

AFRICAN HERITAGE INSTITUTION

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Newsletter

The information Bulletin of the African Heritage Institution

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Soludo Hosts Research Brainstorming Session,

... As Board Meeting Held in Abuja

In the quest of taking the Institution to greater heights, the chairman of the Board of Directors, Professor Chukwuma Soludo on May 18, 2015 presided over a structured research proposals seminar where he urged fellows to team up with the management in order to fulfil the vision of the Institution.

The meeting was attended by a member of the Board, Prof. Ginigeme Mbanefoh, select associate fellows, university lecturers, research associates and senior staff of the Institution. The Board chairman said, a think tank should do more than research but go ahead to influence and effect change. He reminded the participants that the hallmark of establishing AfriHeritage is to make it “African Brookings”, in such a way that government, private sector and other stakeholders should be able to look up to the Institution for evidence based research that can exact positive change.

Prof. Soludo disclosed that the Institution would soon enter into strategic partnership with some national newspapers and national television stations as part of the ways to disseminate research output.

The Executive Director, Dr. Ifediora Amobi appreciated the Board for the initiative and also thanked all the participants for gracing the seminar. He noted that from 2015 and beyond, the Institution would embark on series of research covering the thematic areas of the Institution to effect the much expected change. He enthused that the Institution would work with the fellows to conduct research that will contribute to the vision of “project Nigeria” in the new political dispensation.

Meanwhile, the annual statutory meeting of the Board of Directors was held on May 25, 2015 in Abuja where various issues concerning the progress of the Institution were addressed.

Issues On The Burner

Measuring Happiness and Well-being for Sustainable Development in Nigeria *By Nedu Ossai*

Introduction

Since the beginning of the industrial revolution till date, achieving economic growth as measured by an increase in Gross Domestic Product (GDP) has been the ultimate goal of macro-economy. Using this approach, the real GDP per capita (corrected for inflation) gained traction amongst most economists and national planners as the “holy grail” indicator in judging the progress of the economy of a country over time relative to that of other countries.

Reports from National Bureau of Statistics show that the Nigerian real GDP (year-on-year) has grown from 4.45% in the first quarter of 2013 to 5.94% in the fourth quarter of 2014 recording a positive growth difference of about 34% (NBS, 2014). However, this growth has been unequal with high and rising level of inequality prompting many critics to question the adequacy of the GDP as a tool to measure national progress. This article examines the current debate.

Problem Description | Shortcomings of the GDP indicator

Critics of the GDP as an inefficient tool of measuring economic progress like Van den Bergh (2009) argue that, “the use and calculation of the GDP indicator is inconsistent with two principles of good bookkeeping: (i) divide clearly between costs and benefits; and (ii) correct for changes in stocks and supplies”. Van den Berg further argued that GDP represents an estimate of the costs instead of the benefits of all market-related economic activities in a country and does not adequately capture human welfare and progress, but instead focus on economic output.

Other respected economists of the 20th century and various Nobel Laureates also agree with Van den Berg's argument including Samuelson (1961), Hicks (1948), Kuznets (1941), Galbraith (1958), Daly (1977), Mishan (1967), Nordhaus and Tobin (1972), Easterlin (1974), Frank (1985, 2004) and Hartwick (1990). They argued that the GDP as an economic planning tool does not adequately capture all costs as it omits external costs.

AfriHeritage At WEFA 2015

The ED, Dr. Ifediora Amobi attended the 2015 World Economic Forum on Africa (WEFA) held in Johannesburg between June 3 to 5, 2015. The theme of the conference was, “Re-imagining Africa's Future”.

Dr. Amobi joined global and regional leaders to deliberate on Africa's economic future mostly through the lenses of its largest economies – Nigeria and South Africa.

While Africa's growth is projected to slow (or at best remain stable) in 2015, investors believe that Nigeria's task would be that of maintaining a GDP lead amidst the many challenges that currently face the country – from low oil revenues to poor power supply.

South Africa, on the other hand, would be mostly saddled with the task of laundering an economic image dirtied by recent xenophobic conflicts and incessant labour unrest.

continues on page 3

continued from page 2

Common among these externalities in the Nigerian case for instance is the massive depletion of natural resources (fossil fuel) and pollution of air, water, natural areas through activities like gas flaring which do not add up in the GDP calculations. However, when these polluted natural endowments are being cleaned up, it is accommodated in the GDP.

Another evidence of the inadequacy of the GDP as an economic tool for measuring national progress is further reinforced by the statement made by the former Nigeria coordinating minister for the economy and minister of finance, Ngozi Okonjo-Iweala who observed clearly that, 'the economy is growing but growth in Nigeria is unequal with high and rising inequality'. According to the former minister, "our GDP coefficient has gone from about 0.38 to where we are today, about 0.48. There is lack of inclusion. The top 10 percent of the population is capturing most of the growth there is and the people at the bottom are being left behind." The former minister noted that if the worrying trend of growth in Nigeria was not reversed, it would portend a great danger for the Nigerian economy.

A New Approach | Inclusive Growth Measurement

The insufficiency of the GDP to adequately reflect the happiness and well-being of people has led to the UN General Assembly (UNGA) (2013). The Assembly in its resolution 65/309, adopted without a vote to pursue additional measures that better capture the importance of the pursuit of happiness and well-being in development with a view to guiding member states' public policies.

A growing field of happiness and subjective well-being analysis on the basis of empirical data has produced many insights about the determinants of welfare or happiness. The World Happiness Report 2015, notes that many countries in recent years including Nigeria (ranked 78th of the 158th surveyed countries) have achieved economic growth at the cost of sharply rising inequalities of income and grave damage to the natural environment e.g. gas flaring. This evidence together with the fact that Nigeria is ranked third on global poverty index (World Bank 2014), poses great threat to economic, social and environmental sustainability.



Conclusion and Policy Recommendation

As it stands today, Nigeria is currently threading on an environmentally-unfriendly, socially-suicidal and economically-unequal path through industrial age thinking and pollution-inclusive GDP measurement.

If the ultimate aim of public policy is to increase the happiness of its people and elevate their well-being rather than arbitrarily increasing GDP; and if the Muhammadu Buhari led government that is supposedly "change-driven" is keen on inclusive growth, then it becomes utterly imperative for the national, state and local government to harness "Happiness and Well-being Data and Research" to meet the needs of the present generation of Nigerians without compromising the ability of future generations to meet their own needs.

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