at the books' presentation on Friday, May 23, 2014 at Bingham University.

(v) Post-humus Nobel Prize in Economics for Keynes was also proposed in the work. I do tell my students that I saw Keynes in the Library of the NDA in 2002 and he had asked me to build a structure in his memory. The question is always: "Sir, how?" The answer I always give is that in certain circumstances in economics, we hear the whispering of dead men (Jhingan, 1980).

-All my publications will be put on the net for this purpose. I have started a preliminary discussion with GLOTRADE PLATFORM (<https://glotrade.online>) for this purpose. Due to the historical relationships between Keynes and the United States, Keynes and Germany, Keynes and India, and Keynes and his country Britain, the four countries' Ambassadors were specially invited for the occasion.

-It was only the German and the United States Ambassadors who wrote back. Keynes' Britain and the Indian Ambassadors were silent. The American ambassador James Entwistle personally signed the letter with the Embassy's Seal on it. Although the German Ambassador's letter was signed by the Economic and Trade Attaché, the introduction read: "Thank you for your letter to Ambassador.... The Ambassador has asked me to..."

-Both ambassadors' reasons for their inability to attend the event were outside insecurity, but it was clear that the bombings of the Nyanya garage some months before was a major factor (see Mr. Segun Ayobola's report).

-On 20/02/25 IBB presented his book, *A JOURNEY IN SERVICE* to the public. Please permit me on account of the books on the IMF/World Bank, and Keynes, but particularly, of the former, to share my little experience with the former Military President, His Excellency, Gen.(rtd) Ibrahim B. Babangida at his residence in Minna on 09/02/15.

-During the anti-SAP crises of 1989/90, I had told my colleagues in Agric Bank Benin that I and IBB would one day meet one-on-one. So, after the public presentation of those books on 23/05/14, the next item on my agenda was to get a link for an appointment with IBB to present complimentary copies of the two books to him.

-Our Bingham University Dr. Peter Aroge got the link through his steward, now late (May his gentle soul rest in peace). The instruction was I should text my purpose of wanting to see him to a particular phone number. I did and stated the titles of the works. The response was immediate and the appointment was given for 04/02/15. We arrived early, but he couldn't see us that day. As we drove through Abuja on our way back to Nasarawa State, we were given another appointment for 09/02/15 by sms.

-Once again, we got to his house early and I learnt something great from him that fateful day. It was the difference between those who have value for books (knowledge) and those who don't.



-His Excellency did not ask us to come in with the books, instead he asked for the books to be brought in first – they were taken to him by two of his staff who came to collect them. After about 15-20 minutes, his PA, I supposed, came out, greeted us and asked without waiting for an answer: “Who among the two of you is the Professor?” He pointed at me and said, “You must be the one, His Excellency said, you should come in.”

-I led the way and my friend followed. As soon as we stepped into the sitting room and IBB sighted us, he got up from his seat and remained standing while the book on the IMF/World Bank was held closed in his two hands at a reading position. As I walked up to him, he turned to me and said, “It means you have been working, so what have you been doing to assist this government?” That was former president Jonathan’s government. I fumbled for a while before I told him about my participations on AIT programmes to discuss critical macroeconomic policy issues and the books, which are designed for policy enlightenment. He stretched his hand, shook me and ushered me and my friend to different seats.

-He opened up a discussion on criticisms of Soludo’s policies and related policy issues. My contribution was that that was how Soludo himself criticized other people. At a point I interjected and said “Sir, I have an address for you, should I read it?” With one unmatched excitement, he said “Go ahead and read it.”

-I got up from my seat with the address in my hand, but before I was half-way up, he waved me down continuously with his right hand and said repeatedly, “Sit down, sit down, sit down, sit down...sit down” and I sat down without even the courtesy to thank him (I think I was carried away and at the same time scared by his humility); he was so excited! I then read the eight-page address titled, “The Nigerian Economy: The Past, the Present and your Reflections (1986-2015)”. The reading lasted for eight (8) minutes while he listened with rapt attention. At the end, I got up and gave him the copy of the address. He thanked me and shook me once again.

-The address welcomed him back from his trip outside the country, wished him good health, explained the purpose of the visit and presented twenty (20) copies each of the two books to him. They were for his reading pleasure and personal library. It touched on many critical macroeconomic policy issues of his administration: the SAP, Nigeria’s population explosion, his 1988 made in Nigeria Car on standard chasis - INNOSON Motors as outcome, and the foreign exchange crises of the Nigerian economy of the period that led to the devaluation and SAP, etc. His responses were, “I quite agree with you that population explosion is a real problem in Nigeria, I quite agree with you that..., I quite agree with you that .....” The visit lasted for about 30 minutes and we left. The address is available for any interested party to make copies.

-In relation to some of the issues in the February 2025 public presentation of his book, *A Journey in Service*, chapter twelve of my book on the IMF/World Bank, contains all he has said about the annulment of the June 12, 1993 election and the entire political transition programme, including late Chief Abiola’s and Senator Ahmed Tinubu’s political blunder. The chapter is titled, “The Road to Democracy (1987 – 1998).” Few copies are available for interested persons. Until that day IBB did not know about Bingham University and where it is located because he asked me and I told him.

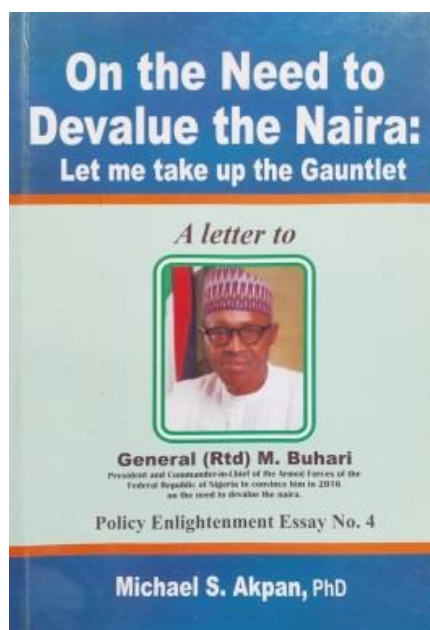


-It was however two or three years later that I realised why IBB was so excited that he got up from his seat to receive us with the book held at that position with his two hands. I think outside its content, was late Chief Gani's photograph on the front cover of the book, which I guessed took him 26 years down the memory lane (1989-2015).

-It was a cover story photograph of the Newswatch of October 2, 1989 which covered and reported the trial of Chief Gani in Lagos. The trial took place on Monday, September 18, 1989. Gani was flown to Lagos for the trial from the Gashua Correctional Centre in Bornu State where IBB had detained him in 1989. His offence was his role in trying to host a conference on the "Alternative to SAP" on Saturday, June 17, 1989 at his chambers in Lagos, after security agents had sealed off the initial venue of the meeting (Akpan, 2013a, pp. 207-208). IBB was perhaps seeing that photograph for the second time in 26 years since its publication in that Newswatch edition in 1989. Chief Gani died in 2006 and that again took him down the memory lane.

-Well, I think he had to stand up in honour of him, the one-man opposition squad to SAP. Nine years on in 2025 after his demise, one can still recall what late Chief Ernest Shonekan wrote on Gani's condolence register in 2006: "*Gani was the only tree that made a forest.*"

-The fourth book is titled: *On the Need to Devalue the Naira: Let me take-up the Gauntlet*.



Never since the Nigerian economic crisis of 1981/82-1986, have the controversies over a devaluation option for the Nigerian domestic currency gone as virile as in the 2015/2016 economic crisis. The central problem of both crises has been lack of foreign exchange to import critical raw materials to keep the industries and indeed the whole economy working. The symptoms in both cases have been negative GDP growth, increasing unemployment, rising inflation, falling industrial and general output capacity due to declining aggregate productivity. These are characteristics of stagflation as the economy has remained mono-cultural, external sector dependent and foreign exchange intensive, depending on over 85 per cent of its foreign exchange earnings from oil. Consequently, any precipitous decline in oil price collapses its productive foundation. The antidote is a package of price/balance of payments stabilization and production/consumption adjustment policies which must include domestic currency devaluation, not currency floatation. Emphasis is on increased production and productivity under a restrictive monetary cum moderately liberal fiscal policies, with emphasis on economic diversification and job creation. As in 1981/82-86, the general arguments against devaluation have remained the same and President Buhari who was Nigeria's military Head of State from December 1983 to August 1985, has remained opposed to devaluation except that in a now democratic dispensation, he threw the gauntlet: that except he was convinced, he would not devalue the naira. His disposition was anchored on the argument that Nigeria exports nothing than oil, drawn certainly from the commonly harped expected benefit of devaluation: cheap exports for increased foreign exchange earnings. Plausible as this may be, it is only but a weak objection to devaluation even in a monoculture economy. There was the Lagos conference on devaluation of the naira with the theme: "The Naira on Trial" which ended with a near consensus that past devaluation policy did not do the country any good. So with Mr. President's gauntlet at economics' feet, combined with the Lagos conference theme and its consensus, economics and its laws were on trial. Someone had to take up the gauntlet by taking the analysis beyond the non-esoteric ground to the esoteric in a letter to Mr. President. Most critical in the analysis are the persistent deficit in the current account component of Nigeria's balance of payments, its impact on the country's foreign reserves, the speed at which the reserves were approaching exhaustion, the decision rules for devaluation, and application of the rules in Nigeria's economic condition.

A 49-page letter including five tables, now converted to a book for wider outreach, was designed to convince Mr. President on the need to devalue the naira. It is the 4<sup>th</sup> work in author's policy enlightenment essays. Author is a 1984 graduate of economics from the Ahmadu Bello University, a 1995 Master's in economics and statistics from the University of Benin and a 2011 PhD in economics from the Ahmadu Bello University. He was a development banker from 1987 to 1999 in the now Bank of Agriculture and joined the academia in 2000 at the Nigerian Defence Academy. His first three books in his policy enlightenment essays are: An Essay on Deregulation of the Downstream Sector of the Nigerian Petroleum Industry published in 2003, The IMF, World Bank and Nigeria's Economic Reforms (1986 - 2012) published in 2013 and Keynes, 63 years in Memory (1946 - 2009): His Policy relevance in the 21<sup>st</sup> Century published in 2013. A former head of department, he is currently a Senior Lecturer in the Department of Economics, at Bingham (ECWA) University.



ISBN 978-978-955-317-3

-The work was a letter, originally designed to take-up President Buhari's gauntlet (challenge) to economists in 2016 in the heat of Nigeria's 2014/2015 – 2015/2016-17 economic crises.

-His challenge to the economists was that except he was convinced, he would not devalue the naira; that after all Nigeria exports nothing than oil. That was after the



IMF had advised Nigeria to devalue its currency. The letter had five tables with appropriate data carefully selected to convince the president on why he should devalue the naira.

-It was also designed to respond to the theme of a one-day symposium in Lagos to debate on whether the naira should or should not be devalued during the crises as advised by the IMF. The theme was: “The Naira on trial: to devalue or not to devalue?”

-For me, it was economics and her laws that were on trial and not the naira. There was also a one-day conference at the University of Uyo organized by the Nigerian Economic Society (NES) to also debate the policy. –

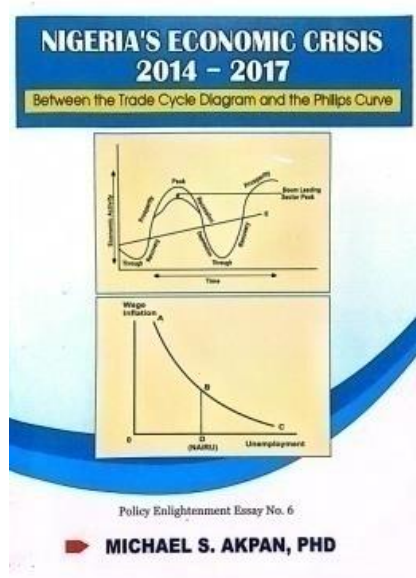
-The summary was that the two gatherings had strongly opposed the policy. So, in the face of daunting opposition to the policy, coupled with Mr. President’s gauntlet, I wrote him a 49-page letter with the title which was later converted to the book we are seeing.

-The high points of the letter were:

- 1) the president was presented with the rules of decision for devaluation.
- 2) The rules say that when the deficit on current account of the balance of payments is persistent, the country is depleting its foreign reserves to pay for it and the reserves level is fast approaching exhaustion, the country should devalue.
- 3) The reserves level “is fast approaching exhaustion” if the reserves cannot cover at least six (6) months of imports at the country’s current level of import.
- 4) One of the tables contained data on Nigeria’s annual foreign reserves stock and the number of months of import cover they could provide; they were on average less than the six (6) months minimum threshold.
- 5) The letter did not advise the president to devalue, rather he was requested to look at the reserves data and devalue if they met the rules of decision and not devalue if they did not meet the rules; of course they met the rules and before the president could come back from his medical vacation to take a decision, the then CBN governor Mr. Godwin Emefiele had floated the currency because he did not say by what percentage the naira was devalued.

The fifth book is titled, *Nigeria’s Economic Crisis 2014 – 2017: Between the Trade Cycle Diagram and the Philips Curve*.





-The book was designed to explain the fact that Nigeria's 2014/2015-17 economic crises were not conditions of recession, but those of stagflation. The problem was that the Jonathan government in 2014 and the visiting MD of the IMF had in January 2016 identified the crises as that of recession.

-The confusion always is from the fact that the two macroeconomic disequilibrium conditions share the same characteristics except one. Their first common characteristic is that output declines in two consecutive quarters.

-Unfortunately, this is the only characteristic economists and non-economists use always in defining recession: "when output falls in two consecutive quarters". So, the work was done to properly diagnose and identify the real ailment that ailed the Nigerian economy during the period i.e., whether it was recession or stagflation.

-Accordingly, the front cover was designed with two diagrams: one representing the trade cycle in which recession is the third phase and the other, representing the Philips curve which illustrates an inverse relationship between the rate of inflation and the rate of unemployment.

- The Philips curve is a concept or a theory which simply says that the relationship between inflation and unemployment is inverse, and so the two cannot co-exist. A stagflation condition is therefore a condition in which inflation and unemployment co-exist. In other words, a stagflation condition is a violation of the Philips curve. The solution is always a very delicate one because if you choose a policy to reduce unemployment, inflation increases.

-Conversely, if you target inflation, unemployment increases. So, the policy maker must always choose between the two. Usually, it is the one that increases output in terms of increase in productivity because stagflation is usually a product of low productivity due to reduction in capacity utilization.

-For example, during the economic crises in Thatcher's Britain and Reagan's United States between 1978 and 1983, increase in productivity was the policy target.



Thatcher achieved it and won a landslide victory in the 1983 parliamentary elections with the full support of the British labour, even at the cost of high inflation.

-The three major high points of the book are:

1) the need for a proper diagnosis and identification of the right sickness that ails an economy so that remedial policies designed for one ailment are not wrongly applied to another to avoid disappointing consequences.

2) In order to prove that Nigeria's macroeconomic crises between 2014 and 2016 were those of stagflation, the work plotted respectively, the country's quarterly data for output growth against quarterly time period and for inflation against unemployment for the period 2013Q1 – 2018Q4.

-The result for output against time produced a trade cycle diagram for Nigeria for the period (fig. 6.1) and the result for inflation and unemployment produced an inverse diagram of the Philips curve in fig. 6.2 at p. 62 of the book; proofs that the conditions were those of stagflation.

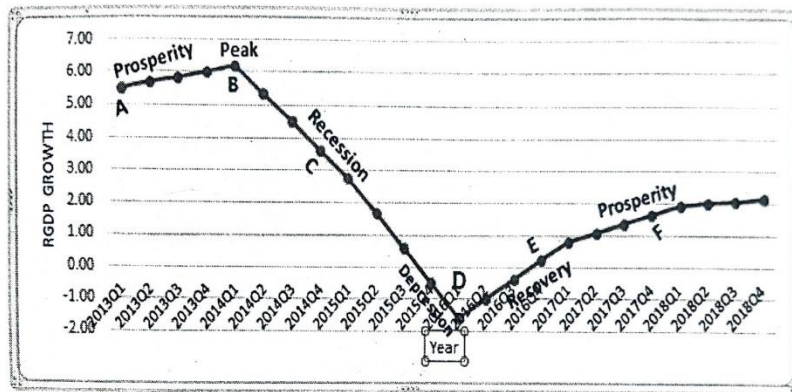
-The data are at p. 58 of the book. Let me acknowledge Associate Professors Ezie Obumneke and Jonathan Oniore who produced the graphs from the same sets of data. Their results were however, identical, but not the same. So, I had to make a rational choice from the results based on my complete knowledge of the right graphs.

-As shown in fig. 6.1, output fell in two consecutive quarters (recession) in the first instance after the peak of prosperity at point B in 2013Q4 and 2014Q1, it continued to 2015Q2, slipped into Depression in 2015Q3 and got to the deepest level at point D in 2016Q2. Recovery started after point D in 2016Q3 to begin a new cycle. So, defining recession by quarterly output behaviour alone is misleading, whereas the problem could be that of stagflation.

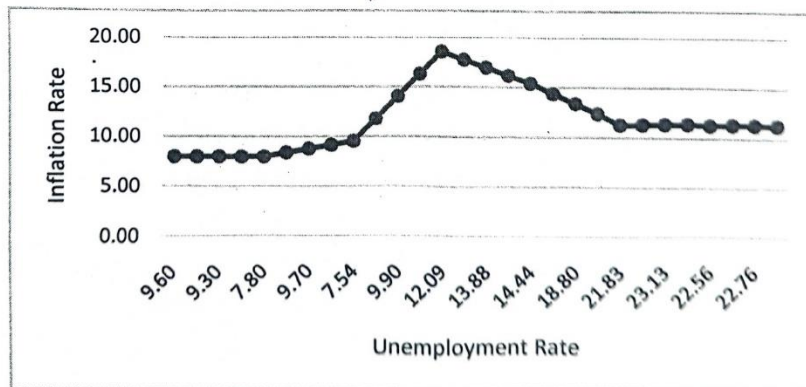
-This called for a second diagnostic test: plotting the behaviour of the general price level (inflation) against the rate of unemployment to determine if they were rising or falling. Fig. 6.2 shows that they were rising (inflation+unemployment+fall in output = stagflation) up to 2016Q2 when Depression in fig. 6.1 got to its peak (lowest level of output decline) and inflation was at its peak in fig 6.2. It was after this point (where recovery started) that the Philips curve began to take shape, indicative of the exit from stagflation. I doubt if econometrics can prove this so succinctly.



**Fig. 6.1 Nigeria's Quarterly Real GDP Growth (%): 2013Q1 – 2018Q4**



**Fig. 6.2 Nigeria's Quarterly Inflation and Unemployment Rates (%): 2013Q1 – 2018Q4**



3) In order to resolve the problems of wrong diagnosis and error in definition, the work redefined recession as “a fall in output in two consecutive quarters with falling inflation” and stagflation as “a fall in output in two consecutive quarters with rising inflation” (Akpan 2020, p. 57). 4)

-While the policy remedies for recession are demand side remedies, it is supply side remedies for stagflation (pp. 67-68 of the book). Thatcher and Reagan used the supply side remedies (deregulation measures and adjustments in subsidies) in their respective policies to resolve their stagflation problem.

-The sixth work is a journal article titled “Ceteris Paribus in Economic Theory and Econometrics: What is its Real Meaning and what Happens when Ceteris is not Paribus?” It was designed to kill econometrics because the way we are going with



econometrics in Nigerian Universities, if someone does not kill econometrics, econometrics will kill economics.

-The work was motivated by the econometricians' assertion in Koutsoyiannis (1977, p. 3) that economic theory (model), economic statistics and mathematical economics, specify exact relationships. And so, their quantitative models are deterministic and unsuitable for economic analysis because they consider only the variables in the theories, leaving out variables outside the theories that influence an outcome variable.

-In the demand theory for example, price is the only determinant of the quantity demanded hence  $Q_d = f(p)$ . Therefore, the econometricians argue that the error term 'e' they introduced in econometrics represents the inherent errors and the "left out" variables in economic theory to make economic statistics more suitable for quantitative analysis in economics.

-The major problems with these assertions are:

- i) The error term e is not observed in economics and so it cannot be valid.
- ii) Economic theories are models constructed with only the major economic drivers of a system, leaving out minor and non-economic factors for other social science disciplines.
- iii) Economic models are thinking tools (Keynes, 1938), constructed for the purpose of policy formulation and evaluation.
- (iv) All economic theories are caveated with the phrase, *Ceteris Paribus* which means holding constant all factors, not included in the theory.

-The work then argued that economic theory and economic statistics act on the basis of parsimony in model specification, and so only consider the main drivers of a system while subsuming the minor drivers and the error term in the *ceteris paribus* assumption which is a major caveat in all economic theories.

-The work's recommendation was that in model specification in economic statistics and econometrics, the error term should be replaced with  $cpb_t$  to reflect the *ceteris paribus* assumption in the underlying theory used in specifying the model. So, instead of for example:

$$Qd_t = a_t - bp_t + e_t \quad = \quad (1)$$

We now should have:

$$Qd_t = a_t - bp_t + cpb_t \quad = \quad (2)$$

The *ceteris paribus* factors, i.e., factors outside the model are now given mathematically by:

$$Cpb_t = 1 - R^2 \quad (3)$$



The article is at pp. 262-275 of the December 2021 edition of our Bingham Journal of Economic & Allied Sciences. Similar reactions came from two colleagues after they read the article. 1) One said: "Sir, you should have sent this article to Scopus." The other said "Sir, you should have sent this article to a foreign journal." My advice in both cases was and still is, we must populate our journals with good articles and put them online so that foreigners can also publish in our journals. My reason is that their local journals are foreign to us and our local journals are foreign to them.

-The seventh work is a journal article titled, "Strategic Agenda for the Naira: What Implication for the 2014 Devaluation?" It was co-authored with Dr. Emily Gyang.

-The motivation was that in the light of the controversies that surrounded Professor Soludo's 2007 proposed "Strategic Agenda for the Naira" and late President Yar'adua's suspension of the proposed policy package due to popular but uninformed public opposition even from members of the academia, the article was designed to find out three things:

- 1) Whether contributions to the debate were based on scientific literature on the subject?
- 2) Whether the policy package itself was right and appropriate at the time it was introduced?
- 3) How would the policy have affected the N/\$ exchange rate in the 2014 devaluation by 8% if the policy was allowed to sail through? Soludo had proposed a N/\$ exchange rate of \$1/ ₦1.25 in the 4-point agenda.

-Findings revealed that:

- 1) Contributions to the debate were not based on scientific literature on the subject.
- 2) The policy package was appropriate at the time because the deteriorating macroeconomic indicators that informed the 1987 devaluation had been reversed. Very critical was the policy condition in the 1987 devaluation which was that the official exchange rate would be managed to move in sympathy with the parallel market rate until a convergence was achieved. Convergence of the two exchange rates was achieved in December 2007 at ₦28.85. It provided the FOREX Markets level equilibrium for the introduction of the Soludo policy package.
- 3) If the Soludo redenomination policy was allowed to sail through, the 2014 devaluation at 8% would have resulted in N/\$ exchange rate of \$1/₦1.35. The work is in Vol. 4, No. 2, 2016 of the African Journal of Modern Society –A publication of the Department of Sociology, Faculty of Social Sciences, Nasarawa State University.

-The eighth work (co-authored with Dr. Ezie Obuneke) is a journal article titled: *Nigeria's Population Explosion and the Growing Incidence of Poverty*.

-The concern of the work was that in 1983, Nigeria was classified as one of the countries with the fastest growing population in the world, having a population of over 85 million people and growing at an annual rate of 3.4%, with a characteristic increasing incidence of poverty. Nigeria was also classified as a low-income poor



underdeveloped country with striking demographic characteristics of high crude birth rate, high crude death rate (per thousand), and low investment in human capital, among others.

-These characteristics were in stark contrast with those of the high-income rich industrialized and slowest population growing countries whose population magnitudes were not only small, but were growing at an annual average of just 0.27%. For example, population growth in countries of North America, Eastern and Western Europe and Asia with very small population magnitudes, ranged from between -0.2% and 1.0%. For example, from a 1984 World Development Report, Japan (119.2 million grew at 0.6%), Britain (56.0 million grew at 0%), Czechoslovakia (15.4 million grew at 0.3%), the United States (234.2 million) and Canada (24.9 million) grew respectively at 0.9% and 1.0%. The scenarios obviously suggested similar contrasts in other social and macroeconomic indicators.

-The concern and motivation for the work were that with gradually exploding population magnitudes since the 1980s and an accentuating poverty rates since the 1990s, all the poverty alleviation policies and programmes in Nigeria tactically excluded serious population control policies to check the exploding population magnitudes to reduce the growing incidence of poverty. This work was the source of my information on Nigeria's population explosion in my address to the former military president, General (rtd) Ibrahim B. Babangida in his house on 09/02/15 and he agreed with me that population explosion is a real problem in Nigeria.

-The work had the singular objective of finding out empirically the contribution of the country's population explosion to its growing incidence of poverty. At 60%, the result was worrisome.

-In fact, bringing Nigeria's population explosion under control because of its demographic challenges was one of the imperatives of SAP in 1986(Husain, 1991). A more concrete and enforceable population control policy, including more effective and inclusive enlightenment campaigns were recommended.

-Let me mention for emphasis that during the British Industrial Revolution, the overall economic result was that from one factory to another, the capital coefficient (machine hours used) increased and this in turn, raised the productivity of labour. If this was not the case, Meier and Baldwin had argued that the pressure of population would have set a limit to growth (Meier and Baldwin, 1957, p. 170 cited in Akpan, 2013b p. 109). The reverse is the scenario in Nigeria because input coefficient ratios of the economic man's economics are not used in production, especially, in government business.

-For example, federal government refineries are moribund. Former governor Udom Emmanuel's state established factories are already moribund. The Ibom Air must be on the watch list. The article is at pp. 607-622 of Bingham Journal of Social and Management Studies, Vol. 3, No. 1, July, 2014.

-The ninth work was an application of the concept of the margin in economics to Nigeria's economic development process. The work is titled "A Re-examination of the Concept of the Margin and Its Implications for Nigeria's Economic Development."



-The motivation was that it has been argued in development literature that African countries cannot develop because their leaders do not even understand the concept of the margin. Similarly, in the World Bank development circle is the notion that implementation of economic reform policies is not likely to remove deep-rooted impediments to growth in sub-Sahara Africa because growth falls within the broader task of development which encompasses much more than implementation of an appropriate policy framework.

-The work's objectives were to theoretically analyse the concept; find out if a link could be established at least on a priori between the marginal concept and the development process; and make recommendations for application of the concept to the development process in Nigeria if a link was found.

-The paper adopted the "search of literature approach" to exploratory research studies in the analysis. The technique first revealed that the marginalist's dictum is taking one bite at a time", so the navigational search compass was narrowed to exploring the link between the margin, statistical/econometric model and applying the relations to Nigeria's development process, particularly in the selection and funding of development projects, given that projects are the building blocks of development planning.

-The paper argued that God made everything at the margin - one bite at a time in a functional sequence: the waters, then the fishes; the grasses and woods, then the animals and after all other things were made, he created man.

-Then in the process the  $1+1 = 2$  mathematics was observed as the simplest principle and truth because it is the arithmetic progression law of creation, the violation of which has consequences.

-These explain why the margin – the law of creation and the  $1+1 = 2$  mathematics may be central to economics and the process of development as it appears; they accommodate the critical economic problem of scarcity and choice. Within these premises the work argued further that the concept of the margin brings Economics to the realm of an esoteric discipline wherein the secret of development is buried [in the margin].

-With these findings, only a single recommendation sufficed at the end of the analysis – that Nigeria should apply the concept of the margin and the  $1+1 = 2$  mathematics to its development process as they will prove to be the most effective antidotes to the slow pace of the country's development. The work is at pp. 591-606 of Bingham Journal of Social and Management Studies, Vol. 3 No 1, July, 2014.

-The tenth work titled, "*Output and Price Determination in Cartels: A Microeconomic Analysis of OPEC Oil Price Crises and Policy Lessons for Nigeria*", used the microeconomics market model of oligopoly that OPEC as a cartel belongs, to find out:

- 1) the real factors behind the instability in the OPEC.
- 2) the real causes of OPEC price fluctuation in the international oil market as it often affected Nigeria's oil revenue at home.



-The paper was written against Nigeria's 2014-2017 and previous economic crises ( $X < M$ ) of the Nigerian economy which always originate from fall in oil prices in  $X-M$ . It all started from the Shagari's 1981/82-86 Nigeria's economic crises which pushed the country into the warm embrace of the IMF/World Bank reform policies package.

-The work's objectives were to:

- 1) analyse OPEC producer oil price crises within the market framework of output and price behaviour of firms in a cartel.
- 2) evaluate the fiscal and external sector implications for the country.
- 3) highlight the policy lessons for Nigeria (within the application of orthodox concepts of the economic man's economics).

-The method of analysis adopted the game theory's non-zero-sum model of output and price determination in cartels. In the model, what one firm gains is what another firm loses. The market model is oligopoly. It has a small number of firms that produce the same or identical products differentiated only by brands e.g., Nigerian Bonny Light Crude, West Texas Intermediate (WTI) crude and the Iranian Heavy Crude.

-In the oligopoly market firms are interdependent of each other and yet are afraid of each other's price and output decisions because they operate on the non-zero-sum model of the market. So, each firm anticipates the response of its rival to its price and output decision and takes the anticipated response into account in its pricing and output decision because a rival's gain is a competitor's loss, due to the market inelastic demand curve.

-These result often into price wars and chiselling (charging below agreed prices) among members of OPEC and non-member producers in the market.

-The work's scope covered global producer oil price crises in five episodes which occurred at irregular intervals: 1961-1965; 1981/82-1986; 1997-1998; 2008 – 2009 and 2014 – 2015.

-The 1981/82 and 2014 – 2015 episodes were of great economic and political significance for Nigeria because they necessitated adoption of austerity measures with mild devaluation and elicited strong public desire in 1982 and 2014 for a change in political leadership.

-Ironically, 1983 and 2015 were election years. Interestingly, the change in political leadership was achieved by the same political actor – Mohammadu Buhari (of blessed memory), first by a military coup in 1983, and second through the ballot box in 2015.

-Meanwhile, these problems emanated from the international oil market price crises typical of an oligopoly market of cartels that had nothing to do with the political leadership at home.

-The policy lesson was and is still that the non-zero-sum behaviour of firms in cartels, the looseness of the OPEC cartel, with no price and output control over its



members, including major consumer countries' policy on energy conservation, make oil a very unreliable source of revenue and underscore the urgent need for economic and revenue base diversification in Nigeria. The article is at pp. 128-146 of Jalingo Economic and Business Review. Vol. 3. No. 2, April 2019. Journal of the Department of Economics, Taraba State University, Jalingo.

-The eleventh work is a journal article titled "*Critical Evaluation of John Maynard Keynes' Letters to Roy Harrod on 'The Relevance of Economic Model Construction and Econometric'.*"

-The work undertook the critical evaluation of Keynes' two letters in 1938 to Roy Harrod on the relevance of economic model construction and econometrics in economic analysis. It was my Ph.D. econometrics class assignment in 2000/2001 updated to a journal status in 2012. I think this is very relevant to this lecture and aptly captured in para. 2 of the introduction part of the work.

-It read thus:

*One of the beauties of the study of economics is the academic exercise in critical review and evaluation of materials crafted by the founding fathers and early masters of our science. This is most common in the field of abstraction and model building in which economics is distinguished in its underlying philosophy. This review is an updated and expanded version of an earlier class work in such an exercise by the author on the two letters under review. The first letter was written on July 4 and the second was on July 16, 1938.*

- Please permit me to mention once again that the homo economicus is the 17<sup>th</sup> and 18<sup>th</sup> centuries' product of such abstraction and model building in man's attempt to create a world that can be ruled on established principles built on certain observed facts. This explains why most leaders in the western world, if we check properly, have backgrounds in economics, philosophy and politics.

-So, the issue at stake in the two letters to Roy Harrod was whether economics should be treated as a moral or a pure science. Interestingly, the two letters were written two years after the publication of his last and revolutionary book, The General Theory of Employment, Interest and Money in 1936.

-Keynes devoted chapter 24 of the book to the moral implications of economics that his new book would lead to. For the interest of our postgraduate students, permit me to give a brief summary of those letters.

-Briefly, in the letter of July 4, 1938 Keynes described economics as a branch of logic, i.e. as a way of thinking and accused Harrod of not repelling or resisting sufficiently, firm attempts by Schultz to turn economics into a pseudo or false natural science. He admitted to Roy that the development of improved models requires "a vigilant observation of the actual working of our economic system."

-This is very relevant to the reason for the creation of the economic man which was the development of markets. Progress in economics, Keynes said in the letter, consisted almost entirely in a progressive improvement in the choice of models and that the grave fault of the later classical school exemplified by Pigou, had been to overwork



a too simple or out-of-date model and not seeing that progress in model building lay in minimizing the model.

-Marshall, Keynes said, had often, on his part, confused his models. He however conceded that Marshall had great genius in devising or formulating models, but that he always wanted to be realistic by filling in real values for his variable functions, instead of minimising (not considering all factors) his model.

-Keynes argued his position that a model should be a lean abstract outline because filling in real (detailed) values makes a model useless as a model because it loses its generality and value as a mode of thought – e.g. the homo economicus was and is still a lean abstract outline.

-Keynes also acknowledged the fact that a model is an instrument of statistical study, but that the object of a statistical study is not to fill in the missing variables with a view to using the results (e.g., in regression analysis) for prediction, but to test the relevance and validity of the model, i.e., in terms of the theory used in its construction (a theory for example was used in building the model of the economic man). On the bases of these premises,

-Keynes viewed economics as a science of thinking, which combines the art of choosing models “that are relevant to the contemporary world (e.g., the economic man’s world of the British industrial revolution which is relevant in this 21<sup>st</sup> century, albeit modified). Keynes based this proposition on the fact that unlike the typical natural science, the material to which economics is applied is in too many respects, not homogeneous through time. This meant that data used in pure science do not vary over time, but in economics data vary (change) over time.

-The letter of 16<sup>th</sup> July, 1938, was a response to a letter from Roy Harrod on “the multiplier”. Keynes stated clearly that he thought the two of them were “a whole bit at cross purposes”. Keynes told Roy that he thought it was important for example to investigate statistically the order of magnitude of the multiplier, and to discover the relative importance of the various facts which are theoretically possible.

-And still defending his position that economics should not be made to look like a pseudo-natural science, he stated that his point against Tinbergen was a different one: that in chemistry, physics and the other natural sciences, the object of experiment is to fill in the actual values of the various quantities and factors appearing in an equation or a formula; that the work when done is once and for all. But that this is not the case in economics and so to convert a model into a quantitative formula is to destroy its usefulness as an instrument of thought.

-To further buttress this argument, he explained that Tinbergen, having worked out the variable quantities in a particular, and perhaps in the average of several particular cases and then suggesting that the quantitative formula so obtained had general validity, and more so filling figures which one was sure would not apply next time, destroyed the value of the model (as a thinking tool) instead of increasing it.

-My review of the two letters focused on seven areas – Keynes’s personality and economics, the two letters, his challenge of the old order, economic model and



econometrics, evaluation of his general theory, the philosophy and logic of economics, the analytical flaws in the letters and the conclusion.

-The evaluation exercise employed theoretical, statistical and historical paradigms to cast the arguments from both sides on the mound of the Keynes controversies.

-The results revealed that economics has modelled its theories after physics, medicine, philosophy, mathematics and statistics etc, depending on the initial background of the economic thinker. Keynes, a philosopher-economist, brought ethics into economics; Quesnay, a physician, brought medicine into economics; Walras, a mathematician, pictured the economy as a system of simultaneous equations; and to Mandelbrot, according to Skidelsky (2009), a large part of economic theory is just physics with the words changed, while classical economics was an illegitimate offspring of Newtonian physics as it pictured the economy as a world of independent atomic particles (human beings), whose actions and reactions keep it in a state of balance or equilibrium.

-The conclusion that emerged from the analysis was that economics is a moral as well as a science that is based on theory, given its multi-disciplinary origin. With the results of that review, I think, I can at this juncture say comfortably, that economics, the economist – the homo economicus, and what he does, are today revealed in this lecture. The article is at pp. 164-177 of the Nigerian Journal of Social Research, Vol. 1, No. 8 June, 2012. Journal of the Faculty of Social Sciences, Nasarawa State University.

-The twelfth work dwelt on Nigeria's external sector crisis. It is a journal work I did with our late head of department, Associate Professor Abayomi Awujola of blessed memory. It is titled *Relationships Between Foreign Reserves, Exchange Rate and Balance of Payments: An Empirical Analysis of Nigeria's Experience (1986-2017)*.

-The problem that drove the work was that in spite of all that policy literature and empirical evidences have said and shown to prove the efficacy of adequate level of foreign reserves and exchange rate deregulation (devaluation) in balance of payments and economic stabilization, the doubts in the minds of the public, including the press and the policy circles in Nigeria had still been very evident.

-One example was at their October 2018 annual meetings in Bali, Nigeria had turned down the IMF/World Bank Group (WBG) advice to build up its foreign reserves.

-Also earlier in January 2016, Nigeria had refused to devalue its currency in the wake of the oil price shocks of 2014/2015-16, only to float the currency in June 2016.

-And in March 2020, forced by another global oil price shock, a falling reserves level and a deteriorating bop, occasioned by the Covid-19 induced global economic lock down, Nigeria devalued its currency to satisfy IMF's condition for a balance of payments adjustment and infrastructure loan.



-The problem that had emerged from all this, was whether the devaluation policy and the levels of foreign reserves had had positive or negative effects on Nigeria's balance of payments during the period.

-The most important objective of the paper was to find out empirically the real relationships between devaluation (since inception in September, 1986), foreign reserves and Nigeria's balance of payments, being the real source of Nigeria's external sector related economic crises. The theoretical framework for model specification was the income absorption theory approach to correction of balance of payments disequilibrium and achieving economic growth through devaluation. It was the framework I used in my Ph.D. work.

-The method of analysis was the OLS techniques of parameter estimate. In order to achieve the objectives, six regression equations were specified and analysed, including granger causality tests on each of the equations.

-The six regression equations were grouped according to key policy outcome (dependent) variables.

-These were three (3) for the Overall Balance of Payments (BOP) and three (3) for the Current Account Balance (CRAB). The two critical policy effort (independent) variables were the Exchange Rate (ER) and Foreign Reserves (FR). The reasons for grouping the regression equations were to estimate the combined impacts of ER and FR on BOP and to also estimate the separate individual impacts of ER and FR on BOP and CRAB, respectively.

-The estimated combined coefficients for BOP on ER and FR revealed 29.039 for ER and 0.362 for FR. These meant that exchange rate policies were and are more effective in improving overall balance of payments than foreign reserves related policies when the two policy instruments were and are used together.

-These results were upheld when ER and FR were used individually on BOP. The results were ER coefficient of 72.259 and FR coefficient of 0.421. Both  $R^2$  and  $R^{-2}$  showed good fits of approx. 60% and 57%, respectively for just two policy effort variables.

-These meant that although exchange rate policy and foreign reserves policy are main drivers of overall balance of payments improvement, exchange rate policy is a better driver both when used together with foreign reserves policy and when used individually. This is the empirical justification for devaluation.

-In combined results of CRAB on ER and FR, ER surprisingly reported a negative relationship while FR maintained a positive relationship as in BOP.

- However, results of CRAB on ER alone reported a positive coefficient of 23.762 and the result for CRAB on FR also was positive at 0.317.

-The  $R^2$  and  $R^{-2}$  however reported extremely low fits of between 6.7% and 3.5% for CRAB on ER and 0.72% for CRAB on FR and even negative coefficient for CRAB on FR.



-These results simply revealed that some policy effort variables perform better on target outcome variables when used individually than when combined with other policy effort variables, although exchange rate policy still performed better when used with foreign reserves policy and when used individually.

-This is the policy makers' dilemma which calls for a very delicate choice and it again raises economics to the realm of esotericism. The work is at pp. 276 – 291 of Bingham Journal of Economics and Allied Studies (BJEAS) Vol. 5 No. 2, December, 2021.

- The thirteen work I found relevant for this piece is a journal work I did with two other colleagues in response to Nigeria's rejection of the IMF/World Bank Group (WBG) advice to build-up its reserves at their October 2018 meetings.

-It was done with Anna, D. B. and Grace H. Isah. It is titled "*A Descriptive Analysis of the Role of Adequate Reserves in Balance of Payments and Exchange Rate Stability in Nigeria (1999 -2017)*". This work is very relevant to President Tinubu's macroeconomic policy thrusts since July, 2023.

-The brief background is that at the October 2018 IMF/World Bank Group (WBG) Annual Meetings in Bali, Indonesia, the IMF had advised Nigeria to build-up its foreign reserves because countries had lost reserves during the 2008/2009 global meltdown. Nigeria was also advised to increase its taxes instead of contracting more loans, as the ratio of the country's interest payment to revenue was rather high.

-The World Bank Human Capital Development Index (HDI) assessment had also scored Nigeria low at 44%. The Nigerian delegation led by the then minister of finance, Mrs. Usman had rejected the two pieces of advice.

-At the post-meetings press briefing, Nigeria's then Central Bank Governor Mr. Emefiele, admitted though that Nigeria had lost reserves during the meltdown but had argued that it was marginal because the country was able to sustain stability in the foreign exchange market during the period.

-Although he conceded the need for reserves build-up but still had argued that the difficult economic conditions would not allow it. He added that a stable exchange rate to avoid depreciation of the domestic currency was the country's policy target.

-His conclusion was that the choice before the country was to maintain a stable exchange rate so that businesses could plan and the monetary authority would not create problems in the banking system's assets.

-However, what the governor did not consider was the fact that during that meltdown Nigeria had a war chest of over \$50 billion in foreign exchange reserves which cushioned the meltdown effect and also stabilized the country's exchange rate and balance of payments. The minister of state for finance Mr. Afe Babalola was even quoted to have told the National Assembly Committee on Banking and Finance that even if the price of oil had fallen to \$30pb, the country would fall back on the foreign reserves (Akpan, 2013b).



-On the tax hike, the finance minister had ruled out any possible tax increases as she argued that it would mean changing the tax laws, and **that the** country was not ready to do that. Surprisingly, she also had said that Nigeria's problems were not so much that of debts as of revenues.

-The minister of budget, Senator Udoma Udo Udoma had on his part, explained that to improve the HCI, the budgetary allocations to health were reviewed to ~~₦~~86.49b in 2018 from ~~₦~~26.6b in 2015 while ~~₦~~55.19b was added through the National Health Insurance Act.

-Allocation to education, he also said, was increased to ~~₦~~102.9b in 2018 from ~~₦~~22.5b in 2015.

-It was against these backdrops that the IMF/WBG had advised at the meetings that nations, including Nigeria, should build country-specific policies and fiscal and structural reforms that would boost their economic growth.

-Let me note that, IMF's traditional policy advices are that countries should increase taxes and expand their fiscal base to include the informal sector as well as build-up foreign reserves, especially during trade boom as a first line of defence against unforeseen external shocks (Fischer, 1998 cited in Akpan, 2013a).

-At the launch of its Fiscal Monitor Report (FMR) in the meetings, the IMF had urged Nigeria to prioritize and embark on infrastructural projects that would boost its economic growth.

-While noting that Nigeria's ratio of interest payment to revenue was high, it projected sluggish and stunted growths for 2018 and 2019 for the country (The Nation, October 6, 2018 cited in the work). In particular, journalists were told at the launch of the FMR that the Nigerian economy was under-performing and would grow from 1.9% in 2018 to 2.3% in 2019, while South Africa's and Angola's economies would grow respectively, from 0.8% to 1.4% and from -0.1% to 3.1%. The overall outlook was that the trio countries' slow growths were slowing down the rest of Africa (Daily Trust, Thursday, October 11, 2018; Ukeji, 2017). The Nigerian delegation rejected the advices.

The broad objective was to discuss in theory the roles of reserves build-up in balance of payments and exchange rates stability, and thereby determine the macroeconomic policy concerns of the IMF/WBG at the meetings. The specific objectives were: 1) to investigate and analyse the adequacy level of Nigeria's foreign reserves. 2) Determine the level of Nigeria's foreign reserves accretion (build-up). 3) Show with evidence of data that inadequate reserves stock was at the centre of Nigeria's 1981/82-86 and the 2014/2015-16 economic crises.

-Because of its wide application and its international acceptability, the study adopted the minimum reserves/imports ratio of six (6) months to determine the level of Nigeria's foreign exchange reserves adequacy for the study period. The rules of decision are that an economy is in crisis when its balance of payments, particularly, on current account, is in persistent deficits and depletion of foreign reserves to pay for it, is fast taking the reserves to exhaustion (Black, 2003 cited in Akpan, 2013a, 2016).



-A reserves level that is fast approaching exhaustion has a reserves/imports ratio of less than six (6) months and its country's balance of payments on current account is in persistent deficits.

-Three Tables were also used in the data analysis and results based on the specific objectives of the article. Table 1 contained data on Nigeria's oil revenue, accretion to/depletion of external reserves, stock of reserves (\$m) and the number of months of imports equivalent 1999 – 2017. The Table was used to analyse the level of Nigeria's reserves adequacy (number of months of imports) and the %age of reserves accretion from oil revenue. Table 2 contained data on Nigeria's balance of payments (US\$m), external reserves level (\$m), average crude oil prices/barrel, and average AFEM/DAS exchange rates (N/\$) for 1999 - 2017. It was used to analyse the role of reserves adequacy in balance of payments and exchange rate stability.

-Table 3 contained data on Nigeria's balance of payments, external reserves and average exchange rate (N/\$) 1979 – 1991. It was used alongside Table 2 to argue the fact that inadequate reserves were at the centre of Nigeria's economic (balance of payments) crises of 1981/82-86 and 2014/15-16.

-Results in Table 2 are however of direct relevance to the foundation, and macroeconomic policy thrusts and direction of the Tinubu administration since it launched the Renewed Hope Agenda in July 2023.

The results in Table 2 of the article were that:

- (i) In 2008, Nigeria's foreign reserves stock was \$53.0b and could cover 15.9 months of imports. Oil price was \$101.15pb.
- (ii) In 2009, when the global meltdown occurred Nigeria drew down \$10.04b to service the 2009 budget. Reserves stock was down to \$42.35b, enough to cover 16.3 months of imports because some imports curtailment policies were implemented. Oil price had crashed to \$62.08pb.
- (iii) In 2010, still in the midst of the meltdown Nigeria drew down another \$10.04b to service the 2010 budget. The reserves stock was down to \$32.3b, enough to cover 7.7 months of import. Oil price had risen to \$80.8pb.
- (iv) In 2011, \$308.4m was accreted to the reserves, increasing total stock marginally to \$32.6b, enough to cover 5.8 months of imports. Oil price had increased further to \$113.8pb.
- (v) In 2012, \$11.1b was accreted to reserves. Stock increased to \$43.8b, enough to cover 6.8 months of imports. Oil price had fallen marginally to \$113.5pb.
- (vi) In 2013, \$988.1m was drawdown. Stock decreased marginally to \$42.8b, enough to cover 9.51 months of imports. Oil price had declined to \$111.4pb.
- (vii) In 2014, \$8.4b was drawdown. Stock fell to \$34.2b, enough to cover 6.67 months of imports. Oil price had fallen further to \$100.7pb.



- (viii) In 2015, data was not available for amount of reserves drawdown, but stock fell to \$28.2b, enough to cover 6.65 months of imports. Data on oil price dynamics were not available for 2015-2017.
- (ix) In 2016, data for drawdown on reserves was not available, but stock was down to \$26.9b, enough to cover 9.2 months of imports.
- (x) In 2017, data for accretion to reserves was not available, but reserves stock increased to \$39.3b, enough to cover 14.5 months of imports due to import restriction.

-From these results it became very clear why the IMF/WBG were worried and asked Nigeria and other countries to build-up their reserves stocks because countries had lost reserves during the meltdown.

- Nigeria lost reserves during the 2008/2009 global meltdown to fund the 2009 and 2010 budgets.

-Afterwards, the foreign reserves stocks were depleted each year without corresponding build-up.

-The reserves levels were fast approaching exhaustion as they could hardly, on average, cover six (6) months of imports. As if the IMF/WBG had a premonition of the Covid-19 pandemic, our refusal to build-up our reserves took us in 2020 to the cold embrace of the IMF/WBG for a balance of payments support and infrastructure loans.

-But what was the behaviour of the balance of payments? Nigeria's balance of payments on current account started experiencing difficulties from 2009 when it fell to \$14.02b from \$29.33b in 2008. In 2010 and 2011, it was respectively, \$13.26b and \$10.26b.

-Between 2012 and 2013, there was a reprieve perhaps from strong oil price showings (\$113.5pb and \$111.4pb), it was \$17.51b and \$19.20b, respectively. But from 2014 -2017, the current account balance managed a surplus of only \$1.27b in 2014 and thereafter slipped into persistent deficits: -\$3.03b, -\$1.05b and -\$521.6m in 2015, 2016 and 2017, respectively.

-These explained why the Nigerian economy was in crises between 2014 and 2017 (see Table 2 of the article). The crises were so serious that the then IMF Managing Director Ms. Christine Lagarde undertook an official working visit to Nigeria in January 2016. She met with President Buhari and also addressed a joint session of the National Assembly on the policy prescriptions to end the crisis – they included removal of fuel subsidy, increase in tax base and a flexible exchange rate (see Akpan, 2017, 2020).

- After her departure, yours faithfully was invited to AIT to discuss her policy prescription. It was the occasion he mentioned stagflation as the real ailment of the country's economy.

-There is no doubt that with these negative developments (instability) in the foreign reserves and current account components of the balance of payments, the exchange rates of the domestic currency to major convertible currencies were very



unstable as defined (differences between AFEM & DAS rates). See column 8 of Table 2 on Average AFEM/DAS Exchange Rate at p.130 of the Journal.

Figures in Table 3 of the article had confirmed that Nigeria's 1981/82-86 economic crises were characterized by low levels of foreign reserves due to lack of accretion (build-up) and persistent deficits in the current account component of Nigeria's balance of payments.

-The conclusion and recommendations of the paper were that the results of data analysis in the three Tables had shown and proven that reserves build-up (accretion) is not only critical as a buffer and for maintaining adequate reserves stock, but also critical as a balance of payments and exchange rate stabilization measure.

-The analysis further revealed that Nigeria's foreign reserves stocks, nine years after the 2008/2009 global economic crisis were barely adequate to play its stabilization roles, including being used for external borrowing (by IMF's definition of foreign reserves). It also had shown that inadequate reserves were at the centre of the 1981/82-86 and 2014/2015-16 economic crises. Two recommendations were made as follows:

- i. Nigeria must build-up its reserves to increase its level of adequacy to stabilize its balance of payments and exchange rate for business planning and serve as a buffer against external shock. It should also increase its tax base to increase its revenues, as advised by the IMF and WBG rather than contract more foreign debts.
- ii. Nigeria must stop contracting additional external debts, given her then high interest payments/revenue ratio. Debt service /revenue ratio stood at 70% (press report). It was recalled that high ratio of its external debt service to its foreign exchange earnings in 1986 had forced the country to negotiate its debt service to 30% of its foreign exchange earnings from 42% through debt rescheduling. In fact, it was the prospect for external debt rescheduling that was a major factor in the country's acceptance of SAP.

So, in the light of all these results, the conclusion and recommendations in that article, can we blame the IMF/WBG for Nigeria's economic woes?

-Then permit me to say categorically that the President Tinubu government has since its inception in May, 2023 been working to reflect the observations of the October 2018 IMF/WBG Meetings on Nigeria. My only anger is still on his opposition to President Jonathan's attempt to commence implementation of these policies in 2012. By now the system would have stabilized. The article is at pp. 122 – 135 of Bingham Journal of Humanities, Social and Management Sciences. Vol. 1, No. 1, December, 2019.

-The fourteenth important work is the work which laid the foundation for over 90% of my modest number of publications (small, but enough to satisfy the requirements for my promotion at all levels) is my 2011 unpublished Ph.D. Thesis.

-It was titled, "Economic Reforms and Economic Performance: Analysis of Nigeria's Economic Growth and Balance of Payments (1982 – 2007)." Its precursor was my M. Sc. dissertation titled "Impact of SAP on Private Foreign Investment in



Nigeria (1986 – 1991).” The period covered was the first five (5) years of a full-blown SAP in Nigeria.

-The Ph.D. Thesis had to begin the study from 1982 because that was when President Shagari introduced the first doses of balance of payments stabilization (austerity) measures.

-It set out to:

1) Analyse the performance of the Nigerian economy under the country’s variant of economic reforms introduced in 1986.

2) Address four specific objectives:

i) analyse the overall GDP and non-oil GDP growth attributable to the policy efforts of the reforms programme.

ii) analyse the growth trajectories of the overall GDP and the non-oil GDP over the reforms period.

iii) analyse the overall performance of the country’s balance of payments over the period; and

iv) make recommendations towards promoting economic growth and maintaining balance of payments equilibrium under the policy framework of economic deregulation.

-A simulation method which employed the Two-Stage Least Square (TSLS) techniques in the analysis was used. The idea was to work with the whole economy for a full (not partial) equilibrium analysis of the impact of the reforms package on the economy as a whole:

$$Y = C+I+G+(X-M)$$

The required model was specified and built on the premise that the major macroeconomic problems that confronted the Nigerian economy from 1982 was persistent balance of payments deficit and slow and negative GDP growth caused by a defective industrial structure. The most appropriate theoretical framework for specifying and building the model was the income absorption theory approach to balance of payments correction and economic growth. The theory states that given the national accounting criterion, the balance of payments (bop) can be improved through devaluation under conditions of less than full employment, provided as a consequence, the national income will increase more than domestic expenditure, depending however on a country’s marginal propensity to save (Vaish 1980, p. 447). The approach specifies the national income accounting criterion as:

$$B = Y-E \quad (1)$$

Where: B = Balance of Payments; Y = National Income and; E = Domestic Absorption

In other words, equation (1) expressed the balance of payments as the difference between total domestic output and total domestic expenditure (Sodersten, 1980 p. 367). In this sense E was decomposed into its various components:



$$E = C + I + G \quad (2)$$

Equation (2) is the Keynesian aggregate demand function without the external sector. However, the Keynesian 4-sector national income identity is given by:

$$Y = C + I + G + (X - M) \quad (3)$$

Based on Sodersten (1980, p. 435), (X-M) is foreign investment or net foreign capital flow in the domestic economy. In equation (3):

C = Domestic consumption; I = Domestic investment; G = Government expenditure

By equation (1),

$$Y = B + E \quad (4)$$

Equations 1 – 4 suggested a wider system of a simultaneous relationships amongst the variables, given the interdependent nature of economic relationships (Koutsayiannis, 1977 p. 331). This translated to an integrated and multi-directional causality among variables in a multiple equation model.

From equation (4),

$$Y - E = X - M; B = X - M \quad (5)$$

Equation (5) was in theory, the external sector balance or balance of payments earlier defined as net foreign capital inflow.

In practice however, X – M was the current account balance of the balance of payments (BOP) which is always the source of foreign sector-induced economic instability. Thus, as suggested by Koutsayiannis, we had a multi-equation models that involved separate equations in which B, Y, E, X and M in equations 1 – 4 appeared as endogenous variables in some equations and as exogenous variables in others (Koutsayiannis, 1977).

And because the analysis was focused on the performance of the overall balance of payments and economic growth, it was easy from equation (5) to isolate and focused on the external sector block model of the Nigerian economy, disaggregate the domestic block (C, I, G) into their various components, and introduced the GDP growth block model into a simultaneous equations system.

Accordingly, the system of equations was divided into five blocks – the External Sector Block, the Balance of Payments Block, the aggregate Supply Block, the Domestic Consumption Block and the GDP Growth Block – all were disaggregated into their various components with a total of thirty-nine (39) equations. The techniques of analyses were the simultaneous equations simulation and the 2SLS.

-There were three major findings:

1) There was growth in the overall GDP and non-oil GDP, including improvement in the overall balance of payments; and the package of reform policies contributed positively to these change dynamics.



2) The GDP growth and the BOP improvement trajectories were not smooth due partly to the “stop-go” approach to programme implementation, partly to the lagged effects of policy on targets and partly to resource-gap effects on industrial production as a result of public rejection of the adjustment loans.

3) Programme’s monetary and exchange rate policies impacted positively on the current account balance of the BOP, but negatively on the overall BOP; and fiscal policies impacted positively on non-oil and overall GDP growth. These results were in line with SAP’s policy objectives in Nigeria.

## **25. CONCLUSION AND RECOMMENDATIONS**

Five factors were deemed to have shaped the choice of the lecture’s topic.

-One, the questioning of the veracity and validity of the attributes of Adam Smith’s economic man – the homo economicus by the behaviourist economists typified in the 2008 work of Richard Thaler and Sunstein.

-Two, was Dr. Fasua’s use of the behaviourists’ and the feminists’ positions on the economic man, to accuse African economists of teaching the economics of the out-dated dogma of Adam Smith’s economic man.

-Third, was Professor Gurba’s doubt on the existence of the homo economicus in his 2014 inaugural lecture.

-Fourth, was to answer critics on the fewness of my publications – someone else in a public university had shared the same experience with me in December, 2024 and he was getting his promotions as and when due.

-Fifth, was to defend homo economicus and his economics. The important question has been whether the homo economicus, his attributes, his economics and the assumptions underlying his economics are no longer relevant?

-What have emerged from the analyses from the various aspects of this lecture are the following:

- There had been behaviourist economists before Richard Thaler and Cass Sunsteins and they didn’t ‘nudge’ people in any particular direction to get their desired results. For example, Robert Owen created a new environment for his workers in his New Larnark Mills and got the desired results without “nudging” them. He simply gave positive changes to their working environment.
- It was recognized at the time the homo economicus was created that the human being has other motives in life, but their pursuits of wealth and pleasure (happiness) were abstracted for the purpose of economic analysis of his behaviour at the time of the industrial revolution in Britain when the captains of the British industrialization and entrepreneurship were private individual persons. Their primary motive for undertaking innovation was profit.



- The model of the homo economicus, like all other models in economics did not fall from the blues. They were built on observed behaviours of some economic agents in their relationship with other economic variables. Economics itself is a study of human behaviour in relationship to ends and scarce means which have alternative uses.

-The homo economicus as a model was built around the behaviours of the British industrial innovators and entrepreneurs of the 17<sup>th</sup> and 18<sup>th</sup> centuries for the development of markets. For example, in the Say's Law of Markets that we all know, supply (from the industrial revolution) creates its demand.

- The idea of his rationality was derived from the Enlightenment project of the time, which the economic man was part thereof. The idea behind the project was to turn everything into mathematics for rational decision-making.
- Behaviourists of the 1950s and 1960s also had realized that the firm (corporate homo economicus) has other organizational goals to achieve and not just profit maximization that was modeled after the private innovator and entrepreneur of the British industrial revolution. So, the corporate homo economicus is now a profit satisficing and a utility satisficing homo economicus and no longer a profit-maximizing and a utility maximizing homo economicus.
- With changes in market structures and theories in the different epochs in economics, the homo economicus is no longer the price-taker of the competitive market of the industrial revolution era where he produced a very insignificant fraction of the total market output of soft drinks for example, among a large number of soft drink producers.
- He is now a price fixer in an oligopoly market where there are few producers of soft drinks competing neck to neck with him. So, he has to create a brand for his own soft drink in order to secure and maintain a share of the market for his brand as well as keep his customers by advertising e.g. Coca Cola and Pepsi Cola companies.
- But even by nature, the homo economicus is hedonistic and maximizes his hedonism. After working 17-18 hours in his factory he engaged in relaxation (most beers, stout and spirits were produced during this period). Adam's apple, even at home was not ruled out – with its double hedonistic maxima: procreation and the top of the mountain.

-The homo economicus still produces at the least cost of production(technical and economic efficiency) to get the highest (maximum) possible profit. He has to choose the least cost technique from amongst the different inputs'



combinations (techniques of production) with equal technical efficiency. The need for economic efficiency constrains him to a technique of production that is both technically and economically efficient to achieve his profits satisficing objectives. E.g., results of his cost analyses on the different techniques of producing the pre-determined weekly 800,000 units of seasoning cubes.

- In his profits satisficing pursuit, he is still a short runner because in the long run, competitors will erode his short run economic profits. Example is the Ragolis brand of bottled water experience. Keynes born in 1883 around when the homo economicus model was created, applied his short run principle to resolve the crises of the 1930s Depression, against the classical long run self-adjustment of the economy. For Keynes, in the long run, we are all dead.
- He is still rational in his choice by comparing the outcomes of his choices in his utility satisficing goal. E.g., by operating the rational mathematics on the small and large bottles of the DETTOL brand of antiseptic in order to satisfy his utility at the least possible cost, subject to his budget constraint.
- He succeeded in extending the management skills of the pots in his kitchen to the management of the entire economy by reducing the economy into a 4-sector model:  $Y = C+I+G+(X-M)$  in the manner of the size of his kitchen and pots. This has enabled him to understand the structure of each component, the interrelationships between the components and the principles that govern the relationships. His objective is to achieve equilibrium in  $(X-M)$  and the entire system. But, the system's equilibrium (maximization) is unachievable. So, he strives to achieve viability in  $(X-M)$ , being the necessary condition for growth to take place in the economy  $Y$ .
- To the feminist economists, the economic man was modelled after the male innovators and entrepreneurs of the British industrial revolution. There were no recorded female innovators and entrepreneurs during that movement at that time.
- The homo economicus exists and is alive, healthy and breathing. His economics is still very relevant, not just in the micro- and macro-principles of economics, but in all the other branches of economics.
- Economics has emerged as a body of knowledge or a discipline, with well-defined rules of decision which must be applied by economists when the needs arise.
- Well, to critics of the smallness of my publications, be informed today that, with the selected works I have presented, my kinds of subject focus and the motivations have shown that they are not the common types of research



publication. They are not just policy based but exude practical applications of the concepts and markets of the economic man's model in resolving practical micro- and macroeconomic policy problems.

So, Mr. Vice Chancellor Sir, I will conclude that the homo economicus and the Adam Smith's economics are still very relevant in all his attributes in this 21<sup>st</sup> century. That with the changing economic conditions, necessitating new economic theories, the economic man definitely has evolved over time from his 18<sup>th</sup> and 19<sup>th</sup> centuries profits and utility maximizing homo economicus. He has, from the 20<sup>th</sup> and 21<sup>st</sup> centuries become a profit and utility satisficing and price fixing homo economicus, while still retaining his rationality and least cost of operations to earn the highest possible level of profit in a real-world scenario dominated by oligopoly markets where outputs are branded. He is still a short runner because in the long run new entrants into his line of production erode his short run economic profits. In the long run he is left to just normal profit. So as rational homo economicus, his economic profits are earned now or never. This is supported by the popular dictum: Do it now, there may be a law against it tomorrow.

He is sure not operating any longer in a perfect competitive market with such large number of producers and suppliers that his output as a fraction of total market output during the industrial revolution was so insignificant that it could not influence the total market supply so as to influence the market price that he had no other option than to take the price as offered by the market.

Now the size of his output as a fraction of total output in an oligopoly market setting is significant enough to influence total market supply and price because producers and suppliers are few in number with branded products. Now, he fixes his price as a corporate homo economicus and takes the anticipated reactions of his competitors into that decision in the real world of imperfect competitive oligopoly market.

Consequently, his goal is not to maximize but to satisfy his profits. It is also very important for economists and non-economist to understand that economics is a discipline with well-defined rules of decision which must be applied to resolve accurately diagnosed economic problems. But, I think, the biggest lesson from all the analyses is that the entire world is built on a non-zero-sum model of the oligopoly market.

On this framework, the world will work with us and not for us because no one wants to lose for another to gain more. On this all-important lesson, I rest my case.

But permit me to mention that I have four future research focus: 1) Realization of the proposed Keynes University. 2) Take economics back to its basics. 3) Nurture and develop a real class of innovators and entrepreneurs to grow the Nigerian economy. 4) Develop further my late father's "Make me Well" cocoa yam product.

## **26. ACKNOWLEDGMENTS**

First, is my Creator, whose name is Jehovah for all he has done for me. Second, are my parents - Comrade Michael and Mrs. Mfon Michael Etukudo. My father was born in 1926 and died in 2012 at the age of 86 years. He had the Standard Six First School Leaving Certificate of those days and worked as a Tally Clerk with the United African Company (UAC). He had profound influence on me, being the first son. He told me



what the father told them concerning their education; that he would send his children to school to



Comrade Michael Sampson  
Etukudo (1926-2012)



Comrade Mfon Michael Etukudo  
(1942-2017)



Comrade Michael Sampson Etukudo (1926-2012)

the level they could, at least, read a sign post. My grandfather worked with the GBO (a French trading company) as a cooper. A former member of the Qua Iboe Church, he brought The Salvation Army to my hometown Afaha Eket. He was called the Lion and when I asked my father why he was so called, he told me that a lion roared at him in the night while he was returning home from a meeting and he roared back at the lion. When I spoke at my father's burial as the Chief Mourner in 2012, I told the people that my grandfather was a Lion in the Lord, my father was a Tiger in the Lord and we are Ligers in the Lord. So, when I see small cats mewling around me, I'm always amused at their effrontery. My mother was a Standard Four of those days. She died at age 75 in 2017. She was an inter-state trader. They were both Commissioned Senior Soldiers of The Salvation Army; yours truly was commissioned a Senior Soldier of the Salvation Army in 2019. Third, are my primary and secondary school teachers: they and my parents laid the foundation for what I am today, and what I will still be in the nearest future. Our senior primary school level education: Primaries 4-6 was not free. We paid school fees. It was £1: 13s: 4d a term in primary 4 which amounted to £5 per year. In primary 5&6, it was £2:13s:4d a term, amounting to £8 a year in the two classes. At the



secondary and “A” Levels, the fees were between £12 and £24 a year. Many parents could not afford those fees. My parents could. My father taught me how to make cocoa yam into buns during the Nigerian Civil War. He called it “Make Me Well.” I was the one hawking it. I can still remember that at the Teachers’ Training College where the Biafran soldiers were camping, one soldier said it was cocoa yam and I told him it was. He bought more and was happy with it. I am going to develop it further as part of my future research plan. So, to them and my teachers at those levels of education, I will render my primary school cockoo song.

But before the song, permit me to make a very brief remark about Mr. Ekong who taught me in my primary six in 1972 at Government Main Primary School, Afaha Eket. There was something he did for me and 40 years later in 2012, I went to his village with my old primary schoolmates, introduced myself and invited him to my father’s burial. He came and I brought him out and honoured him. The storyline is that it was a rainy day in 1972. A group of us went to school late after classes had started. We stood by the open window of the classroom to listen to the lessons – it was a storey building and primary 5&6 classes were located upstairs. At a point, he came out to meet us. I felt he came to ask us why we were late to school, cautioned us and let us into the class. However, while others ran, I didn’t. He grabbed me by the hand, turned my bum-bum around and gave me six solid strokes of the cane. Thereafter, he pushed me into the class and asked those that ran to go home. They all missed the lessons that day. For me, that was love and it has remained with me to-date. When I told him the story, he promised to attend the burial. Prior to the burial, some younger generation teachers had been telling me about the dilapidated state of the school and I had visited the school to see things for myself.

The storey building had no roof, it was as if it was burnt and the whole structure was in a state of disuse. I talked about funds mobilization for the roofing and general repairs at the burial. Surprisingly, about three weeks after that speech, three friends called me to tell me that it was rumoured at home that I wanted to contest for the governorship position of the state. And God knew I never discussed it with anybody. By my next visit, the state government had gone to renovate the entire school. For those that knew me at ABU, I had in my Part 11 in 1982/83 contested the chapter’s presidency of the National Association of Cross River State Students (NACRISS). At the Head Office of Agric Bank in 1997, I contested the presidency of the chapter’s Association of Senior Staff of Banks, Insurance and other Financial Institutions (ASSBIFI) and at the NDA I had contested the Wine Membership of the Officers’ Mess. Maybe, election is invisibly written in my face from the blood. So, my cuckoo song:

*A cockoo sat on the tree and sing  
Summer is coming, coming  
Chorus: Cockooo, cockooo, cockooo, cockooo, cockooo,  
cockooo, cockoo  
Let’s join them now as we are here  
To read and praise our maker  
Chorus: Cockooo, cockooo, cockooo, cockooo, cockooo,  
cockooo, cockooo*

Many thanks to my Lecturers at the undergraduate and post graduate levels. Notable was Professor Mike Kwanashie who taught me at the undergraduate and Ph.D. levels at the Ahmadu Bello University. Remarkably, he was the Chairman of my Ph.D. Thesis



Supervision Committee who sometimes, could not hide his opposition to the IMF/World Bank reform policies in Nigeria. Remarkably too was the fact that it was his class assignment during the Ph.D. course work that gave birth to the book on Keynes and he graciously accepted to write the foreword and in it, he exonerated Keynes from the “unfriendly” policies of the IMF/World Bank – the two institutions Keynes initiated. Without that class assignment, my book on Keynes would not have happened. Professor Ode Ojewu taught me macroeconomics at the undergraduate level and his comments on the final draft of my book on the IMF/World Bank reform in Nigeria helped to reshape the final copy of the work. I have made reference to his criticism in 1988 of the rationality of man in this lecture. It was in a paper he presented at a MAMSER Workshop in 1988. It was distributed to us at a training workshop in Agric Bank in 1989. Professor Eguarhare Bright of blessed memory taught me Structure of the Nigerian Economy at my undergraduate level and I made an ‘A’ his term paper. It was titled, “How Europe Underdeveloped Nigeria” and was published in the maiden edition of our students economic Journal. Coincidentally, it was the paper he wrote in 1982 in celebration of Walter Rodney that in 2002 inspired my initial title of the book on Keynes: “Keynes: An Essay in Celebration.” It was only changed when the work was caught up in the whirlpool of the 2008/2009 Global Meltdown. Dr (Mrs.) Barbara B. Jones, a black American who was on sabbatical in the department, taught me microeconomics in my final year in 1983/84 and meticulously supervised my undergraduate project. And Professor Uka Ezenwe taught me ECOWAS in International Economics at the undergraduate and macroeconomics at Ph.D. levels. We interacted in September this year at the 66<sup>th</sup> Nigerian Economic Society (NES) Conference.

Outside the department was Professor Okello Oculi. We just lost him in June this year after he anchored the Conference on 50 years of Walter Rodney at the Bingham University Department of Political Science; I had produced Equarharhe’s 1982 paper on Rodney at that Conference and his response was that someone stole his copy; that was after 42 years. He taught me Introduction to African Politics (Pol 102) in 1981/82. In just one year of the course, we had read and reviewed three books: Chinua Achebe’s The Man of the People, Franz Fanon’s the Wretch of the Earth and Walter Rodney’s How Europe Underdeveloped Africa. Those books helped to shape my views of Africa, Nigeria and Global politics; I have already mentioned Dr. Balogun. There were two other Lecturers, including a Filipino who taught me Educational Psychology and a third, who taught the History and Philosophy of Education in Nigeria. All of this happened between 1981/82 and 1983/84. I can assure us that the lecture notes for most of these courses are still intact and that I do reflect on them when I need the knowledge.

In my master’s level at the University of Benin were Professor Mike Obadan (taught me international economics – international trade theories and international finance), Professor Okoh also taught me International Economics and gave me a new dissertation topic: “Impact of SAP on Private Foreign Investment in Nigeria: 1986-1991”, Professor (Mrs) Okogie (taught me Project Evaluation). I mentioned her name at p. 301 of my book on IMF/World Bank where I discussed the “Plant Size and Cost” in project appraisal. I gave her a complimentary copy of the book at one of our NES conferences), Professor M. Iyoha (gave me the admission) and Professor Ekanem of blessed memory, taught me macroeconomics. Others are Dr. Iyare (taught me quantitative methods) and Dr. (Pa) Idele of blessed memory (taught me Statistics; I can still remember his Vital Statistics and Lawrenz Curve). They and others too numerous to mention prepared the



groundwork in 1990/91 for my successful Ph.D. programme at the Ahmadu Bello University in 2000/2001.

I cannot forget my bosses and colleagues at the branch and head office levels of the former Nigerian Agricultural and Co-operative Bank (NACB) Ltd., now Bank of Agriculture (BOA) where I started my development banking career in 1987. They taught me how to appraise projects, they taught me how to write reports, they taught me how to write memos and they taught me general administration. At the two branch offices I served before my transfer to Head Office were Dr. E. B. Anwanane of blessed memory (my first Branch Manager at Benin), Mr. E. Obidozie, Mr. C. U. Ohale and Mr. A. Olatunbode (he toughened and fortified me to withstand adversaries). At the Head Office were Mr. I. Ikpelue (GMO) who has been sharing economic policy issues with me. Mr. S. Emeotu of blessed memory (my immediate boss in the Project Implementation Department) and Dr. I. G. Eziakor (my immediate boss in R&D), Mr. S. A. Musa (GM R & T), Mallam Bawa (EDA) and Mallam Isah Tahir (EDO and later MD). I worked directly or indirectly under them in core operations and research and interacted with some in ordinary course of the work.

Twenty-six years after I left that bank on May, 31, 1999, I can say four things about the former NACB Ltd. First, is that it was a very good training ground for the staff who were ready to learn under their bosses and senior colleagues. Second, I had very good working relations with over 99.99 per cent of my bosses and colleagues and we are still in touch. On this score, let me say something special about Mr. I. Ikpelue our General Manager, Operations (GMO) in terms of trust in one's ability. Sometime in 2024, he sent me a puzzle on the fact that the United States is a net borrower and yet its economy is growing very strong. He told me it was sent to him by his friend who told him it was sent to him by an Indian. He wanted my opinion and I gave him a long analysis on the subject on WhatsApp. I think he was impressed with my analysis and had asked me if he could send it to his friend, so he could forward it to the Indian? I said he could. On 6<sup>th</sup> July 2025, he sent me this WhatsApp message after the normal greeting: "This morning, I read the following interesting quote: 'Inflation is taxation without legislation.' - Milton Friedman." He decided to search on Google. And he added: "Forwarded now is one search research result." And on 21<sup>st</sup> July, 2025 he forwarded a link to another article and said: "I stumbled on that article, and I thought it might interest you." On 24<sup>th</sup> July, I replied and later requested for his year of graduation and discipline for the purpose of acknowledging him in this lecture. From his reply, he graduated from the University of Arizona at Tucson in 1967. His subject area was Agricultural Economics. Third is that, without being immodest, none of them, including former colleagues, is surprised that I am a professor today. Finally, is that their training and mentorship contributed immensely to my successes in academics and in my academic career after life and career at the NACB Ltd. Let me confess that I have made some comparisons with my experience in Bingham University from 2009, I will rather reserve the results. My special appreciation to my senior professional colleagues and colleagues in the bank – Mr. K. Falowo, Mr. P. O. Chidume, Mr. G. Okeke, Mrs. T. Obisesan, Mr. S. Orumuyi, Mr. Alex Abayagbonna, Dr. I. Abu, Dr. Audu, Dr. Emelda, Dr. Kolo, Dr. B. Auta, Dr. A. Adeka, Dr. Gbenga Arokoyo, B. Y. Mohammed, Ms Hajara Shibkau, Mr. Ayuba and a host of others space constraint will not permit me to mention. They made a wonderful team to work with. I learned directly under the senior ones and compared notes with my professional colleagues. One or two brushes could not be ruled out because they were based on principles.



The last, but not the least are my bosses and colleagues at the Nigerian Defence Academy where I started a new career in academics in April 2000 in the rank of a Lecturer 1. They were Professor C.N. Uba, Professor M. Yakubu, the just outgone INEC Chairman (Deans), Professor Abdulahi Aliyu and Professor Aliyu Abdulahi (Provosts), Associate Professor C. C. S. Okeke and Professor A. Aderinto of blessed memories and Dr. (now Prof.) C. Eqwaighide (Heads of Department). Others were Professor Erukora (he read one of the drafts of the book on Keynes), Dr. E. Enofe of blessed memory, Dr. (now Prof. H. Andow), Dr. (now Prof) T. Nyoh, Professor Tedeke of blessed memory, Professor Mijah (Lead reviewer of the book on IMF/World Bank at the public presentation). One thing I can say about my experience at the Nigerian Defence Academy is that I met with very mature academics there and I was able to fit in within a very short period, we talked academics and shared ideas without any rivalry and envy. Professor Mijah in particular gave me some materials on Keynes, from Professor Hellbrooner's 2000 book, *The Worldly Philosophers*. I used and cited that material in my book on Keynes.

I assumed duty at Bingham University in March 2009 and for a young University, a young Department of Economics, and a young Faculty of Humanities, Social and Management Sciences (HSMS) which were about to graduate their pioneer students of their 4-year programme, and I entered the department as the only Lecturer 1 and a Senior Lecturer 1 for that matter (on a salary bar), one should expect resentments from the pioneers, but it was stronger than normal. We had only three permanent Lecturers in the department and I was one of them and to the glory of God, the most senior and the only one still standing. I have worked with four Vice-Chancellors as a Head of Department, Director, Dean, Coordinator Security, Chairman University Fencing Committee, and Chairman Examinations Malpractice Committee. I have worked under heads of department who have behaved like emperors and representatives of departments have worked under my leadership as Dean/Director of General Studies.

But as those who knew me in Agric Bank and the NDA could testify, it is unthinkable for anybody in Bingham University to spread the false rumours that I do not know anything, I did not come to Bingham University with any publication and that my publications are few, just because they want to downgrade my research output. These falsehoods have been sustained since 2009 by four groups with a particular dominant group leading the campaign. I have encountered this dominant group in all the places I have worked since I was posted to the North in 1993, including the church. It's incredible, that after my promotion to the rank of an Associate Professor, a University Librarian could tell me to my face: "One of your assessors said, at the level of your publications, it will be very difficult for you to be a professor." My answer was that I met the requirements for promotion to the rank of an Associate Professor and the assessors recommended me. Well, I made the Professorship as and when due on October 1, 2020. Let me say why I have tagged their attitude as a group behaviour. Each encounter I have had with a member of these groups from 1993 was a sample drawn from their mixed population and I have done it for over thirty years. So, I have on the basis of the principles of statistical inference inferred that their attacks on me over this period constituted and still constitute a group behaviour. I hope their attacks abate soonest.

I think in Bingham University my unreserved appreciation goes to Professor B. Qurix who "saddled" me with five offices simultaneously to keep me from "talking too much" about staff welfare. He however rewarded me with the Vice-Chancellor's



Excellent Service Award in 2022. Let me congratulate him for his new appointment as the first Vice-Chancellor of the Federal University of Applied Sciences, Kachia. My working relations with his immediate predecessor, Professor Leonard Fwa was cordial except in areas of staff welfare and salaries, notwithstanding that we were friends at the Nigerian Defence Academy before he got a job at NIPSS. He suspended me indefinitely and recalled me when I went to apologize to him after about three months on suspension without salary which violated the provision of the condition of service on suspension. And on that same day, he held my hand, walked me to Ms Balami in Establishment and told her: "Write a letter and recall this man with immediate effect", and it was done. Power was at play. Prior to the suspension, he would call me "Doc" if I did not criticize him to Professor Lori to go and tell him. When I criticized him and Lori told him, he would see me and say: "Akpan, I'm told you said ...., I don't expect this from you, it should come from the junior ones..." Incidentally, we were still friends at Bingham University. Meanwhile, I was suffering, I was hungry, my children were hungry, my bills were mounting, and some staff dying. My landlord had written to complain to him that the person who bought his house had refused to pay fully for the house because Dr. Akpan had refused to pack out of the house. The registrar wrote me a nasty letter about the image of Bingham University and I replied. I'm sure those letters are in my personal file.

I appreciate the second Dean of the Faculty of Social Sciences, who is my immediate successor, Professor Odoma. He took over from me on Wednesday, June 18, 2025. Also are the entire staff of the faculty for the wonderful farewell party they organized for me on Wednesday, July 8, 2025. They also gave me an Excellent Service Award and a cash gift of ₦20,000.00 (Twenty Thousand Naira) only for my services as the pioneer Dean of the faculty. I want to specially appreciate staff of the Faculty of Communication and Media Studies for gracing that occasion. Until about 2023, they were staff of the Department of Mass Communication, in the Faculty of Social Sciences. Staff of the Faculty of Education and the Faculty of Administration are highly appreciated for good neighbourliness during the six years I shared the same buildings with them and for also being there to grace the farewell party. Highly appreciated are representatives of all the Faculties who taught various GST courses and the two Secretaries; Mrs. Tawai and Mr. James Jibrin for their invaluable record keeping and other contributions to our success in sanitizing and stabilizing that Division. We spent approximately five years together. Let me appreciate the Chief Security Officer (CSO), Duty Officers and the entire staff of the University Security Unit who served as team members for their cooperation and contribution to making my team leadership as the University Co-ordinator Security Academics, not just memorable but a successful adventure. In particular, the Duty Officers and I were touring each beat and all the beats almost every other day at odd hours of the night and dawn to inspect what I expected. I should at this point conclude that I appreciate every soul I have worked with and still working with in Bingham University. And again, in some cases, brushes could not be avoided because they were and are necessary for the work to progress.

I thank you all for listening.

Michael S. Akpan, Ph.D.  
Professor of Economics, Bingham University,  
Tuesday, 21<sup>st</sup> October, 2025.



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