Government Expenditure and Human Capital Development in Nigeria: Lessons From the Malaysian Experience

Mustafa Daud

Abstract

The significant role and position of human capital in achieving meaningful, purposeful and sustainable economic growth and development in any nation seems to be uncontestable. This is because human capital is a sine qua non for development, particularly for LDCs and emerging economies like Nigeria. Therefore, any country that misplaces the priority of Human Capital Development (HCD) will indeed go nowhere as far as development is concerned. This paper therefore made a historical overview of human capital development in Nigeria vis-à-vis government expenditure in key sectors like education, health etc. that have direct and positive impact on HCD. This overview becomes imperative for policy focus and guide of the government, in view of the fact that the major thrust of the administration is to make Nigeria one of the biggest and leading economies by the year 2020. However, going through historical records, it became clear that factors such as unpatriotic leadership, endemic corruption, misplacement of priority, political instability, inadequate funding of key sectors etc. impacted negatively on HCD. In order to make possible the realisation of "Vision 2020" (which holds enormous development potentials and opportunities for the country), then the Nigerian government needs to adopt some lessons from the Malaysian experience, particularly as it relates to HCD. Some of the lessons identified include: Comprehensive Perspective Plan, appropriate and timely execution of HCD-oriented programmes and projects, adequate budgetary allocations to key sectors that have direct and immediate impact on HCD, timely presentation and passage of the budgetary appropriation bill, special preference for the proliferation of ICT among the workforce, granting fiscal incentives to the private sectors that are HCD inclined and adequate recognition and appropriation of the socio-cultural and religious peculiarities of the federating units for possible optimum development.

INTRODUCTION

Development is said to be possible through the combinations of many factors, such as human resources, natural endowments, technology and socio-cultural forces (Schnitzer, 1997). However, scholars do not have any doubt about the all-important role and position of human capital to propel a purposeful and sustainable economic growth and development in any nation. Therefore, the failure of any nation to accord human capital development its rightful place in national development plan will spell doom for such a nation. Thus, any nation that mortgages the development of the knowledge and skills of its people for anything else will be unable to achieve any meaningful national development. In view of this, Nigeria does not have any short cut, unless and until the issue of human capital development is given topmost priority with sincere commitment on the part of the government. Considering the policy thrust and pronouncement of the Nigerian government tagged "Vision 2020" and the enormous gains it holds for the development of the country, it then becomes clearer that its realisation seriously hinges on the quality of human capital available to drive the economic growth and development process.

It is however important to state that, the historical antecedents of government expenditure on key sectors of the economy that have direct and positive impact on HCD like education, health, housing etc. revealed poor and inadequate funding, particularly since the 1970s. Paradoxically, according to Yesufu (2000, p.321), "the golden age of Nigeria's education" was in the 1950s when nationalists considered "education as the instrument to light the nation out of its primitive morass, to enlighten the masses for democratic participation in national politics and the nation for participation in international affairs". Anyanwu et al (1997) stated that the percentage of government's budget committed to education during this period by the various regions was between 20% to 30% as compared to the less than 1% allocated by the outgoing colonial government. Thus, from 1970 to date, education and other HCD impacting sectors have continued to receive insignificant attention and this is reflected in the budgetary allocations. For instance, the 1970 budgetary allocation for education and health sectors were 0.66% and 1.33% of the total expenditure respectively. In 1997, education allocation jumped to 9.24% and health was 2.05%. Even, when democracy took root in 1999, 5.55% was allocated to education and health got 3.07%. The implication of these figures is that education and health have overtime received little attention and this has impacted negatively on HCD in the country; whereas these key sectors require irreversible (costly) resource commitments and topmost priority.

Interestingly, a nation like Malaysia has been able to achieve impressive and enviable development in less than three decades because of government commitment and focus on HCD. According to UNDP (2005) report on Human Development, Malaysia's Human Development Index (HDI) was 0.811 and GDP per capita (PPP) was US$10,882. Conversely, Nigeria which aspires to achieve Vision 2020 like Malaysia has one of the lowest ratings. Her HDI was 0.470 and GDP per capita (PPP) was US$1,128. The scenario captured above is important in view of the interest and desire by the Nigerian government to be counted among the 20 biggest economies by the year 2020 and also because the two countries share some historical similarities which dates back to 1960. Desai (2002, p.9) succinctly expressed this: "Nigeria and Malaysia had very similar incomes in 1960. They were similar when you think about factors such as multi-ethnic composition, natural resource orientation, colonial past, and colonial economy. Now, the difference between the economy of Nigeria and Malaysia is beyond belief".

Against this backdrop, it could safely be submitted that many things went wrong for Nigeria since independence. Some of the factors identified as contributory to the overall dismal performance of the nation, which impacted negatively on HCD include political instability, unpatriotic leadership, ethnic chauvinism, endemic corruption, priority misplacement and inadequate funding of key sectors. The central thesis of this paper is that, since development is not achievable without human capital development, it is therefore imperative on the government to demonstrate high sense of policy focus and sincere commitment to the adequate funding and monitoring of key sectors like education, health, housing etc. because of their direct and positive impact on HCD.

In the succeeding sections, issues like conceptual and theoretical framework, overview of Nigerian government expenditure on human capital development, Malaysian government and HCD, and some lessons that Nigerian government can learn from the Malaysian experience with respect to genuine commitment and policy focus to HCD were discussed.

CONCEPTUAL AND THEORETICAL FRAMEWORK

Conceptual Background

Conceptual background provides background information on some of the concepts used, which serve as the working definition for this paper. Such concepts include development, human capital development, government expenditure, key sectors and policy focus.

1. Development: It is a more comprehensive term than growth and it is used to refer to expanding the choices people have to lead lives that they value. The words of Mahbub-Haq cited in UNDP (2005, p.1) captured it better: "The basic purpose of development is to enlarge people's choices. In principle, these choices can be finite and can change overtime. People often value achievements that do not show up at all, or not immediately, in income or growth figures: greater access to knowledge, better nutrition and health services, more secure livelihoods, security against crime and physical violence, satisfying leisure hours, political and cultural freedoms, and sense of participation in community activities. The objective of development is to create an enabling environment for people to enjoy long, healthy and creative lives". Therefore, development is about providing decent living standard through the reduction and elimination of poverty, inequality and unemployment.

2. Human Capital Development (HCD): Human capital represents the knowledge, skills and abilities that make it possible for people to contribute to productivity and national development. Thus, it is regarded by scholars as an essential pre-condition for economic, political and socio-cultural transformation of any nation. However, human capital development implies the training and retraining which the workforce receive, so as to make them more competent and suitable to contribute meaningfully and purposefully to

national development. Therefore, human capital investment is an inevitable component of the development process, which must be given topmost priority in all phases of national planning.

3. Government Expenditure: It refers to government spending on the various sectors of the economy, which is also called public expenditure. It is used by government to stimulate economic growth and development. Therefore, adequate government spending on key sectors that have direct and positive impact on HCD will engender the speedy development of the economy and quality life for the citizens.

4. Key Sectors: It connotes only those sectors that have direct link and positive impact on HCD and they require irreversible (costly) resource commitments and topmost priority in national expenditure. These sectors include education, health, housing, power, security etc. However, this paper considers education and health because of their immediate, direct and positive impact on HCD.

5. Policy Focus: It implies the ability and capability of government to formulate and implement development impacting policies and programmes that are timely and enduring to the people. For this to happen, it requires that the leadership must be competent and patriotic, visionary, forthright, morally upright and be public-centred.

Theoretical Framework

It is important to state that various economic growth theories and models have been advanced by scholars, particularly growth and development economists on the variables that affect growth. One of such is the neoclassical theory of growth, which centred on tangible (physical) capital formation as the catalyst for growth developed by Solow (1956) and it later attracted attention in the 1960s and 1970s. According to David (2001), in the last 15 to 20 years, we have witnessed tremendous scholarly interests on empirical analysis of economic growth, powered in part by theoretical inquiries of Romer (1986) and Lucas (1988), which were meant to extend the classic contributions of Solow on the subject matter. The Romer's "AK Model" generates sustained growth by assuming that technological change is the unintended result of specializing firms' investment, which carries the implication that growth performance might be improved by public policy action e.g. government expenditure, whereas, Lucas (1988) on his part considered human capital as another input in the production function, not fundamentally different from physical capital, but only formed by workers through certain activities (principally education or on the-job-training).

Furthermore, since the works of Romer (1990), Young (1991) and Aghion and Howitt (1992), the endogenous growth literature stopped modelling human capital as an ordinary input to the production of goods and considered the important activities carried out by skilled labour, which concentrates more on innovation and its diffusion through the economy. As a matter of fact, the growth theorists started to acknowledge the significant role of development variables like human capital in propelling growth and development.

However, it should be noted that, knowledge accumulation is responsible for growth and it is the skilled labour force in the research sector and the productivity of this pool of labour that eventually determines the growth rate of output in the economy's steady state. Again, the interaction between the investment, training, and Research and Development (R&D) decisions is crucial to these explanations on endogenous economic growth with human capital. In view of the empirical evidence which emanated from cross-country comparisons as stated by Ogujuiba and Adeniyi (2005), endogenous growth theory has stimulated economists' interest to give more attention to the main-level relationships existing between human capital development and the growth rate of real output per capita.

Similarly, studies on the effects of human capital on growth conducted by Mankiw, Romer, and Weil (1992) and Barro (1991, as cited by David, 2001), which used diverse array of countries through narrow flow measures of human capital, such as the school enrolment rates at the primary and secondary school levels, found positive impact on growth rates. Barro reported that the process of catching-up was strongly linked to human capital formation, which implies that only those poor countries with high levels of human capital formation relative to their GDP tended to catch-up with the richer countries. The serious economic implication of this to Nigeria is that, unless the government braces-up with the challenges of HCD through genuine commitment and purposeful spending on key sectors that have positive impact on HCD, the realisation of vision 2020 will certainly become a castle in the air.

However, whichever side of the coin lies on the floor, it is undisputable that HCD is an essential and most fundamental component of economic growth and development process. This position is rightly captured by Henderson and Russell (2005, p. 1202):

> "Nevertheless, theoretical and empirical research as well as simple intuition, suggests that human capital is an element of growth process that is too important to ignore".

GOVERNMENT EXPENDITURE AND HUMAN CAPITAL DEVELOPMENT IN NIGERIA

Nigeria is a large country located on the West Coast of Africa with a population size of over 140 million people according to the latest national census and about 30% of this population lives in the urban areas. The country has more than two hundred and fifty (250) ethnic groups speaking over four thousand (4000) languages and dialects. The ethnic groups have diverse cultural and religious backgrounds; and the two most dominant religions in the country are Islam and Christianity. Nigeria is a federation of thirty six (36) states and the Federal Capital Territory, Abuja. There are presently seven hundred and seventy-four (774) local government councils in the country. It operates a Presidential system of government with bi-camera legislature made-up of the Senate and House of Representative. The country prides with abundant natural mineral resources like oil, gas, tin, columbite, iron ore, coal, limestone, lead, zinc, etc.; and human capital- the largest pool of highly educated and trained manpower in Africa. This together with its large population offers the biggest market for investors in Africa (Nigeria High Commission, 2003).

Furthermore, according to the Central Intelligence Agency (CIA) (2008), GDP (based on the Purchasing Power Parity) for the year 2007 was put at US$294.8 billion, while GDP growth rate was 6.3%, per capita GDP was US$2,200 and inflation rate was 6.5%. The trade export for the same year was put at US$61.81 billion with petroleum and petroleum products having 95% and Imports was US$30.35. The total government revenue was US$20.5 billion while expenditure was US$21.82 billion.

According to Adeoye (2006), government or public expenditure is one of the principles that can be used to measure the size of a government sector in an economy. The significance of the public sector lies in its expenditures, because total public expenditure has both productive and unproductive components that have impact on the growth of an economy. Therefore, in this analysis of the Nigerian government expenditure in historical perspective, data available on government expenditure from 1970 to 2001 were used for the analysis. Thus, the table below shows a comparative analysis of budgetary allocations to some key sectors and activity of government as percentages of total expenditure.

From Table 1, it is evident that external debt service repayments took a large chunk of total government expenditure between 1985 and 1994 as compared to education and health or even defence. This explains why key sectors received poor attention in terms of allocation. The external debt service repayments allocation reached its peak with 53.06% in 1991, which implies more than half of the budget was devoted to unproductive activity. This is a sign of fiscal irresponsibility and misplacement of priority on the part of the government for allowing important and productive sectors to suffer and by extension the masses. Furthermore, the table revealed that the highest budgetary allocation for education was 9.24% in 1997 and the lowest was 0.66% in 1970. The health sector was not better-off, as it received 4.64% the highest in 1975 and its worst allocation was in 1987 with a miserable 0.56%. Also, if we consider allocations to defence, the highest allocation was 9.79% in 1987, which was higher than education highest allocation of 1997. Similarly, the lowest defence allocation of 2.59% in 1999 was higher than education and health worst allocations of 0.66% and 0.56% respectively

Table 1: ***Share Of Sectoral Expenditure Components In Total Expenditure (%)***

Year	Education	Health	Defence	Ext. Debt Service
1970	0.66	1.33	6.66	N.A.
1975	1.43	1.35	8.75	4.21
1980	5.23	1.57	6.78	2.07
1985	5.55	1.51	8.85	24.38
1986	5.22	1.86	4.79	39.58
1987	2.04	0.56	9.79	16.26
1988	6.44	2.08	6.20	25.58
1989	8.39	1.97	5.47	32.08
1990	4.68	1.37	3.79	51.17
1991	2.33	1.16	4.07	53.06
1992	2.60	1.76	5.20	43.93
1993	3.57	1.45	3.60	19.13
1994	6.66	2.07	4.67	25.20
1995	4.89	1.86	3.76	14.40
1996	5.16	1.68	5.44	14.33
1997	9.24	2.05	5.13	9.24
1998	5.55	3.07	5.67	6.31
1999	3.33	1.71	2.59	16.74
2000	7.10	2.92	5.35	15.48
2001	5.90	4.39	6.23	15.27

Source: Extracted from Adeoye (2006).

Importantly, what is discernable from the forth going analysis is that, all along, particularly within the period under review, Nigerian government has been paying lip service to education and health, which is contrary to what prevailed in the 1950s when education sector got between 20% to 30% allocation from the total expenditure. This made Yesufu (2000) to consider the period as the golden age of education in the history of Nigeria. And from 2001 to date, allocation has not improved impressively, even in 2007 budget; education got 8.7% and 13% in 2008 budget, whereas UNESCO recommendation for education allocation is 26%. According to David (2001), early scholars like Marshall (1930) and Smith (1937) did emphasized the significance of education as "a national investment" and that the most valuable of all capital is the investment in human assets. It is therefore obvious that the present pattern of government support for education in Nigeria may not suffice in the present drive for optimum and sustainable human capital development of the country. Aigbokhan, Imahe, and Ailemen (2007) argued that, the quest for proper funding of education in Nigeria has been responsible for unending crises between the government and teachers union on the one hand and the Academic Staff Union of Universities (ASUU) and the Federal government on the other hand. Little wonder that Nigeria was rated low by the UNDP (2005) report on Human Development with HDI as 0.470, life expectancy at birth was 46.5years, adult literacy rate was 69.1%, combined primary, secondary and tertiary gross enrolment ratio was 56.2% and the GDP per capita (PPP) US$1,128. In the same vein, the Human Poverty Index (HDI-1) was 37.3.

As a matter of fact, one of the consequential effects of the fore going analysis is that the country is in shortfalls of the required high-level manpower in some identified sectors as evident in the table below.

Table 2: ***High-Level Manpower Demand in Targeted Sectors in Nigeria (2003-2007)***

Sectors	Manpower Demand
Petroleum	3, 900
Gas	5, 250
Agriculture	15, 250
Manufacturing	9, 000
Solid Minerals	10, 900
Tourism	6, 700
ICT	4, 899

Source: Education Expenditure and Human Capital Development in Nigeria (2007).

From Table 2 above, it is glaring that the country is in a critical situation of high-level manpower demand, especially in the agricultural sector, followed by the solid minerals sector and the least is the petroleum sector. Aigbokhan et al. (2007) noted that the contributions of these sectors to poverty alleviation are very crucial and could be overwhelming. Again this call to mind the important role of education particularly tertiary education in providing the required high-level manpower to fill the various key positions in the administrative and bureaucratic establishments of the country. In view of this situation, it can then be appreciated why ASUU has continued to lead the cause for the adequate funding of the education sector, more importantly university education, which has been recognized and accepted all over the world as the citadel of learning and human development.

David (2001) noted that the reason why some countries are regarded as developed and others as less developed is due to the international disparities in levels of education. Thus, any country which seeks to catch-up with developed countries must be prepared to pay the price of development and that is heavy and irreversible and genuine commitment to education through appropriate policies and adequate funding of the sector. This is what is evident in the Malaysia budget of 2008, wherein education receives 25% budgetary allocation of the total expenditure. Therefore, if vision 2020 must be a reality, then the Nigerian government needs to brace-up with the daunting challenges of development, which cannot be achieved unless the appropriate things are done at the appropriate time. In view of this, HCD must be made central to the national development plan and irreversible (costly) resource commitments be made. It is good for the country to make hay while the sun shines and to make a stitch on time before the “Giant of Africa” is left behind.

MALAYSIA AND HUMAN CAPITAL DEVELOPMENT

Estimate about Malaysia for 2007 revealed that the country was rated as the 34th largest economy in the world by Purchasing Power Parity (PPP) with Gross Domestic Product put at US$357.9 billion. The GDP per capita was US$14,400, GDP growth was 5.7%, and GDP by sector was agriculture-8.6%, industry-47.8% and services-43.6%. The country export was estimated to reach US$169.9 billion and import was US$132.7 billion. The inflation rate stood at 2.1%, unemployment was 3.1%, and the population below poverty line was 5.1% (The Central Intelligence Agency, 2008). Again, according to UNDP (2005) report on Human Development, Malaysia’s HDI was 0.811, life expectancy at birth- 73.7years, adult literacy rate-88.7%, combined primary, secondary and tertiary gross enrolment ratio was 74.3%. The implication of these human development indicators is the government economic policies are HCD oriented. The Malaysia’s Outline Perspective Plan attaches significant and topmost priority to HCD and this explains why the Ninth Malaysia Plan (9MP) has been dedicated to HCD as reflected in the Prime Minister’s budget speeches for 2006 and 2008.

However, some of the areas which HCD enjoys tremendous attention includes:

a. In the 9MP which marked the beginning of the second phase of Vision 2020 and final half phase of the Third Outline Perspective Plan (OPP3) – (2001-2010), the government planned to use the second and current phase to focus on human development aspects, so as to optimize utilization of available physical development achieved in the first phase. Thus, the 9MP is expected to:

i. iStrengthen basic and fundamentals of the economy and explore new sources of growth;
ii. Build a knowledge-based economy focusing on human capital development;
iii. Improve public sector delivery;
iv. Enhance integrity and reduce corruption in every sector; and
v. Improve quality of life via housing, healthcare, education, and infrastructure development.

b. Budget 2006 was tagged "Human Capital Development" and four key strategies were pursued:

i. Proactive government measures to accelerate economic activities;
ii. Provide a business-friendly environment;
iii. Developing human capital; and
iv. Enhancing the well-being and quality of life of Malaysians.

Against this background, huge budgetary allocations were made to key sectors like education, which got approximately 21.5% of the entire budget. Also, parents with children pursuing tertiary education were given automatic tax relief of up to RM4, 000 and to encourage Private Institutions of Higher Learning (IPTS) specialising in science courses to increase the number of local scientists, an Investment Tax Allowance of 100% for 10years was given.

c. Budget 2008 seems to be more inspiring and impressive with regards to HCD, because of the policy focus and huge budgetary allocations to key sectors.

i. Education sector was allocated a historic allocation of 25% of the total budget and thus becoming "Free Education For All". In the same token, 97% increase in the cost of living allowance (COLA) for overseas students was proposed for implementation, the automatic tax relief for parents whose children are pursuing tertiary education was reviewed upwards to RM5,000 from earlier RM4,000. Also, the implementation of Education Development Blueprint is to be further enhanced in view of the huge allocation.

ii. Health sector also received great boost through an impressive allocation of RM13 billion meant to provide quality medical facilities and improved services. Fiscal incentives of Pioneer Status of 100% or Investment Tax Allowance of 60% for 5years were proposed to private sectors who are interested in establishing laboratories of international standards.

In view of the fore going analysis, this paper argues that budget 2008 satisfies some of the Fiscal Criteria of a Developmental Budget i.e. sound policy focus, placement of priority, fiscal responsibility etc. This bold and visionary leadership focus and initiative is commended on the part of the government and it is hoped that the Nigerian government that aspires to actualise Vision 2020 like Malaysia will emulate this developmental and timely initiative.

LESSONS FOR NIGERIA

While the dynamics of East Asia's robust economic recovery serves as a case study for other developing and less developed regions like Africa, the economic resilience and success of Malaysia shall serve as a case study and even model to less developed countries and emerging economies like Nigeria. Today, Malaysia economy has been regarded as one of the fastest growing economies in the world courtesy of patriotic leadership and citizenship, political stability, sound policy focus, adequate placement of priority, judicious utilization of resources and genuine and irreversible resource commitment to HCD.

According to the international convergence thesis, which predicts that catch-up between poor and rich countries is possible. The endogenous growth models predict that in the long run, outcome of catch-up will continue to reflect initial conditions of the economy aspiring to catch-up, whereas, the neoclassical growth model predicts absolute convergence in the per capita real GDP levels among countries with similar structural characteristics and this is often referred to as "conditional convergence". As a matter of fact, the neoclassical view seems to be relevant to Malaysia and Nigeria because they both share similar historical and socio-economic experiences as succinctly expressed by Desai (2002). These similarities include multi-ethnic and religious composition, natural resource orientation, colonial past and colonial economy. Against this background, it is therefore possible for Nigeria to learn and adopt the Malaysian experience, especially in the aspect of HCD. Thus, a seven-point recommendation is hereby proposed:

1. Comprehensive Perspective Plan (CPP) with sound policy formulation and institutional framework should be developed. Already, the former administration of Nigeria developed the NEEDS document and the new leadership came up with Vision 2020 and a Seven-Point Agenda for development. It is high time for the country to develop something like a CPP as Malaysia has Outline Perspective Plan (OPP), which are then implemented in phases as rolling plan of five years span and the present plan is referred to as "The Ninth Malaysia Plan" (9MP) and the final phase of the Third Outline Perspective Plan (OPP3), which gives prime consideration to HCD.

2. Appropriate and timely execution of people-oriented programmes and projects to boost HCD. Some of the key programmes being executed include: the implementation of the Education Development Blueprint, Textbook Loan Scheme and the abolition of examination fee for national exams like PMR, SPM and STPM, similar to Nigeria's WAEC, NECO and JAMB. Also, the implementation of the Higher Education Strategic Plan meant to transform the education sector to produce highly knowledgeable and first class human capital as well as develop world-class higher education institutions for the country.

3. Special preference for the proliferation of ICT among the workforce. For instance, Awang (2004) observed that Malaysia's ICT expenditure for manufacturing, education and research, professional ICT, other services and distribution in 2000 doubled their respective expenditure of 1995. The biggest increase was for home ICT expenditure which jumped from RM76 million in 1995 to RM473 million in 2000. The Prime Minister's 2008 budget also revealed plan to establish a Knowledge Workers Development Institute and MSC Malaysia Digital Animation Centre to support the development of the digital animation industry. Again, the government aims to increase broadband penetration rate from 12% to 50% of households by 2010 with other fiscal incentives to be given to ICT providers and operators.

4. Adequate budgetary allocations to key sectors like education, health, housing, power etc. because of their direct and immediate impact on HCD. For example, in budget 2005, 26.9% was allocated for social sectors which included education, health, and housing. But in 2006 budget, education sector alone got approximately 21.5% and in budget 2008, education received 25% allocation of the total expenditure.

5. Timely presentation and passage of the budgetary appropriation bill. This is very important for the optimum functionality of the system and to ensure that no unnecessary tension is generated as a result of delay, which could derail the economic agenda for that fiscal year as it is happening in Nigeria today.

6. Granting of fiscal incentives to the private sector, especially the companies or industries that are interested in Corporate Social Responsibility and HCD inclined activities like scholarship award, entrepreneurial training, specialising in science and technology education etc. For instance, the Malaysian government has a policy on the proliferation of local scientists by granting Private Institutions of Higher Learning (IPTS) a fiscal incentive of Investment Tax Allowance of 100% for 10years.

7. Adequate recognition and appropriation of the socio-cultural and religious peculiarities of the federating units, so as to sustain and consolidate the territorial integrity of the country. It is a known fact that no meaningful and purposeful development will take place in an atmosphere of social tension and insecurity. Therefore, any federating state desiring to implement Shari'ah should be encouraged and supported, because Shari'ah is a morale booster meant to engender societal reorientation and cohesion, and this will definitely impact positively on HCD through prevention and control of crimes,

abuse of office, corrupt practices like fraud and kick backs, sycophancy, greed, truancy and social friction.

CONCLUSION

The prime and all-important role of HCD in the growth and development process of Nigeria has been presented and emphasized in this paper. It was observed that the Nigerian government has overtime not demonstrated genuine and serious commitment to HCD as evident in the poor budgetary allocations to key sectors like education and health, particularly since 1970. This unpleasant situation had negative impact on the development of human capital, which also contributed to the dismal performance of the economic growth of the country over the years. This paper therefore argued that, since development is not achievable without HCD, then it is high time for the Nigerian government to rise-up to the challenge and ensure that all hands are on deck. This requires that sound policies and institutional framework are put in place and an irreversible resource commitment is made a budgetary policy for these key sectors. Therefore, Nigerian government should realise that Rome was not built in a day, and there is no short cut to achieving Vision 2020, except by squarely facing the enormous challenges of HCD and be prepared to pay the noble price of development. Thus, country like Malaysia which has been regarded as one of the fastest growing economies in the world today has a lot for Nigeria to learn from and thereby becoming partners in progress. To this end, a seven-point recommendation has been identified and proposed for possible consideration and adoption, “if and only if”, the actualisation of Vision 2020 shall become a reality and not a myth.

REFERENCES

Adeoye, T. (2006). *Fiscal policy and growth of the Nigerian economy: An empirical perspective,* NISER Monograph Series No.3. Ibadan: Nigerian Institute of Social and Economic Research.

Aigbokhan, B., Imahe, O.J., and Ailemen, M.I. (2007). *Education expenditure and human capital development in Nigeria: Any correlation?* Ambrose Alli University, Ekpoma, Nigeria.

Anyanwu, J.C., Oyefusi, A., Oaikheman, H. and Dimowo, F.A. (1997). The structure of the Nigerian economy. Onitsha: Joanee Educational Publishers Limited.

Awang, H. (2004). Human capital and technology development in Malaysia. *International Education Journal*, 5(2), 239-246.

Central Intelligence Agency (2008). *The World Fact Book (Malaysia and Nigeria). Available at mhtml: file://F:\CIA.*

David, P.A. (2001). *Knowledge, capabilities and human capital formation in economic growth*, New Zealand Treasury Working Paper 01/13.

Desai, M. (2002). *The debt of development: Beyond the question of price*, NIIA Lecture Series No. 80. Lagos: Nigerian Institute of International Affairs.

Henderson, D.J. and Russell, R.R. (2005). Human capital and convergence: A production-frontier approach. *International Economic Review*, 46 (4), 1167-1205.

Kian, M. and Tony, P. (2006). *Education in Malaysia: Budget 2006: Human capital development.*

Ogujuiba, K.K. and Adeniyi, A.O. (2005). *Economic growth and human capital development: The case of Nigeria.* Abuja: Central Bank of Nigeria.

Nigeria High Commission (2003). *Nigeria: Land of opportunities*. Kuala Lumpur: IRIS Corporation Berhad.

Prime Minister (2007). Together building the Nation and sharing prosperity. *The Budget 2008 Speech, Malaysia.*

Schnitzer, M.C. (1997). *Comparative economic systems (7th ed.).* Ohio: South-Western College Publishing.

Solow, R.W. (1956). A contribution to the theory of economic growth. *Quarterly Journal of Economics* 70, 65-94.

Yesufu, T.M. (2000). *The human factor in National development: Nigeria*. Ibadan: Spectrum Books.

Yap, D. (2006). *Thrust of ninth Malaysia plan on human capital development.* HUMANCAPITAL.NET.MY