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Research Article

# KEY HIGHLIGHTS FROM A COMPARATIVE STUDY: "LEVEL OF ECONOMIC DEVELOPMENT AND NATIONAL POLICIES IN MEXICO AND NIGERIA (1970-2018)

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**Frederick Williams**
**Independent Researcher, Mexico**

## Abstract

The research written by an economist, Omolara Adebimpe Adekanbi is an in-depth comparative analysis of the economic trajectories of Mexico and Nigeria from 1970 to 2018. Leveraging frameworks by Amartya Sen and Paul Collier, the study evaluates the impact of government expenditure on health, education and welfare, foreign direct investment (FDI), external debt, and interest rates on Gross National Income (GNI). It offers a unique methodology to contextualize the effectiveness of policies and provides actionable recommendations for sustainable development across several issues including employment, food and agriculture, conflict and violence as they all impact the level of growth and development. The study's methodology and findings establish it as a vital contribution to the field of development economics.

## Keywords

A Rigorous and Comprehensive Innovative, Methodology.

## Introduction

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The methodology employed in the study is robust, incorporating regression analysis, distributed lag models, and structural change detection to evaluate policy impacts over time. The use of regression analysis with both robust and standard errors ensures statistical reliability.

In Mexico, the regression analysis reveals that a 1% increase in government expenditure leads to a 48% increase in Gross National Income (GNI), and Foreign Direct Investment (FDI) contributes an additional 35.4% rise, both effects being highly statistically significant. Interest rates show a small negative effect, reducing GNI by 0.14%, but this result is not statistically significant, suggesting the impact may be due to random variation. Income levels also exhibit a negative association with GNI, with a 17% decrease for every 1% increase, though this relationship is also not statistically significant.

For Nigeria, FDI has an even more pronounced positive impact, contributing to a 58% increase in GNI, while government expenditure shows a smaller positive effect of 13% per 1% rise, though with marginal statistical significance. External debt positively affects GNI, leading to a 6.7% increase for every 1% rise, and this result is highly statistically significant. Interest rates reduce GNI by 0.22%, but this effect is not statistically significant, indicating it may not be a robust finding. These results highlight the varying impacts of macroeconomic policies in both countries and emphasize the need for region-specific policy strategies. Structural change detection is a key strength of the methodology, identifying critical periods of shifts in the income earned by the individuals in both countries. In Mexico, the analysis highlights 1985-1991 and 2013-2018 as periods of significant policy impact, corresponding to policies on education. In Nigeria, structural changes during 1984-1990 and 2012-2018 align with the policies on education within these years

The use of distributed lag models provides further depth by accounting for the delayed effects of education policies on labor markets and GNI. For instance, the study incorporates a seven-year lag for school enrollment data to evaluate how investments in primary, secondary, and tertiary education contribute to economic growth. This approach is particularly valuable for assessing the long-term impacts of human capital development policies, especially in economies like Nigeria, where such effects are often delayed due to structural inefficiencies.

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Discussions on the Result of the Analyses and the Impact of the Education Policies

The figures of the regression result are presented on Table 1 and these results highlight the differential impact of economic variables in the two countries, and the importance of tailoring policies to specific national contexts.

**Table 1.**

| Variable | Coefficient (Mexico) | Coefficient (Nigeria) |
|---|---|---|
| External Debt | 0.002 (p = 0.969) | 0.670 (p = 0.000) |
| Government Expenditure | 0.478 (p = 0.00) | 0.134 (p = 0.10) |
| FDI | 0.354 (p = 0.00) | 0.582 (p = 0.000) |
| Interest Rate | -0.014 (p = 0.205) | -0.022 (p = 0.149) |
| Adjusted R-squared | 0.9817 | 0.8632 |

**Source: Culled from the research paper by Adekanbi (2024).**

**Structural Change Detection**

The structural change detection analysis identifies breaks for the two countries as listed below and the policies that were implemented during those years. These details are the basis of the policies that were recommended for the educational sector in Mexico and Nigeria in the paper.

**Table 2.**

| Country | Break Periods | Distributed Lag Model Regression Results | Relevant Education Policies |
|---|---|---|---|
| **Mexico** | 1977-1984 | Secondary education showed a -1.6% decrease in Gross National Income (GNI) per capita for every unit increase in enrollment, reflecting challenges in expanding quality and access simultaneously. | Policies included creating the National Council of Science and Technology (CONACYT), the National Education System for Adults, and the National Pedagogical University (Universidad Pedagógica Nacional - UPN) for teacher training. Free primary textbooks, open education systems, and extended preparatory school were introduced. Federal education expenditure increased by 225%, with technical upper secondary schools for non-higher-education-bound students. |

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| | 1985-1991 | Tertiary education resulted in a -45.7% decrease in Gross National Income (GNI) per capita for every unit increase in enrollment, highlighting inefficiencies and misalignment with workforce needs. | Tertiary education funding increased to 3% of Gross Domestic Product (GDP), and teacher qualifications were extended to the level of high school (bachillerato). The Telebachillerato system expanded access to rural regions. |
| | 1992-1999 | Tertiary education caused a -9.5% decrease in Gross National Income (GNI) per capita for every unit increase in enrollment. Challenges arose from oversupply of highly skilled labor misaligned with labor market demands. | Decentralization of education and the introduction of nine years of compulsory schooling marked reforms. The National Center for the Evaluation of Higher Education (CENEVAL) was established to assess graduates. The PROGRESA program provided conditional cash transfers to encourage school attendance. |
| | 2013-2018 | Secondary education had a 0.52% increase in Gross National Income (GNI) per capita for every unit increase in enrollment, indicating it yielded the highest returns among education levels. | The Sectoral Education Program (Programa Sectorial de Educación - PSE) aimed to enhance secondary education quality. The Dual Technical and Vocational Education and Training (TVET) system, Full-Time Schools Program (Programa Escuelas de Tiempo Completo - PETC) for extended school hours, and National Scholarship Program improved access and equity. Infrastructure projects supported disadvantaged schools. |
| **Nigeria** | 1984-1990 | Tertiary education showed a 3.8% increase in Gross National Income (GNI) per capita for every unit increase in enrollment, reflecting the effective alignment of tertiary education with workforce demands during this period. | Policies included creating the National Primary Education Commission (NPEC) and the National Commission for Nomadic Education (NCNE) to support primary and nomadic education. The National Board for Technical Education (NBTE) oversaw technical and vocational institutions, and the Universal Primary Education (UPE) program expanded free primary education. |
| | 1991-1997 | All levels of education contributed positively to Gross National Income (GNI) per capita, reflecting balanced | The Education Tax Decree required companies to contribute 2% of pre-tax earnings to fund education. Teacher registration standards improved, and French and Arabic were |

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|---|---|---|---|
| | | investments in primary, secondary, and tertiary education. | introduced into the curriculum. Support for private tertiary institutions and infrastructure improvements enhanced overall outcomes. |
| | 1998-2003 | Primary education caused a 1.6% increase in Gross National Income (GNI) per capita, tertiary education had a modest 0.5% increase, while secondary education showed no significant impact. | Policies included raising teaching qualifications to the National Certificate of Education (NCE), expanding access to nomadic and technical education, and diversifying funding sources through the Tertiary Education Trust Fund (TETFUND). The National Policy on Science and Technology focused on developing indigenous technology. |
| | 2017-2018 | Tertiary education caused a -51.8% decrease in Gross National Income (GNI) per capita for every unit increase in enrollment, revealing inefficiencies in higher education systems and misalignment with workforce needs. | Tertiary education funding through the Tertiary Education Trust Fund (TETFUND), the introduction of Vocational Enterprise Institutions (VEIs) and Innovation Enterprise Institutions (IEIs), and revised admission requirements aimed to align education with labor market demands. Rising costs of the Unified Tertiary Matriculation Examination (UTME) and tuition fees created access challenges. |

**Source: Culled from the research paper by Adekanbi (2024).**

**Recommendations for Mexico and Nigeria**

The research paper by Adekanbi (2024) offers a detailed discussion of recommendations for addressing key economic and social challenges in both countries. Drawing on empirical findings, the research emphasizes innovative and context-specific approaches to policy formulation and implementation.

For Nigeria, Adekanbi highlights the importance of adopting Mexico's successful debt management strategies, such as exchanging U.S. bonds, utilizing PIDIREGAS domestic loans, and implementing PRONAFIDE projects. These methods prioritize leveraging domestic financial systems and innovative debt-financing mechanisms, which have been instrumental in reducing Mexico's debt-to-GDP ratio. Nigeria, burdened by issues such as poor record-keeping and wasteful spending, is encouraged to strengthen its debt

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management institutions to achieve similar outcomes.

The paper pinpointed the transformative role of foreign direct investment (FDI) in driving economic growth. While both countries have benefited significantly from FDI, Adekanbi recommends that Nigeria focus on incentivizing local firms, promoting technology transfer, and supporting domestic producers. Drawing on Mexico's experience, policies such as economic liberalization, targeted tax incentives, and effective currency management are cited as critical tools for maximizing the impact of FDI. These measures are seen as essential for fostering sustainable development and addressing disparities in income and employment.

In terms of welfare and infrastructure, Adekanbi strongly advocates for Nigeria to adopt Mexico's Progresa program. This initiative, known for its success in reducing poverty through targeted welfare support, offers a model for addressing the deep socioeconomic inequalities in Nigeria. Moreover, the paper emphasizes the need for transparency in government spending, recommending the creation of digital platforms to publicly display project funding, contractor details, and progress updates. Such measures are expected to enhance accountability and reduce corruption, which remains a significant impediment to effective governance.

Regarding employment and income policies, Adekanbi examines Mexico's labor market interventions, including worker nationality quotas, VAT centralization, and wage-related initiatives like the Action Program to Reinforce the Unity Agreement to Overcome the Economic Emergency (PAAUSEE) and the New Labor Culture pact. These policies are identified as effective in reducing unemployment and improving labor market conditions. For Nigeria, the paper calls for modernization of its infrastructural development and long-term planning strategies from the 1970s and 1980s to align with current global economic dynamics.

Finally, the paper stresses the urgency of addressing violence and corruption. Both countries, grappling with distinct but equally damaging forms of violence, require strategies that target the root causes, such as poverty and institutional weaknesses. Anti-corruption measures, particularly those embedded in systemic and institutional frameworks, are highlighted as crucial for creating an environment conducive to sustainable economic growth.

## Conclusion

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The research conducted by Omolara Adekanbi presents a comprehensive roadmap for reform, blending empirical evidence with actionable policy insights. While acknowledging the challenges posed by political instability and governance issues, the paper underscores that sustained commitment to these recommendations can overcome structural barriers and foster long-term economic and social development.

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