



Federal Ministry of Finance, Budget and National Planning

ECONOMY AS AN ELEMENT OF NATIONAL POWER

A LECTURE DELIVERED

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INTRODUCTION

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- Economics can be defined as the study of economies, i.e., the ways in which people earn a living. On this definition economic activities occupy a large proportion of most individual's lives and their outcome determines living standards and social status. Therefore, it seems axiomatic that indifference to economic matters will be rare and that acquired positions of power will be used to influence their result
- Within an economy, individuals and groups possess widely varying degrees of power.
- We can understand the meaning of Economic Power by first analyzing the meaning and nature of power:

INTRODUCTION (Cntd)

What is Power?

- Some social scientists define it as the use of force whereas many others explain it as the capacity to secure the desired goals through the use of force or threat of use of force or even by exercising influence.
- “Power is the power of man on others” and as a “man’s control over the minds and actions of other men.” —Morgenthau
- “Power is the capacity to impose one’s will on others by reliance on effective sanctions in case of non-compliance.” —Schwarzenberger

INTRODUCTION (Cntd)

- Power is the ability to exercise such control as to make others do what they otherwise would not do by rewarding or promising to reward them, or by depriving or threatening to deprive them of something they value.” — Charles P. Schleicher
- On the basis of these definitions, we can say that power is the capacity and ability to secure a desired and intended effect or gain by use of force, influence or control.

ECONOMIC POWER

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- Economic Power is constituted by the ability of a nation to satisfy its own needs and to control the behaviour of other states by affording or denying access to economic goods and services. The economic means of foreign policy are today the most vital means which a state can use for influencing the actions and behaviour of other states. No state can become a military power without having adequate economic power
- Economic power is used by rich and developed nations to influence other states by granting them economic aid and loans
- Economic power of a nation when not backed by military power and psychological power is not very effective in international relations

SOURCES OF ECONOMIC POWER

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The sources of economic power can be located in certain crucial phenomena, whose analysis is central to the construction of a political economy erected on the foundation of differential power. These sources are:

- (1) The transactions between the producers and the purchasers of consumer goods;
- (2) The transactions between the employers and the suppliers of labour power;
- (3) The impact of the productive process upon workers after they have been hired;
- (4) The process of capital accumulation;
- (5) The differential leverage over state economic policy exerted by groups performing different economic functions.

Measurement of Economic Power

Measurement of Economic Power

- Measuring the size of a country's economy involves several different key factors, but the easiest way to determine its strength is to observe its Gross Domestic Product (GDP), which determines the market value of goods and services produced by a country.
- Purchasing Power: Purchasing power is the value of a currency expressed in terms of the number of goods or services that one unit of money can buy. Purchasing power is important because, all else being equal, inflation decreases the number of goods or services you would be able to purchase.

Gross Domestic Product

- The Economics Glossary defines GDP as "the gross domestic product for a region, wherein the GDP is "the market value of all the goods and services produced by labor and property located in" the region, usually a country. It equals Gross National Product minus the net inflow of labor and property incomes from abroad."
- Currently, Nigeria it is ranked as the 27th-largest economy in the world in terms of nominal GDP, and the 24th-largest in terms of purchasing power parity.

(Moffatt, Mike., 2011. "Measuring the Size of the Economy.").

Realistic Funding for Enhanced Military Effectiveness

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- **Establishment of a Military support fund:** This will enable Military / Defence sector access benefits from National wealth directly. Improve funding of the Military is necessary because the sustenance of various Military Operations requires higher capabilities to maintain the required level and duration of operations to achieve the planned results. In this regard therefore, more resources, training and mission readiness are necessary conditions. The inadequate funding and the dwindling financial allocation to the Services can lead to a situation of making wrong choices in terms of resources if not addressed with all possible effort.

Realistic Funding for Enhanced Military Effectiveness

- **Allocation from the federal government:** Revenue is allocated to the Nigeria federating units to meet up with their various constitutional assigned expenditures to fulfill their statutory functions. An improved allocation from the Federal Government is another effective way of improving Military effectiveness.

Challenges Relating to Funding Security Demands

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- **Corruption:** The Nigerian military budget appears to be having some inappropriate expenditure items and budgets items that are not justifiable, this led to misallocation or non-allocation of such funds. Many Nigerian military personnel, politicians and other elites have enriched themselves through diversion of funds meant to fight terror and insecurity in the country.
- **Lack of Transparency in Procurement Process in the Military Sector:** The procurement of military arms or weapons in Nigeria is usually shrouded in secrecy; therefore, old-fashioned items are ordered and purchased by the government and military institutions instead of purchasing sophisticated weapons and ammunition that are supposed to be deployed to crush the terrorists

Challenges Relating to Funding Security Demands

- **Lack of Monitoring, Control and Auditing:** Weak monitoring, controls and audits in the military thereby facilitating corruption and waste. Various public scrutiny institutions, particularly, audit agencies, anti-corruption bodies and Parliamentary Public Accounts Committees are usually reluctant to investigate the military or prevented from doing so.

Overcoming Contemporary Challenges Relating to Funding Security Demands

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- Developing a new military sector and security policy and structure to address them;
- Improving leadership, oversight, administration and accountability across the entire military sector;
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Overcoming Contemporary Challenges Relating to Funding Security Demands

- ensuring that at least 80 per cent of all money from participation in peacekeeping operations is invested in the armed forces;
- Improve production of local basic military items, by creating an investor-friendly environment and encouraging private sector investment in military sector-related industries;
- Organizing public and expert hearings on formulation of a comprehensive military reform program etc.



**THANK
YOU**