



FAILED VISIONS AND ECONOMIC TRANSFORMATION: CAN NIGERIA UNRAVEL THE TANGLE?

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The primary policy objective of every responsible administration should be to grow the economy and improve the living conditions of the people. The major determinants of economic growth and development are human capital, technological capability, effective institutions and infrastructure, stable monetary policy and political environment, and of course, good leadership. This article, which adds to the growing literature in economic change, posits that the Nigerian economy, which has been undermined by poor governance, will remain distressed until appropriate strategy is adopted to provide the necessary framework.

Brief Overview of the Terms

Let us glance through the main terms in this discourse, to ascertain their meaning and why Nigeria has been unable to industrialize. In a nutshell, economic transformation is a

change in the structure of an economy over time from a subsistence economy, through industrialisation, to an industrial or even post-industrial era.¹ Economic growth (a process of transformation) is a quantitative measure of the goods and services produced by an economy over a period, usually calculated as the percentage rate of increase in real gross domestic product (or real GDP).² However, economic development implies a lot more; it is a qualitative measure of how the wealth of countries (or regions) has improved the

economic, political, and social well being of its inhabitants.³ This review centres on the process by which an economy is moving away from basic primary production, and focusing more on efficient high value-added processing and manufacturing with advanced technology.

Why Have the Reforms Failed?

The configuration of Nigeria's economy has not changed significantly since independence in 1960, yet there has been deafening trumpet about the success of the various socio-economic visions, agenda, and reform programs by successive administrations. The reform programs have failed to improve the economy because the society lacks the basic institutions and infrastructure. Other major reasons are poor government policies and policy somersaults, corruption, insecurity, poor regulatory system and failure to enforce the laws, and of course, inability of the leaders to move beyond rhetoric. The anomalies and deficiencies in the system are myriad; socio-economic changes are impossible without the preconditions.⁴

The majority of farmers are still toiling in the field with hoes and cutlasses and the economy is powered by generators; communities (rural and urban) are without potable water, good roads, basic health facilities, and advanced technology for large scale production and industrialisation. Consequently, there is tremendous poverty in the land and the 'informal sector' (petty traders, touts, etc) constitutes more than 75% of the economy.

Foreign and domestic development partners and analysts have over the years pointed out these deficiencies and offered numerous suggestions to solve Nigeria's economic crisis, but the leaders have either failed or refused to accept and utilise them. And we are running out of new ideas. Because of leadership 'culture of irresponsibility' and corruption, the visions and reforms have failed to stimulate the economy that is trapped at its early stage of development.⁵ Or has the economy taken off but failed to reach its final destination? The economy remains profoundly dependent on natural resources, instead of technological knowledge (a society's understanding of the best ways to produce goods and services).

Even with the coming back of civil rule in 1999, nothing noteworthy has been done to enlarge the economic pie; the political leaders are still blaming the military for Nigeria's socio-economic tribulations. They have not made constant supply of electricity that is the engine of industrial development, a top priority. Before their eyes, the main manufacturing industries such as Michelin and Dunlop are closing their manufacturing operations, and textile industries are rapidly vanishing.⁶ The refineries are unable to meet domestic demand for fuel and gas and the nation is unable to produce enough food for the growing population. All these are retarding the nation's pace of economic growth and development, and preventing the people from realising their full potential.

The members of the National Assembly that are in shards of self-interest, do not seem to understand that it is their responsibility to

stimulate the economy with appropriate policies through laws and ensure political stability; and that investing in human capital, good quality education, public health services, and respect for the rule of law are crucial for the economy. More often than not, the laws are for the poor, as the political gods commit all kinds of fraud without punishment. There is a dangerous concentration of power at the centre and national resources in the hands of a few

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politically well-connected elite. Are the leaders not cognizant of the need to make changes?

Nigeria is moving round in a circle – shoveling from one failed leader to another, from one empty 'vision' to another, from one unfilled 'agenda' to another, and from one unproductive budget to another. Financial crisis caused by corruption is among the reasons Nigeria has failed to restructure the economy. Criminals are masquerading as politicians, scrambling for contracts and political appointments to give them opportunity to loot the treasury. However, while individuals who commit petty frauds are being harassed and arrested by the EFCC, the agency allows the 'big' looters to enjoy their booty. The boss of the EFCC (Farida Waziri), reported recently that 49 Nigerians looted over

N143.6billion from the treasury. Yet, the government is complaining of lack of funds to implement its budgets. The economy cannot grow without the basic infrastructure (power and road and rail network), security, good education and health services. Nigeria will not develop if the people continue to allow criminals to run the affairs of the nation. Today, economic activities are dominated by the smuggling of consumer goods from abroad and human and drug trafficking, with low level of foreign and domestic investments and rudimentary activities in the manufacturing sector.

Since the inception of the current global economic and financial crisis⁷, societies have been unnerved, with the citizens thrown into deeper economic hardship and misery. The crisis has forced serious societies to improve the ways they run their domestic affairs. But this is not the case with Nigeria; the political leaders have not changed their approach to governance. They do not seem to accept the reality of our failure, because they still believe that the economy could change by simply adopting high-sounding economic slogans and bogus visions. For instance, the Yar'Adua administration is under the illusion that Nigeria could possibly join the ranks of 20 largest economies by the year 2020, without technological capability and the institutional and infrastructural framework (power, roads and railways, and water, etc) required for industrial development.

However, because of Nigeria's glaring deficiencies, scholars⁸ and analysts have observed that the political leaders should desist from

false belief that Nigeria could become an industrialised nation without the prerequisites. For example, Richard Joseph, in an article published in the *BusinessDay* of June 1, 2009 has advised Nigeria to work with "2025 as a target year" to lay a foundation for economic "transformations needed to build a productive economy that can provide remunerative employment for most of its adult citizens."⁸

But given the magnitude of corruption and the unending hostility and insecurity in the Niger Delta region and visionless leadership, this writer doubts that Nigeria could solve her infrastructural and institutional problems by the year 2025 and improve agriculture and manufacturing industries to create employment for the army of unemployed youths. The Niger Delta crisis, and chiefly, the recent military operation and the rampant kidnapping for ransom in the region, which has exacerbated the nation's security problems, has compounded the nation's economic problems, as it has reduced oil and gas exports and national income. Because, as the *Daily Independent* of June 14, 2009 has noted, the kidnapping for ransom that normally occurred in the Niger Delta area, is now sweeping across the nation, especially the 'South-east and South-south.' And this has unnerved politicians, professionals, and wealthy businessmen⁹ in the localities, and scared away investors from the economy. If the trend is allowed to continue, it will unquestionably further compound Nigeria's economic problems and her democratic experiment.

Can Nigeria unravel the tangle?

Why is it that the managers of Nigeria's economy do not understand that institutions¹⁰ and security matters in economic performance? Can Nigeria unravel her economic tangle? To stimulate economic growth and transit from under-development to fast-pasted economic development, the leaders should rethink their strategies and absolutely focus on providing robust institutional and infrastructural mechanism required to expand

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economic activities and increase productivity, create employment for the army of the unemployed youths, improve national security by stopping the injustice and 'war in the Niger Delta' region and finding a lasting political solution to the predicament. This is because without peace and security, economic growth and development is impossible.

Nigeria's system seriously needs to be reformed. To change the nation's economic story therefore, the society must, in addition to ensuring constant power supply and

construction of good road networks, adopt alternative sources of revenue by devising a sound tax system and transparent revenue collection system. This will ensure additional revenue for development projects. Individuals and organisations with innovative ideas on how to improve the economy and create employment should be encouraged with tax incentives and affordable loans for investment. In addition, Nigeria should diversify the economy, by investing copiously in agricultural technology, to transform farming from subsistence to large-scale food production for local consumption and extra for export, and increase other agro-industrial businesses and services. This will lead to rapid economic transformation, even in the remote parts of the society, and tame rural-urban migration and social crisis, and improve national security. Even advanced societies are relentlessly searching for ways to diversify their economies for sustainable growth and development. Improved security will also attract huge foreign and local investment into the economy and engender increase in employment, reduce crime and

poverty, and finally improve the people's living conditions.

Concluding Remarks

The preceding discourse shows that economic growth is a precondition for modernization, and that to become an industrialised nation, Nigeria should have the necessary institutional and infrastructural framework, human capital and technological capability to enable firms and industries in different segments of the economy to function effectively and efficiently.

The managers of the economy should be mindful of the fact that no vision and agenda (vision 2020, seven-point-agenda and the re-branding crusade) will be successful without the noted preconditions. However, one of the critical measures of successful economic transformation is the degree to which the sectors of an economy transform themselves into 'innovation hubs' by developing high quality goods and services and improving the welfare of the people. Without the prerequisite structures that will enable the private sector to drive the economy and create wealth, the Nigerian economy will continue to depend on government

generosity. And that is not enough to establish a system that supports high economic performance.

In conclusion, for the economy to move beyond its present stage of development, Nigeria should adopt an integrated development plan, because economic growth and development involves comprehensive social, political and economic transformation. Good quality education (particularly technical education) should be an important part of any plan for the economic transformation process, because technical education holds the key to Nigeria's development. But the education sector will not effectively perform its functions of training the needed manpower and producing advanced technology through research and development without adequate funding.

To really unravel the nation's economic tangle, Nigeria needs a transformative leader to build a solid foundation for a lasting socio-political stability and sustainable economic growth and development. We should replicate the reforms that led to the success story in the telecommunication industry, in other segments of the economy. ²²

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Notes

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