

UNIVERSITY OF PORT HARCOURT

***THE PROSPERITY AND POVERTY OF
NATIONS: USING GLOBAL MODELS
TO EXPLAIN AND MITIGATE
UNDERDEVELOPMENT IN NIGERIA***

An Inaugural Lecture

By

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THE PROSPERITY AND POVERTY OF NATIONS: USING GLOBAL MODELS TO EXPLAIN AND MITIGATE UNDERDEVELOPMENT IN NIGERIA

Prologue

Early in life I often pondered the prosperity of the Western world and the stark poverty and deprivation of much of Africa, especially my country, Nigeria. Trying to address that enduring curiosity has been a major object of my academic pursuit especially after my first degree in History. I had realised that in pursuit of that objective, history would be an invaluable tool. I subsequently travelled from the Nigerian shores to acquire a Masters degree in Economic History in a Western university. My thesis was on the history of Nigerian agriculture¹, which was one sector where poverty was most evident. The thesis examined how and why peasant agriculture in Nigeria became consolidated instead of being transformed to generate greater productivity and income under the colonial regime. That condition continues largely to this day. I followed up with a doctoral dissertation, which analyzed the economy and society in Eastern Nigeria, investigating the structural obstacles to development and social change.² I went further to examine whether existing theories of development which were *Western-centric* were relevant to Africa. The answer has been, not quite. As my search continued, I discovered the relevance of political economy in the explanation of what the late Ali Mazrui described as the “African condition”. I have also discovered that great nations do not emerge without great leaders and great sacrifice.

Persisting underdevelopment in Africa is not just a matter of economics but it is located at the intersection of the trinity of

¹ Ben Naanen, “Nigerian Agriculture, 1900-1939: The Consolidation of Peasant Agriculture.” MA Thesis, Dalhousie University, 1984.

² Ben Naanen, “Economy and Society in Eastern Nigeria, 1900-1966: A Study of the Problems of Development and Social Change.” PhD Dissertation, Dalhousie University, 1988.

economics, politics and culture. Certain cultural values which celebrate ill-gotten wealth (not questioning it), leading to the prevalence of corruption cannot be conducive to development. When several times a country's budget is swallowed up by corruption over a period of time as we shall see in this lecture, development will definitely suffer. One may say political leadership is the most overarching of this trinity as political choices and decisions can determine economic choices, which in turn can change or alter cultural values. The market is the greatest social force and decisions and actions of governments can determine the optimization or truncation of market dynamics. Smithean economics (from Adam Smith) emphasises the sanctity of the market in economic development. Industrialization can change cultural values as it breaks down primordial relationships. In exploring the roots and persistence of underdevelopment we should at one level focus on the obstacles to market penetration as the growth of the market unleashes the productive forces of society. This I did in a separate study which addressed what I called "the non-capitalist transformation of modes of production" in Nigeria.³

We have since discovered further that in modern times the enlightened hand of government is indispensable in ensuring economic growth and that this growth translates into all-encompassing development which abolishes extreme poverty and inequality. Effective governance and a strong economy are in turn facilitated by strong institutions. Of late Daron Acemoglu and James Robinson have reminded us in their best seller, *Why Nations Fail*, that what makes the critical difference between prosperity and poverty, between great nations and lesser nations, is the development of inclusive political and economic institutions that allow free competition of ideas and actions, encourage popular participation in economic opportunities, and rewards enterprise and innovation. This is the institutional approach to development.

³ Ben Naanen, "Imperialism and Non-Capitalist Transformation of Modes of Production: Nigeria 1849-1939", *Pan African Social Science Review*, No 2, 1987, pp. 41-75

Development, one analyst has stated, is struggle of opposites. *Why Nations Fail* had not yet appeared when President Barak Obama, during his visit to Ghana shortly after his inauguration as the 44th President of the United States, admonished African leaders that what the continent needed most was “strong institutions”, not “strong men”. One should add that a visionary, enlightened and decisive (political) leadership is indispensable for the emergence of a prosperous nation.

I have always believed in the use of scholarship as a tool for social action. That way scholarship can be relevant to the practical needs of society. As an undergraduate I became converted to Marxism at the University of Nigeria where under the tutelage of the late Professor Ikenna Nzimiro, Inya Eteng both of them of blessed memory, and T U Nwala we held a weekly meeting on Marxist ideology. Marxism gave me my first perspective for understanding poverty, inequality and social injustice. The search for a better society spurred me on, making me to be the mouthpiece of the Awareness 1 Club at Nsukka, the foremost student activist group on campus, whose motto was fittingly, “Towards a Better Society”. My restless intellectual spirit also made me a freelance writer in my undergraduate days and my contributions to newspapers earned me recognition and needed pocket money from the honorariums that I received.

Whether I was mobilizing civil society in Europe for protest against environmental degradation by IOCs in the Niger Delta; speaking against military occupation of Ogoni at the United Nations Human Rights Commission in Geneva in the dark days of military dictatorship in Nigeria; discussing the need for the formation of a government of national unity with ruling party leaders in Zanzibar after a divisive national election in that country; addressing young students who have probably not met a black African at a middle college in Punjab, India; visiting a Hare Krishna temple in Sri Lanka as a tourist; conducting research among the oppressed Dalits in rural communities near Mumbai, India; joining a protest in Trafalgar Square, London for the release of Nelson Mandela; or taking part

another picket in Time Square, New York in support of Jesse Jackson's first bid for the US presidency in 1984, what has always motivated me is the quest for justice and equity, and the fusion of scholarship and social action.

One important perspective on Nigerian economic life and nation building which I derived from my understanding of socialism was my belief that ethnicity was a passing phase of our national development as primordial ethnic identity would be replaced by class relations as economic development proceeded. How wrong I was. Today we know better. Ethnicity has since been getting reinforced as the struggle for the country's political space and resources continues to assume basically an ethnic character. Nigeria's challenge now is how to manage ethnic relations instead of wasting effort on how to combat them, which was the approach to nation-building in the immediate post-colonial years.

Over the years my fascination with socialism has waned, especially since the end of the Cold War and the collapse of the Soviet Union, and my understanding of human nature. Having read George Orwell's *Animal Farm* and followed developments in socialist societies up to the last days of the Soviet Union, I have come to believe that neither capitalism nor socialism on its own can guarantee social justice. But Marxism remains a vital tool for understanding social relations.

A central objective and responsibility of most governments across the world is to create wealth and improve the living condition of citizens. Since the origins of prosperity and poverty is a complex and broad field of scholarship for which I am not adequately prepared in this limited lecture⁴, I am going to provide an outline of the origins

⁴ Some of the most recent and influential literature include David Landes, *The Wealth and Poverty of Nations: Why some are So Rich and some So Poor*. London: Little Brown and Root, 1998; Daron Acemoglu and James Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and*

of economic development, indicating how Nigeria initiated the development process in the struggle against poverty since its colonial days and why the country has not made a breakthrough. I will end the lecture by proposing a simple theory, which in my view, can point the way to development and prosperity in the country.

The key issues highlighted in this introduction will become clearer as we sail along on the voyage of exploration of the lecture. With humility I invite you to join me on that reflective intellectual voyage.

PART I: ECONOMIC DEVELOPMENT: HOW IT HAPPENS

1.1 Clarification of Concepts

It may sound pedantic but for the sake of contextual clarity, it is necessary to define with simplicity certain concepts which we may take for granted that are key to the understanding of this lecture.

Economic Growth: This is the growth in the productive capacity of a country. It is the increase in the market value of the goods and services produced by an economy within a period of time. It is conventionally measured as the percentage rate of increase in real gross domestic product (GDP). Of more importance is the growth of the ratio of GDP to population (GDP per capita), which is also called *per capita income*.⁵ In a broader sense, economic growth is the statistical expression of a country's economic performance.

Development: Simply defined, development is the incremental improvement in the quality of human life. In ensuring human well being, economic growth must be combined with development. There can be no development without growth. But there can be economic growth without development as conventional measurements of growth such as income per capita presuppose the equal distribution of the proceeds of economic growth, which is not correct. A country

Poverty. New York: Crown Business, 2012;Ruchir Sharma, *Breakout Nations: In Pursuit of the Next Economic Miracles*. New York, 2012.

⁵ *Wikipedia*

may be relatively well off by conventional indices of growth, but this may not be commensurate with the quality of life of the general population. For instance, Nigeria in 2014, became Africa's largest economy, over and above South Africa. But we know that the level of economic development in Nigeria is not the same in South Africa. To further distinguish growth from development new indices have been adopted in recent years to measure social development. These include access to the basic needs and conveniences of life, education, health and sanitation, potable water, electricity, mortality rate, environmental quality, and gender equality.⁶

In trying to generate economic growth and development, mankind has been undermining the prospects of future development as not all initiatives carried out in the name of development are in the long term interest of society. Big dams constructed to enhance agricultural production or to generate electricity end up becoming an albatross for the local community as they may cause flooding and destroy local agrarian livelihoods. Some dams drain water from rivers to which are connected, affecting the populations that depend on such water sources. In the attempt to develop, mankind has been consuming both renewable and non-renewable resources at an alarming rate, especially the industrialized nations, depriving future generations of access to the resources. In extracting oil on which the Nigerian economy haplessly depends, oil companies have been polluting the environment, destroying the marine and terrestrial resources that had historically sustained indigenous livelihoods, thereby creating poverty instead of alleviating it. This type of development cannot be sustained. For development to have long term benefit it has to be sustainable, hence the concept of sustainable development, which is defined as "development that meets the needs

⁶ See United Nations Development Programme, Human Development Index. See also the 2009 Report of the Commission on the Measurement of Economic Performance and Social Progress also called Stiglitz Commission, appointed by former President Nicholas Sarkozy of France.

of the present without compromising the ability of future generations to meet their own needs.”⁷

Poverty: This is a state of abject want, the absence of the basic needs of life. Manifestations of poverty include: lack of money, hunger and malnutrition, illiteracy and ignorance, lack of decent clothing and housing. Poverty can be regarded as one of the most vicious socio-economic diseases of all time. If you are poor you are voiceless and powerless, helpless against natural and man-made challenges. Even the fundamental human right of right to life is challenged and abridged by poverty as a poor person can die at any time from any of the preventable and treatable diseases. A poor person cannot enjoy his constitutional rights, hence the United Nations has included economic rights in the broad-based structure of human rights. Poor nations have inaudible voice and no respect in the international community.

Underdevelopment: This term can be applied to a society or country that has not attained its development potential. It is a wide-ranging concept that includes all aspects of national life – economic, social, and political institutions and practices. In socio-economic terms, underdevelopment demonstrates poverty in all its manifestations: high rate of unemployment, a mono-cultural economy, low wages, low income, poor infrastructure, high levels of income inequality. A country may be underdeveloped politically when its political institutions are dominated by primordial and negative social values which impede national progress. Ethnic and religious politics, corruption, graft, election rigging, varieties of dictatorship including military rule, violent conflicts, insecurity, lack of rule of law, weak national institutions, hence weak governments, external economic and political domination – are all aspects of the politics of underdeveloped societies.

⁷ United Nations, *Our Common Future: Report of the World Commission on Environment and Development*

The term “underdevelopment” is controversial with heavy ideological undertone. To talk of an underdeveloped society is to presuppose an imposed condition of underdevelopment by a superior external force or authority which is often connected to capitalism. Colonialism and later day control by developed capitalist powers are often blamed for the “underdevelopment” of much of the non-Western world.⁸ The term is seldom used by Western liberal scholars.

1.2 The Origins of Economic Development

Historically two routes have been followed in the attempt to consciously promote economic growth and create prosperity in modern times. These are the market system (also known as capitalism) and the socialist system. While Western liberal scholars and politicians hardly use the term “capitalism”, preferring instead “market economy”, Marxists or leftist intellectuals prefer to talk of “capitalism.” I am going to use the two terms “capitalism” and “market economy” interchangeably.

a) Capitalist Development

Prehistoric man survived by foraging. The Bible tells us that in the beginning God created Adam and Eve and located them in the Garden of Eden. They did not have to struggle in order to survive as everything needed for their well being was provided in that garden. In disobedience they ate the forbidden fruit, whatever that means, and God, in annoyance, pronounced a curse on them. Part of that curse was that they have to struggle in order to survive. In a recent Sunday school class in my church, a bold and inquisitive worshiper asked why God should punish the couple when he did not warn them against eating the forbidden fruit. Regardless, Adam and Eve and their progenies, now faced the eternal struggle for survival. At this point, they lived on nature’s bounties as there was yet no scarcity. So the need for economics did not arise. But the disadvantage of

⁸ See the corpus of literature on the underdevelopment debate, notably those coming from the dependency school.

surviving on nature and living a peripatetic life is that civilization could not develop as there was no organized society. As the Nigerian experience with nomadic education has demonstrated as late as the 21st century, it is difficult to organize an unsettled people and make them conform to the nice values of civilization.

The transformation of the Stone Age foraging economy into a sedentary society through the domestication of plants and animals marked the beginning of civilization. It was a critical milestone for mankind. Because the origin of agriculture is dated to the Neolithic Period of about 10,000 – 3000 years ago, this critical development in the evolution of society has been referred to as the Neolithic Revolution, a term coined by the Australian archaeologist Gordon Childe. It started in what another historian, the American Orientalist, James Henry Breasted, called the Fertile Crescent, the arch-like territory stretching from the Nile Valley in Egypt to Mesopotamia in present day Iraq. As settled communities evolved, rudimentary forms of government developed and states and empires followed. Social hierarchies evolved, elites emerged and the lower classes had to produce to sustain the ruling classes. In much of the ancient world the natural economy gave way to the feudal system.

Much of Sub-Saharan Africa did not experience feudalism as there was no overarching landlord class to which a tenant peasantry paid rent (African peasants never paid rent as they subsisted mostly on communal land). These two features – a class of landlords and a rent-paying peasantry which had no control over the land they cultivated, was a central aspect of feudalism. The feudal economy was dependent on peasant production, which survived for thousands of years. Gradually money came into use. Monetization accelerated the growth of commerce and new social forces and the growth of cities, which undermined feudalism and eventually led to its demise.

Capitalism gradually emerged from the bowels of feudalism. Contrary to popular interpretations, commerce is not synonymous with capitalism. Many societies developed commerce which did not

transform into capitalism. Capitalism is a distinct social relationship marked by the separation of the producer from the means of production. The peasant producer, for example is cut off from the ownership of the means of production, which in his case is land. In the medieval European setting the peasant was merely a tenant on the land that he cultivated, which was owned by the landlord, to whom the peasant paid rent either in kind or in cash, but mostly in cash during the later Middle Ages. Under the market economy or capitalism, the worker is separated from the ownership of his means of production, which in his case is capital. The entrepreneur or capitalist is the owner of the capital and the worker who provides the labour is paid a wage. In pre-capitalist economies, which almost universally were based on agrarian production, this separation was not there. The peasant produced much of what he used or consumed and exchanged the surplus either for money or in kind, depending on the level of cash penetration of the local economy. This combination of subsistence and market production is what socially identifies the producer as a peasant.

With the development of capitalism the peasant was effectively cut off from the land as he became proletarianized, that is, without any means of subsistence. If he produces almost entirely for subsistence, he is labelled a primitive man or husbandman. If he produces entirely for the market, he becomes a capitalist. A capitalist is the only producer who produces what he does not consume or utilize. He produces only those things which he can sell and make a profit. Under capitalism, especially industrialization, in Europe the hordes of European peasants were converted to workers. Some of them became capitalists, owning farms and enterprises for which they employed workers. That is how the peasantry as a social class became extinct in much of Europe.

The process of proletarianization, for whatever reasons, started in Europe, where the peasants were driven off the land to make way for commercial agriculture. Having been proletarianized and rendered desperate they were now cheaply engaged as agricultural labourers.

That was the beginning of the capitalist revolution, which started in England and spread to the rest of Europe. Agrarian capitalism culminated in the Industrial Revolution, which started in England. Capitalism is marked by:

- Private ownership of capital (means of production) as opposed to state or public ownership (socialism);
- Production is for sale, as opposed to own use;
- Production is for profit;
- Every factor of production is a commodity (land, labour and capital), that is, it can be bought and sold;
- Competition, which spurs
- Innovation, which is driven by profit;
- Predominant, perhaps universal mediation of exchange by use of money.

The advent of capitalism engendered a great upheaval in English society. With the disappearance of the security of livelihood for the large masses of the proletarianized peasantry who must now work for a capitalist in order to earn a living, and with the capitalist employing ferocious means in order to extract maximum labour power hence profit from hapless and helpless workers and without the regulatory and restraining power of government, the society was literally in a state of chaos. But this was constructive chaos or benevolent disorder, the sort of social force that destroys an old order and sets society on a new trajectory.

English capitalism was brutal. The super-exploitation and suffering of workers who had no rights, was unimaginable. The brutality of factory condition in England was best illustrated by the proverbial story of Oliver Twist. Hungry, gaunt and grimy, Oliver Twist, a child labourer, made the mistake of asking for more at the factory soup kitchen. This effrontery earned him a heavy bang on his head of the large serving spoon. Yet the plight of Oliver Twist was mild compared with that of many other factory workers. In later years labour-inspired political agitations were to lead to the formation of unions and the development of workers' rights, a development that

was in Britain considerably facilitated by the formation of the Labour Party in 1900. In much of Europe the long wave of post-war prosperity led to the development of the welfare state, which ensured unprecedented standard of living in the Western world.

It was in the midst of this constructive disorder of English industrial capitalism that Adam Smith, a notoriously absent minded professor at the University of Glasgow, emerged with his market theory. What baffled Smith was the fact that society was in a state of seemingly profound chaos and yet it did not fall apart or disintegrate. In the attempt to make profit and earn a living everybody was exerting pressure on society, pulling and pushing in every direction, without any organized control. Smith therefore set out to unravel the forces that glued society together even in the face of such monumental upheaval. He found that centripetal force or “unseen hand” as he called it in the market mechanism: everybody trying to participate in the market as worker or entrepreneur in order to earn a living or make profit. The key factors in the market system are demand and supply. With labour now a commodity, the worker was free to sell his labour power to the highest bidder (demand side). How much he would be paid would be determined by the availability of workers with similar skill (supply side). Driven by the profit motive, and responding to demand, the entrepreneur was set to make the highest possible profit. But this would be checked by competition as there were other producers of similar commodities also striving for profit.

Competition engendered innovation as the capitalist had to constantly search for cost-saving methods or invent new products and services that would make him stay ahead of his competitors and maximize profit. The new market dynamics of profit, demand and supply, competition and innovation in the neo-classical tradition, constituted the primary ingredients of economic growth. The market unleashed the development of productive forces of society. As production which was driven by demand soared and the entrepreneurs tried to meet the supply more workers were engaged, creating employment for many. Competition, while theoretically

moderating prices and increases effective demand, drove up wages, improving the living standard of workers.

Higher incomes translated into increase in demand, expansion of production and more employment. The larger the number of workers and the higher the level of wages the greater the amount of taxes (including corporate taxes) collected by government to fund the cost of administration and services. The larger the amount of revenues at the disposal of government the greater the expenditure of government and the higher the standard of living of citizens. With increased profit the entrepreneur garnered more capital which was invested in other ventures creating yet more employment and business opportunities and more taxes. This was the virtuous circle of economic and social development.

Adam Smith, one of the greatest titans of neo-classical economics, has since earned the appellation of being the father of the market theory. In search of a historical and sociological theory of society, Smith discovered one of the most powerful social theories of all time: the law of the market. It is a curious coincidence that the year 1776 when Adam Smith released his tome detailing his ideas⁹, was the same year that the American Revolution broke out, creating the most powerful capitalist nation.

With the spread of the Industrial Revolution to other countries of Europe the same capitalist ethos were replicated in these countries, spreading development. Following the exploration and colonization of North America by Europeans the United States, especially, benefitted immensely from the Industrial Revolution. The United States started as a labour scarce economy, hence labour became much more expensive than in Europe. The vast and sparsely inhabited North American continent needed skilled and unskilled labour to exploit the vast resources of the continent and develop it. European entrepreneurs, skilled and unskilled workers, and adventurers (products of European capitalism) fleeing from religious

⁹ The Wealth of Nations

and political intolerance at home and motivated by high wages, migrated to the relative freedom and tremendous economic opportunities offered by the nascent American state.

Since skilled labour was expensive, American entrepreneurs right from the start devised means of saving cost through technical and managerial innovation. So the American economy was driven by mechanization and the resulting mass production. It was the economy that gave the world the first assembly line. It was the economy that taught the world how to produce interchangeable parts, which made mass production of manufactured goods possible (Europe was still producing individual parts piece by piece). American economy prospered rapidly, overtaking that of England by the late 19th century. The period marked the era of the Robber Barons—the great unabashed capitalists who amassed unprecedented wealth through monopoly and stamped their indelible mark on the American corporate landscape. These included Henry Ford, founder of the Ford Motor Company whose children established the Ford Foundation; John Pierpont Morgan, the flamboyant founder of J. P. Morgan bank, now J. P. Morgan Chase, a global financial colossus; Andrew Carnegie, who controlled steel production and whose children established the Philanthropist Carnegie Corporation of New York; John Rockefeller who created an oil distribution monopoly and Cornelius Vanderbilt, a railroad and shipping magnate.¹⁰ That was the foundation of American greatness. With economic might came the quest for global conquest which was consummated with the eclipse of the British empire after the Second World War.

Of late Acemoglou and Robinson have authoritatively told us that America's greatness could be traced to its inclusive political and economic institutions, allowing democracy and economic competition to thrive. This is one of the latest explanations of prosperity and poverty. Countries without open political and

¹⁰ Mathew Josephson, *The Robber Barons*, 1934, excerpted in Jonathan Hughes, *American Economic History*. New York: HarperCollins, 1990, p. 411.

economic institutions, such as the various versions of dictatorships, wracked by bad governance and corruption remain poor while those with competitive economic and political systems that ensure accountable and transparent leadership are able to prosper and improve the lot of their citizens and dominate other nations.

What is evident so far is that economic development in the Western world did not come as a result of the conscious efforts of governments sitting down to draw up development plans and allocating resources accordingly. Development was simply the outcome of market dynamics, the interaction of the forces of demand and supply, of profit making, competition and innovation. Entrepreneurs invested to make profit and created jobs in the process, roads and railways were built by private capital to link communities and business sites and for the movement of goods and services, housing and health facilities were developed by business owners to enhance the productivity of workers; better wages and enhanced spending power of workers were made possible by market expansion. Large-scale state intervention mainly in the area of infrastructural development, the protection of workers rights and the enhancement of the welfare of citizens is a later day development resulting from the evolving conception of the role of the state. This clarification becomes necessary for subsequent sections of this talk.

b) Socialist Development

What we have briefly summarized above is the capitalist path to development. The grotesque inequality and brutality against the European working class engendered by nineteenth century industrial capitalism eventually led to the foundation of socialism. Critics of capitalism argue that the system is exploitative, creating a dog-eat-dog relationship and social inequality. The quest for profit engenders the exploitation and misery of workers by capitalist employers. Socialism sought to abolish private property by vesting the ownership of the means of production in the state instead of private entrepreneurs. By so doing the workers, at least theoretically, would receive the full value of their labour, rather than be paid a wage

barely enough to keep them alive while the capitalist appropriated the surplus under capitalism. This would be so as socialism presumed that workers were working for themselves, instead of working for the capitalist. Socialism, it was theoretically claimed, would culminate in communism, a putative social paradise whose dictum would be “to each according to his need and from each according to his ability”.

The idea of socialism started with some French and English do-gooders who wanted to reorder society by taking the sting out of the European factory system in favour of workers. They included the pioneer Robert Owen, a self-made wealthy English capitalist-turned idealistic philanthropist; St Simon, a French noble man; fellow Frenchman Charles Fourier; and the cerebral English political economist, John Stuart Mill. They were called Utopian Socialists because of their vision and idealistic schemes to create happiness for the working class in a communal way. They were not working for the overthrow of capitalism but wanted to strengthen it by curtailing its brutal excesses. Robert Owen established the pioneer commune of New Lanark in Scotland to prove that the squalor and depravity of industrial life were not the only and inevitable social arrangement. New Lanark was indeed a workers’ paradise with neat rows of flowered houses, children playground and educational facilities. The door of the factory manager remained open and every complaint attended to, including objections to the rules of the community. It was a community of harmony and brotherly love.¹¹

To critics New Lanark was an epitome of human idealism. The most acerbic of these critics derided it as an unsustainable community of paupers. The most enduring lesson of this failed social experiment was its failure to recognize the innate if selfish human desire for personal gain which made human equality impossible. That desire brings out the worst instincts in us. Owen learnt his lesson the hard

¹¹ My discussion of Utopian Socialists comes mainly from Robert L Heilbroner, *The Worldly Philosophers: The Lives, Times, and Ideas of the Great Economic Thinkers*. New York: Touchstone, 1992, pp. 105-135.

way, although this compulsive optimist and humanitarian was not deterred. When Owen set off for America and tried to replicate his New Lanark experiment in the state of Indiana where he set up another utopian community by the wishful name of New Harmony, his associate added insult to injury by setting up a whiskey distillery on the community land he had stolen from Owen. As Owen was not there rival communities sprang up within the community. This shows that the struggle for power and personal gains and differential endowments are inherent human attributes which make equality or egalitarianism a utopian concept.

1.3 Marxian Socialism and Development

Opposition to the greed and brutal excesses of capitalism in the struggle for prosperity continued from other powerful quarters. These included the communists. While the utopian socialists sought reform of the capitalist system in order to improve workers welfare, the communists sought the overthrow of the system so that workers can take over control and enjoy the fruit of their labour. The arrowhead of this revolutionary movement was an “angry genius”, Karl Marx. Marx was born in Germany in 1818 but lived most of his life in London- the British Museum to be precise where he toiled morning till night for his research. The communist agenda was first powerfully proclaimed in the *Communist Manifesto* which originated from the Communist League and principally authored by Marx and his long-time companion and supporter, Friedrich Engels. According to the *Manifesto*, the Communists openly declare that their ends can be attained only by forcible overthrow of all existing social relations ... The proletarians have nothing to lose but their chains. They have a world to win”.¹² The *Manifesto* was published in a peculiar year, 1848, when Europe was in convulsion by workers uprisings and the ruling classes were under trepidation.

The *Manifesto* triumphantly proclaimed that the overthrow of the bourgeois system by a workers revolution was inevitable. This was

¹² Ibid, p. 136.

an outcome of Marx's ingenious and rigorous conceptualization of history. In his analysis which was influenced by Hegelian philosophy of dialectics, every social system incubates the seeds of its own destruction, an internal struggle or "contradiction" between opposing forces. This contradiction would engender the demise of an existing mode of production (economic, or better, social system) resulting in the emergence of a successor mode of production. Specifically, it brought about the end of feudalism and the birth of capitalism in Europe, and would inevitably lead to the collapse of capitalism through the class struggle between the working class and the bourgeoisie. On the ruin of the bourgeois or capitalist state would emerge a proletarian (socialist) state. To Marx the ultimate end of the social evolution of every society is socialism. Although based on the dialectical principle a new mode of production was considered inevitable, force was a necessary midwife of the new social order, which explains why communists always mobilize to confront the bourgeois system. This is a short statement on historical materialism or materialist conception of history, also called Marxist conception of history.

When the socialist revolution erupted, it did not start in the most industrialized countries of Europe such as England, Germany and France as Marx expected. It started in Russia, a relatively backward country still dominated by an agrarian economy at the time of the revolution in 1917. After the revolution, the Russian Empire incorporated yet more territories, becoming the Union of Soviet Socialist Republics (USSR), the first socialist state. The Russian Revolution was followed by that of the Chinese in 1949. Much of Eastern Europe came under communist control after the Second World War, and Cuba, during Castro's revolution of 1959.

The emergence of socialist states brought about an ideological competition for supremacy between capitalism and socialism. This struggle took the political colouration of the Cold War, led by USSR on the socialist side, and the United States on the capitalist front. Which of them delivered the best quality of life in a sustainable

manner? Which of them delivered more sustainable national greatness? That Russia rose from the economic backwaters to become America's greatest opponent on the world stage seemed to suggest that there was something remarkable about socialism.

Yet the fact that the Soviet Union collapsed along with the Cold War, resulting in Francis Fukuyama's controversial proclamation of "the end of history", marking the triumph of liberalism, tends to suggest that there was something artificial or mechanical about the socialist world order which could not stand the test of time. Human instinct for freedom and gain can hardly be successfully exterminated. Apologists are quick to point out that it was not socialism that collapsed but Stalinist brand of communism which crushed human freedom and economic self-actualization. For socialism if well practiced remains the best way of building a social safety net to accommodate the powerless and vulnerable segments of society. Whatever the argument, it does seem there was something more natural about the system that Adam Smith propounded. That seemingly natural order of the market system is what has ensured the resilience and dynamism of the system if only its excesses can be curtailed.

PART 2 EXPLAINING UNDERDEVELOPMENT

2.1 Modernization and Dependency

The global struggle between capitalism and socialism, the persisting poverty in Latin America which was perceived by radical intellectuals as being the result of continuing American domination of the region and the consequent rise of revolutionary movements there, had spurred a radical rethinking in the intellectual community of the issue of Latin American underdevelopment. The assumptions of neo-classical development analysts that was prevalent at the time was that lack of economic development in much of the non-Western world was attributable to the continuous dominance of traditional structures and attitudes which hindered the penetration of market forces that are so critical to economic development. These countries were poor because of the inadequate development of the market, lack of savings and investment, scarcity of entrepreneurial capacity and the prevalence of attitudes which emphasized consumption and redistribution instead of thrift, investment and production. Western social scientists bemoaned and debated the absence in Africa of the “economic man” who was driven by economic forces.¹³ Political development in these countries was hindered by lack of liberal democracy and the prevalence of dictatorships marked by military and revolutionary governments which precluded political pluralism.¹⁴ To develop, therefore, these societies had to forsake traditional values and embrace modernization, so it was claimed.

Latin American intellectuals were the first to rise in the late 1950s against this received wisdom of Western social science. The new argument was that it was not the prevalence of tradition and anti-capitalist attitude that was responsible for the economic and social condition of the non-Western world but the incorporation of these

¹³ See William O Jones, “Economic Man in Africa”, *Food Research Institute Studies*, Stanford University Press 1960.

¹⁴ For detailed discussion of the modernization and Dependency, see Ben Naanen, “Alternative Theories of (Under)Development: How Relevant to Africa?”. *Ufahamu* XIV, 2 (1985), pp. 23-57.

countries into a global economic network dominated by the capitalist mode of production. The “capitalist world economy” comprised the centre or the core, a periphery and a semi-periphery. The advanced capitalist countries of Europe and North America constituted the core while Africa, Asia and Latin America constituted the periphery. Initially North America was a semi-periphery before it developed into the core. The capitalist world economy ensured the transfer of surplus which could have been used to develop the poor countries of the periphery to the Western core countries. In the case of Latin America, the main instruments of this transfer were European colonialism and later, American multi-national corporations (MNCs). Colonialism was primarily held accountable for the situation in Africa. The capitalism that that was exported to the periphery was christened peripheral capitalism, not the dynamic capitalism that was responsible for the social transformation of the Western world. Arghiri Emmanuel in his seminal work on unequal exchange¹⁵ sought to demonstrate that the trade between the developed and underdeveloped countries was inevitably unequal and how this trade became an instrument for underdeveloping the latter. This is the outline of the dependency paradigm.

In Africa the best known exponent of dependency was the Egyptian scholar, Samir Amin. His powerful analysis was clearly articulated in his two-volume tome, *Accumulation on a World Scale: A Study of the Social Formation of Peripheral Capitalism*.¹⁶ At a general level Immanuel Wallerstein gave a rigorous theoretical formulation of the construction of the capitalist world economy in his treatise, *The Modern World System*¹⁷ and *Modern World System II*.¹⁸ The greatest exponent of the world system theory emphasized historical totalities, authoritatively explaining how the interdependence of the modern world has made it impossible to thoroughly grasp

¹⁵ *Unequal Exchange: A Study of the Imperialism of Trade*. New York: Monthly Review Press, 1972.

¹⁶ New York: Monthly Review, 1974

¹⁷ New York: Academic Press, 1974

¹⁸ New York: Academic Press, 1980

developments in any part of the world without linking them to the rest of the world. It is that interdependent world system dominated by the capitalist core that has generated the dependency relationship.

Although by the mid-1980s dependency was already on its way to the archive of ideas, some of its most powerful formulations continue to be relevant to this day. The idea of the interdependence of the modern world economy cannot be wished as exemplified by how even minor upheavals and infractions on Wall Street can undermine the world economy. *Globalization* is an ideological expression of that interdependence. In terms of its influence on development policy of governments we clearly see the footprint of dependency on the emphasis on national self-reliance in Latin America and Africa in the 1970s and early '80s exemplified by the Lagos Plan of Action.

2.2 From Mixed Economy to Neo-Liberalism and Globalization

Beside capitalism and socialism there existed what Tony Blair, British Prime Minister would later call the "Third Way". The Third Way is a combination of capitalism and socialism. In Africa a version of the Third Way was the concept of mixed economy. Following the Post-War reforms in British Africa, Nigeria adopted the mixed economy for reasons we shall see shortly. While encouraging private enterprise in the absence of a viable entrepreneurial class and dearth of private investment capital, the colonial territories and post-colonial states in Sub-Saharan Africa, from the 1940s, engaged in what some analysts have described as *state capitalism*. The governments built secondary industries, engaged in agricultural production, established banks and other financial institutions. But the mixed economy option has largely been undone from the 1980s by a more powerful reassertion of new variations of the market model imposed by the Bretton Woods institutions and Western governments.

If *dependency* in its hey days put neo-classical development models on the defensive, the latter staged a powerful come back by the mid-

1980s, thanks to the continuing African crisis and the resilience of the powerful Bretton Woods institutions.

The external debt burden, unfavourable terms of trade against primary commodity producers in the world economy, political instability, the unrestrained corruption and misrule of African dictators exemplified by Idi Amin Dada of Uganda, Jean Bedel Bokassa of Central African Empire (now CAR), Macias Nguema of Equatorial Guinea, Mobutu Sese Sekou of Zaire, had plunged African countries into a deep crisis. All these combined to aggravate poverty and underdevelopment in Africa.

In the name of rescuing the continent, the Bretton Woods institutions, with the backing of Western governments, imposed a Structural Adjustment Programme (SAP) on African countries. Nigerians felt the full force of SAP as General Babangida floated the naira in 1986, migrating from the fixed exchange rate regime. Overnight the naira lost more than 50 percent of its value. The country could not pay for imports as foreign exchange became scarce and long queues for the purchase of rationed essential commodities sprang up all over the country. The country descended into deepening poverty and misery. International development institutions were to admit years later that SAP had failed in Africa as poverty intensified.¹⁹ Then came the emphasis on poverty reduction as the new development mantra (note the development vocabulary which has shifted from “poverty eradication” to “poverty reduction”). African countries were required by the World Bank to prepare poverty reduction strategy papers (PRSP).

The era of SAP dovetailed with the emergence of the globalization paradigm, which is the development of a world-wide market for the free circulation of goods and services, unhindered by national frontiers and driven by the information and communications

¹⁹ United Nations Conference on Trade and Development (UNCTAD), *Economic Development in Africa: From Adjustment to Poverty Reduction – What is New?*. New York and Geneva: United Nations, 2002, pp 1-10.

technology. By creating a world-wide market for goods everybody would be better off, it has been claimed. It was further claimed by proponents that Africa needed globalization in order to overcome the scourge of poverty as existing barriers to markets would be removed and production would soar, spreading wealth and job opportunities. The Clinton Administration in the United States, changed the thrust of American “aid” policy in Africa, stating that what Africa needed to overcome poverty was trade, not aid. It consequently created the African Growth Opportunity Agency (AGOA), which was intended to open American market to selected African goods.

As in every situation and under every policy, globalization has its beneficiaries and losers. Weak countries without competitive economies could hardly be expected to be the heroes of globalization. A nation must be able to produce in order to sell. The problem of African countries is production. So the performance of Sub-Saharan Africa in the globalized market is questionable at best. As for AGOA, Nigeria’s score card has been dismal, worse than most African countries, thanks to the country’s notoriously unchanging mono-economy.

As *globalization* held sway, it was accompanied from the 1990s by its intellectual first cousin, neo-liberalism, which drove the last nail into the casket of the corporatist state or mixed economy. Neo-liberalism suggests that governments should “free up” the economy by reducing deficit spending, limiting subsidies, reforming tax law to broaden the tax base, removing fixed exchange rates, open up markets to trade by limiting protectionism, privatizing state-run businesses, allowing private property and backing deregulation.²⁰

Neo-liberalism derives from the neo-classical political economy of Adam Smith which does not envisage any significant role for the state in the process of economic production. Subsequent interpretations of this neo-classical position suggest that the state

²⁰ *Wikipedia*

should rather confine itself to such core functions as the provision of security to life and property, good governance, the regulation of the activities of private economic actors through requisite policies and laws, adoption of policies that would engender social development. The adoption of neo-liberal policies under policing by Bretton Woods institutions ended the era of mixed economy as countries that had played the role of capitalists by building industries, setting up financial institutions and engaging in agricultural production, had to privatize these assets.

2.3 UN Millenium Development Goals

Enduring poverty in Africa and countries in Asia and Latin America left behind by the great economic expansion of the past three decades was to make the United Nations set social development benchmarks for the first fifteen years of the 21st century, otherwise called Millenium Development Goals. The eight goals are:

1. Reduction of extreme poverty and hunger by half
2. Universal primary education
3. Promotion of gender equality and the empowerment of women
4. Reduction of child mortality
5. Improvement of maternal health
6. Combating HIV/AIDS, malaria and other diseases
7. Ensuring Environmental sustainability
8. Developing global partnership for development

Nigeria's MDG performance has been mixed at best. Progress on the attainment of goal number one has been rated "low" by UNDP, which stated that the poverty rate in the country stood at 62.60 percent instead of the target of 21.40 percent as at 2013.²¹

²¹ UNDP, *Nigeria: Millenium Development Goals, 2013 Report*, p.vii.

PART 3 ECONOMIC DEVELOPMENT IN NIGERIA: THEORY AND PRAXIS

3.1 Origins of the Development Debate in Nigeria

At its creation by the British as a twin political entity in 1900, Nigeria had a simple economy dominated by agrarian production. With its policy of what one analyst called “empire on the cheap”, the colonial state did not have the semblance of an economic policy for 39 years. Nigeria was created for British trade, not for nation building and the establishment of a modern economy. Social stability was the central platform of colonial system in the country. The administration was content to have a stable traditional system from which to cream off surplus through trade as long as the existing system of peasant production met that objective. Indirect rule was the main instrument of achieving the double objectives of stability and trade. Metropolitan colonial policy required that colonies lived within their means, providing basic administrative services and balancing the budget. Social and economic projects could only be financed from revenue which was in excess of administrative costs. Initially government revenues in Nigeria came mainly from custom duties generated mostly at southern sea ports. This left the South with some surplus while the North was always having a deficit. This financial consideration was a principal reason for the amalgamation of the Protectorate of Northern Nigeria and the Protectorate and Colony of Southern Nigeria into a single political entity in 1914 as the administration of the North was to be subsidized by revenues from the South.

Direct taxation was subsequently introduced in the Eastern Provinces in 1928, amongst other things, to replace forced labour and enhance government income. The resistance which the introduction of direct taxation in the Eastern Provinces generated, epitomized by the inappropriately named Aba Women’s Riot, has

been the toast of Nigerian social history.²² Direct taxation had earlier been introduced in Northern Provinces right from the inception of British rule, and subsequently the Western Provinces. Under the Caliphate system taxation had always been a fact of life. This was the situation up to the advent of the Second World War.

The first attempt at modifying the doctrine of colonial self-sufficiency came with the Colonial Development Act of 1929. The Act, which was, in fact, aimed at alleviating British unemployment by increasing demands for British exports in the colonies, provided a maximum expenditure of one million pounds a year for colonial development.²³ Apart from British self-interest, the paucity of the allocated fund of one million pounds per annum for the whole colonial empire of 66 million people (excluding India) ensured that the Act hardly had any conceivable impact.

The overall picture of the economic and social condition of colonial Nigeria was that of dismal poverty. By way of comparison with other colonial territories, in 1936-37, Nigerian revenue from all sources was estimated at only 5 shillings 10 pence per capita, Malaya 39 shillings 5 pence, Jamaica 28 shillings 6 pence, and 6 shillings 9 pence for Tanganyika.²⁴

²² Ben Naanen, "Economy within an Economy: Manila Currency, Exchange Rate Instability and Social Condition in South Eastern Nigeria, 1900-1948," *Journal of African History*, 34, 3, pp. 440-41; Ben Naanen "'You are Demanding Tax from the Dead': The Introduction of Direct Taxation and its Aftermath in South-Eastern Nigeria, 1928-39", *African Economic History*, vol. 34.

²³ Stephen Constantine, *The Making of British Colonial Development Policy 1914-1940*. London: Frank Cass, 1984, p. 188; Ian Drummond, *British Economic Policy and the Empire, 1919-1939*. London, Allen and Unwin, 1972, p. 51,

²⁴ Robert Shenton, *The Development of Capitalism in Northern Nigeria*. Toronto: University of Toronto Press, 1986, p. 103.

3.2 Colonial Reform and the Beginning of Development Planning

Yet by 1945, British colonial policy had undergone such a profound change that “planning” and “development” had assumed centre stage in official vocabulary, while minimal government and *laissez faire* were being diluted by the state, which played a commanding role in the development process. That turning point in colonial policy has been traced to 1938 with the appointment of Malcolm MacDonald as the Colonial Secretary. In “less than a month in office MacDonald ushered in the new policy of colonial reform, adopting the policy of the reformist critics lock, stock and barrel.”²⁵ Under MacDonald the first attempt at introducing a systematic development policy came in 1939 with the introduction in the British Parliament of the Colonial Development and Welfare Bill and its passage into law as Colonial Development and Welfare Act (CD & WA) by parliament the following year.

British, as indeed European imperialism in Africa never lacked both domestic and foreign critics which spurred a reformist movement of both liberal and radical intellectuals in Britain by the 1930s. The subsequent growth of nationalist movements in the colonial territories reinforced the voice of metropolitan critics. Enduring neglect, leading to deteriorating social and economic condition in the territories, provided ammunition for the critics. For there were fears the prevailing condition could lead to social explosions in these territories. The anticipated explosion had already started with the Jamaican labour uprising in 1938, the Gold Coast cocoa hold up of 1937-38, and a similar action on a smaller scale in Nigeria. It was feared the Big Bang was not far away. The Great Depression provided the catalyst. MacDonald’s reform was aimed at

²⁵ J E Flint, “Politics, Parliament and Personalities: The Origins and Development of British Colonial Policy, 1938-1940,” paper presented at Canadian Association of African Studies, Edmonton, Alberta, 1987. Quoted in Benedict B B Naanen, “Economy and Society in Eastern Nigeria, 1900-1966: A Study of the Problems of Development and Social Change,” PhD dissertation, Dalhousie University, 1988, p. 226.

pre-empting the Big Bang. Introduced as it were during the Second World War, CD & WA was partly designed to assuage colonial grievances. It became urgently relevant in the conduct of the war. After the war, CD & WA became an instrument of British economic recovery as the territories became sources of vital food and raw materials for the metropolitan countries. Fieldhouse estimated that between 1945 and 1951 Britain put into the colonies 40 million pounds through development assistance while taking out 140 pounds.²⁶

The Act provided for an annual expenditure of 5 million pounds for colonial development and welfare, and an additional 500,000 pounds for research. Each territory was allocated a provisional amount: West Africa 1,280,000 pounds per annum; East Africa, the Pacific and the Mediterranean 750,000 pounds; the British West Indies 1,250,000 pounds; Bermuda and the Bahamas 35,000 pounds.²⁷

The CD & WA emphasized assistance “primarily towards planned development.”²⁸ Colonial governments were thus asked to prepare development programmes. Although the Act incorporated welfare, the long term thrust was supposed to be on economic improvement so that each colony could increasingly finance its own development. Whatever arguments are advanced for and against CD & WA, British self-interest actually set in motion a process that was to become an enduring feature of late colonial and post-colonial Africa: development planning. CD & WA was supposed to be domesticated in the respective territories, which were now required to prepare their development plans.

²⁶ D K Fieldhouse, *Black Africa, 1945-1980: Economic Decolonization and Arrested Development*. London: Allen and Unwin, 1986, p.6. Fieldhouse does not explain how he arrived at these figures.

²⁷ D J Morgan, *The Official History of Colonial Development, Vol 1: The Origins of British Aid Policy*. Atlantic Highlands, New Jersey: Humanities Press, p.90

²⁸ Morgan, p. 84.

The post-war years of the 1940s can, therefore, be regarded as the actual beginning of development economics. Not only a section of British intellectuals, the colonial reformers, but also those of other metropolitan states, began debating the problems of economic development in the colonial territories. Most of the questions that subsequently became key issues in development literature, such as the roles of the state and foreign capital in national development, the dearth of capital and of entrepreneurship, received attention during this period. Initially the debate was dominated by historians. Economists and other social scientists joined later.

Two fundamental issues confronted colonial development initiative: dearth of capital and the virtual absence of an entrepreneurial class that would pioneer capitalist development in countries such as Nigeria. As noted, European development was market-driven under a “national bourgeoisie” (entrepreneurial class). The state had little to do with conscious development planning. We have already noted that in the advanced economies of the West market forces were the main determinants of economic development. Although the British metropolitan government expectedly wanted Nigerian entrepreneurs to drive economic development in the country,²⁹ in their absence the state decided to overcome this obstacle by playing that pivotal role through the building and funding of what this writer has elsewhere referred to as “institutions of accumulation” – state-owned development, production and funding institutions. The two objectives were to be achieved through planned development. This marked the beginning of state corporatism or mixed economy earlier discussed.

CD & WA thus became the foundation of state-centred development in the British colonial empire. In Nigeria the Department of Commerce and Industry was set up to promote agricultural,

²⁹ “Nigerian businessmen to take an increasing share in the trade of the country and to ensure maximum participation of Nigerians themselves in industrial enterprise” – Nigeria Department of Commerce and Industries, Fourth Annual Report (1949-50), p.4.

commercial and industrial development. The Department established a modest credit scheme for businessmen but the main attention was on the establishment and running of state enterprises. The regional produce marketing boards were set up to raise capital for national development by being the sole exporters of Nigeria's principal agricultural commodities. These statutory export monopolies or commodity boards originated in British war-time export control scheme, officially known as the Defence (Control of Export Produce) Regulations of 1939. It was first applied to cocoa as the British Ministry of Food purchased the entire West African cocoa crop for the 1939-40 season at the African ruling prices, the UK government promising to return any profit made to the producers, while at the same time assuming the risk of acquiring undisposable stocks of cocoa. This arrangement culminated in the establishment of the first Marketing Board proper – the West African Cocoa Control Board at the end of 1939-40 season. In 1947, the Nigeria Cocoa Marketing Board was created, followed in 1949 by the Nigerian Oil Palm Produce Marketing Board and the Nigeria Groundnut Marketing Board (NGMB). The fourth marketing board, that for cotton, which in the early 1950s constituted only 2 percent of Nigeria's export values, was created in 1954-55.³⁰

Under the Marketing Board System, the peasant producers were paid less than the ruling prices of these commodities in the world market. The difference constituted the profit that was appropriated by the state for development purposes through the various regional development boards – the Northern Nigeria Development Corporation, Western Nigeria Development Corporation, and Eastern Nigeria Development Corporation. These Boards became the main instruments of state-led development. This was the foundation of the policies of economic planning and Mixed Economy. The state now had to set economic and social targets that could be met through development plans.

³⁰ For detailed discussion of the Marketing Boards, see G K Helleiner, *Peasant Agriculture, government and Economic growth in Nigeria*. Homewood, ILL: R D Irwin, 1966, p. 154, *passim*.

3.3 Nigeria's First Development Plan

As noted, following the introduction of CD & WA the respective colonial territories were required to prepare their development plans. This led to Nigeria's first development plan, The Ten-year Plan of Development and Welfare, 1945-1950, which was passed into law by the Legislative Council in 1945 and came into effect in 1946-47 fiscal year. The post-colonial government followed it up with the First National Development Plan, 1962-68 (interrupted by the civil war), Second National Development Plan, 1970-1974, Third National Development Plan, 1975-1979, Fourth National Development Plan, 1980-1984. The development plans were subsequently replaced by policy plans, starting with General Babangida regime's Structural Adjustment Policy (1986-88).

The Ten Year Plan of Development and Welfare was based on a projected expenditure of 55 million pounds for its duration. Of this amount 23 million pounds was to be provided under the CD&WA, 17 million to be raised by loan floatations while the remainder would come from Nigerian sources. As should be expected, sectoral allocation of funds roughly reflected the identified areas of priority. Rural and urban water supplies received 7,909,000 pounds or 14.3 percent of total capital outlay. Education received 7,162,793 pounds or 13.02 percent. Basic health and medical services were allocated 6,628,217 pounds or 12 percent. Altogether social programmes received a total allocation of 23,131,860 pounds or 42 percent of the projected expenditure.

Although social development was the main thrust of the Plan, officials in Lagos and in London correctly saw as most crucial on the long run economic projects which were imperative to a sustained process of capital accumulation and development. The Plan was unequivocal on this point:

In the long run the most important thing is the provision, extension or development of those services which will lead to economic betterment, without which any other form of

development and welfare may ultimately become nothing more than a liability with consequent national bankruptcy.³¹

If one were to judge the importance of any programme by its level of funding, one may conclude that the allocation to economic projects did not match the expectations of CD&WA. Agriculture, including fisheries, forestry, veterinary services and training, which the formulators of the plan saw as the pivot of the economy, received a total allocation of 3,487,181 pounds or 6.3 percent of the Plan's capital outlay.

The Nigerian Plan, like the Act on which it was based, had little to say about industrial development. There would clearly be no marked, let alone radical, departure from the export-oriented agrarian economy favoured by the colonial government. The Plan asserted that Nigeria's main natural asset was its land. "Therefore for the time being future economic development must rely upon raw materials which are the outcome of agriculture, livestock and fishing." The development of subsidiary industries, mainly export processing, were entrusted to a newly created Department of Commerce and Industries.

3.4 Plan Revision

The Ten-Year Plan envisaged a revision after five years. But it was discovered at the time that nothing short of a complete revision was necessary as it quickly became obsolete. This was not surprising. Totally lacking in any experience of development planning and requisite personnel, the administration had great difficulty putting the plan together and equal difficulty convincing the Colonial Office to approve what was fundamentally a defective plan. The administration's difficulties were most evident in the area of implementation.

³¹ Nigeria, *Sessional Paper (SP) 24, Ten Year Pan of Development and Welfare*, p. 4.

One important feature of the revised plan was the professed shift from social services to “developments which produced the material resources to maintain the social services”.³² The state was able to learn the basic truth that social programmes could only be sustained by commensurate economic strength. Another striking feature of the revised plan was the fact that although the central government still had control over the funds, their actual disbursement was now being done by the regional governments which increasingly became the focus of authority with the progressive devolution of political power. The balance of funds was accordingly divided roughly among the three regions in the following proportions: 50, 25, 25 percent respectively for the North, East and Western Regions

3.5 Institutions Building

As it turned out, the dearth of a viable entrepreneurial class which institutions could pioneer capitalist development made the state, not private enterprise, the key player in the development process. At the lower player levels the focus was to be on cooperatives and “communal” development agencies. Thus in addition to the traditional functions of the state, the Nigerian colonial state now embarked upon a process of transforming itself into the largest investor in the national economy, undertaking infrastructural development, and direct programmes of agricultural and industrial production. The concept of a dominant interventionist state not only capable of dictating the tune of political, economic and social development, but also playing the leading role of producer and accumulator, was now being worked into a practical reality.

The weakness of indigenous entrepreneurship notwithstanding, the state did not abandon capitalist development, which was a long term objective. There were clear limitations on what the state alone could achieve in respect of economic development. Efforts were therefore made to promote local entrepreneurship. Development institutions were set up to make possible access to capital resources by

³² Morgan, p. 20.

entrepreneurs. But such access was so limited that the realist chances of a powerful capitalist class never materialized during the period under consideration.

A number of what could be called “institutions of accumulation” were set up in pursuance of the state’s economic objectives. One authority calls this period “a time of active institution formation”. In addition to the Department of Commerce and Industries, the Ten-Year Plan included the Nigerian Local development Board in the 1947-48 financial year. The department of Commerce and Industries was given the broad mandate “to assist, to advise, and, where necessary, to participate in such economic improvements as may be decided upon.”³³ The department established and managed schemes of agricultural and secondary industrial production and assisted the local public agencies and co-operatives through advise, subsidies and loans.

So far we have seen how the effort to generate development, create prosperity led the colonial and immediate post-colonial government to play a commanding role in the national economy and adopted a mixed economy, a role normally played by market forces in a market economy. The two central issues that continued to challenge the adopted development initiatives were the weakness of the indigenous entrepreneurial class and shortage of capital. Schartz and other analysts of “Nigerian capitalism” identified this weakness as a major obstacle to economic development in the country.³⁴ To strengthen the emerging entrepreneurial class and ensure that Nigerians took control of their national economy, the indigenization process was adopted by the government. But Nigerians remained front for foreign capital.

³³ Nigeria Department of Commerce and Industries, *Annual Report, 1947-48*, p. 1

³⁴ Sayre P Schartz, *Nigerian Capitalism*. Berkeley: University of California Press, 1977; Peter Kilby, *Industrialization in an Open Economy: Nigeria, 1945-1966*. Cambridge: Cambridge University Press, 1966.

3.6 Parasitic Indigenous Businessmen and a Rent-Seeking Economy

So far it was mainly foreign capital, mostly European, Lebanese and Indian that dominated the private sector of the Nigerian economy. To strengthen Nigerian entrepreneurs and ensure indigenous control, the military government of General Yakubu Gowon enacted the Indigenization Decree in 1972, reviewed by another decree in 1977.³⁵ A key feature of the indigenous entrepreneurial class which was to be crucial to the character of the Nigerian economy had become evident at this time. This was the dependent and rent-seeking nature of the Nigerian entrepreneurs. They were mainly concentrated in trading with little investment in commercial agriculture and industry. When the indigenization decree came these business transformed as fronts for foreign businesses as they were given token position on the boards of these foreign companies just to give a semblance of Nigerian participation or ownership.³⁶ The innovations that are so crucial to capitalist development have been lacking. Government policy failures and the weak and unproductive character of this class have continued to be a source of unproductive mono-cultural economy to this day.

³⁵ For detailed study of Nigerian indigenization, see Thomas Biersteker, *Multinationals, the State and Control of the Nigerian Economy*. Princeton: Princeton University Press, 1987; Thomas Biersteker, "Indigenization and the Nigerian Bourgeoisie: Dependent development in an African Context" in Paul Lubeck (ed.), *The African Bourgeoisie: Capitalist development in Nigeria, Kenya and Ivory Coast*. Boulder, Col: Lynne Rienner Publishers, 1987.

³⁶ Nigerian business has been derided by several analyst, perhaps unfairly so to some extent. One economist called it "drone capitalism". See E O Akeredolu- Ale, "Some Thoughts on the Indigenization Process and the Quality of Nigerian Capitalism", quoted in Schartz, *Nigerian Capitalism*, p. 76.

Table 1 Values of Nigeria's Crude Oil Exports, 1960 - 2013 (Million US\$)

Year	Amount	Year	Amount
1960	12	1988	6,267
1961	32	1989	7,470
1962	48	1990	13,264
1963	57	1991	11,792
1964	90	1992	11,642
1965	191	1993	10,859
1966	258	1994	11,040
1967	199	1995	11,512
1968	109	1996	14,888
1969	422	1997	14,391
1970	718	1998	8,754
1971	1,375	1999	12,453
1972	1,803	2000	20,040
1973	3,049	2001	17,188
1974	8,997	2002	17,083
1975	7,744	2003	22,184
1976	9,444	2004	33,309
1977	11,561	2005	46,770
1978	9,452	2006	54,607
1979	1,5614	2006	51,170
1980	24,931	2008	73,825
1981	17,291	2009	42,205
1982	11,883	2010	66,923
1983	9,941	2011	87,130
1984	11,534	2012	94,642
1985	12,568	2013	89,314
1986	4,770	Total	1,021,850
1987	7,024		

Sources: OPEC, Annual Statistical Bulletins, 2003-2012

3.7 Nature's Windfall: Oil Boom and National Development

The development structures and institutions that had been put in place in the late 1940s and 1950s continued till the outbreak of the civil war in 1967. The war brought massive disruption to the national economy.

The issue of lack of development finance which bedevilled existing development initiatives was now mitigated by the oil boom which

started in 1973 following the Arab-Israeli conflict of that year. From 12 million dollars in 1960 Nigeria's crude oil earnings rose to 94.44 million in 1976, taking a plunge from the late 1970s and reaching a nadir of 47.7 in 1986. Thereafter it continued to oscillate reaching 467.7 billion dollars in 2005, the year that crude oil price reached the psychological threshold of 60 dollars per barrel. As crude oil prices continued to climb following the economic boom in the emerging markets of Asia and Latin America, Nigeria earned a record 73.8 million dollars in 2008, took a plunge again with the turbulence in the world economy in 2008-2009. Between 1960 and 2013 Nigeria earned a total of ... from crude oil 1.02 trillion dollars (Table1).

The questions have often been asked, what impact has large crude oil earnings had on Nigerian development; is oil a curse or a blessing? This debate is not limited to Nigeria as it is applicable to other resource-based economies, bringing about the *resource curse* thesis or what other analysts have referred to as the "paradox of plenty" For sure oil has brought tremendous impact on government revenues. It has engendered massive spending and investment in infrastructure and to some extent, on social programmes although these have not been sustained.³⁷ However, the overall impact of oil on the Nigerian economy continues to be an issue of debate. There is almost a unanimity of opinion that Nigeria has not made the best of the oil boom. In terms of economic and social performance the country fares the least among OPEC countries.

The impact of the oil boom on job creation, for instance, has been limited. By its technically intensive nature, the upstream sector of the oil and gas industry does not generate comparable job opportunities like manufacturing and the service industry. Once the oilfields and pipelines are established it requires a limited number of workers to guard and keep the facilities working. This is unlike the

³⁷ Ben Naanen and Patrick Tolani, *Private Gain, Public Disaster: Social Context of Illegal Oil Bunkering and Artisanal Refining in the Niger Delta*. Port Harcourt: Niger Delta Environment and Relief Foundation (NIDEREF), 2014, p. 28.

solid minerals industry where mining-related operations employ large numbers of workers. In 2013, SPDC, which produced 41 percent of Nigerian oil, employed about 4,000 staff while its contractors employed another 20,000.³⁸ In the absence of any solid data, it can be reasonably estimated that both the upstream and downstream sectors of the Nigerian petroleum industry employs no more than 250,000 people. while it contributes 34 percent of the GDP. Considering that the oil industry is the leading sector of the Nigerian economy, this contribution to job creation is too modest. By contrast, South Africa, another country dominated by extractives, the mining sector in 2011 contributed 19 percent of the GDP, 50 percent of merchandise exports and generated about one million jobs.³⁹

³⁸ SPDC Yearbook 2013.

³⁹ Chamber of Mines of South Africa, Annual Report, 2011, p. 16.

Table 2 OPEC Countries – Past and Projected Per Capita GDP (Nominal) (Current US\$)

S/N	COUNTY	1960	1965	1970	1975	1980	1985	1990	1995	2000	2005	2010	2015*
1	Algeria	252	263	354	971	2,269	2,754	2,474	1,499	1,795	3,141	4,481	6,041
2	Angola	-	-	-	-	787	801	1,042	447	694	1,699	4,329	6,418
3	Ecuador	228	240	280	673	2,092	2,040	1,170	1,976	1,458	3,025	4,633	6,565
4	Iran	-	246	369	1,492	2,445	1,670	1,559	1,417	1,510	2,952	5,638	5,284
5	Iraq	228	302	388	1,366	-	-	-	-	-	1,792	4,374	6,491
6	Kuwait	-	4,331	3,816	11,410	20,966	12,671	8,588	17,252	17,013	27,015	32,223	44,032
7	Libya	292	355	589	4,871	1,3032	8,320	7,194	6,886	7,394	8,461	1,2358	9,998
8	Nigeria	91	115	219	426	885	331	348	401	495	1,180	2,394	3,677
9	Qatar	-	-	2,784	15,431	31,999	18,201	15,446	16,238	29,914	54,229	76,413	93,535
10	Saudi Arabia	-	-	869	6,335	17,594	8,715	7,684	8,157	9,515	14,068	19,113	25,778
11	United Arab Emirates				18,601	40,015	27,036	26,622	26,394	34,689	43,989	34,612	45,944
12	Venezuela	1,138	1,059	1,217	2,477	4,671	3,472	2,493	3,560	4,891	5,413	9,499	7,316

*Sources: World Bank for 1960-1979 data
IMF for 1980-2015 data*

**Estimate*

Table 3 Selected Non-OPEC Countries – Past and Projected Per Capita GDP (Nominal) (Current US\$)

S/N	Countries	1960	1965	1970	1975	1980	1985	1990	1995	2000	2005	2010	2015
1	Brazil	-	258	441	1,143	1,256	1,743	1,372	4,845	3,717	4,764	10,961	11,527
2	Botswana	58	77	139	432	1,243	1,004	3,058	3,097	3,302	5,346	6,854	6,332
3	Britain	-	-	-	-	-	-	-	-	-	-	-	-
4	Canada	2,295	2,740	4,047	7,354	1,1212	14,061	21,519	20,572	24,128	36,152	47,531	52,287
5	China	92	97	112	176	313	295	354	625	941	1,749	4,437	8,211
6	Denmark	1,364	2,244	3,366	7,825	13,610	11,975	26,451	34,892	30,034	47,617	56,543	64,186
7	France	1,320	2,012	2,821	2,599	13,111	10,146	22,599	27,894	23,318	36,210	42,249	45,691
8	Ghana	181	263	255	283	2,592	638	618	518	400	833	1,358	1,213
9	Germany	-	-	2,687	6,035	10,699	8,358	19,501	30,862	23,000	33,614	40,496	48,226
10	India	84	121	112	158	266	313	385	391	463	749	1,430	1,761
11	Japan	479	920	1,974	4,514	9,313	1,1464	25,140	42,516	37,304	35,781	42,917	38,522
12	Malaysia	299	333	392	803	1,769	1,978	2,374	4,295	3,992	5,421	8,659	12,127
13	Netherlands	1,069	1,708	2,711	5,845	13,288	9,751	20,976	28,784	25,732	41,270	50,433	52,770
14	Russia	-	-	-	-	-	-	-	2,114	1,775	5,333	10,671	14,606
15	South Africa	422	553	808	1,494	2,817	1,769	3,098	3,755	3,044	5,184	7,175	6,477
16	Singapore	395	516	925	2,557	5,004	6,782	12,766	24,937	23,973	29,870	46,570	58,146

*Sources: World Bank for 1960-1979 data
IMF for 1980-2015*

3.8 Resource Curse and Petrocracy

A growing body of literature identifies oil as the cutting edge of the resource curse thesis. The main factors accounting for the poor development outcome of oil windfalls can be summarized as follows:

1. Oil booms raise expectations and increase appetite for spending.
2. Governments dramatically increase public spending based on unrealistic revenue projections.
3. Booms decrease the quality of public spending and encourage rent-seeking.
4. In developing countries booms undermine effective governance and encourage corruption.
5. The volatility of oil prices hinders growth, distribution and poverty alleviation.
6. Booms encourage the loss of fiscal control and inflation, further hampering growth, equity and the alleviation of poverty.
7. Foreign debts grow faster in oil exporting countries, mortgaging the future.
8. Non-oil productive activities, like manufacturing and agriculture, are affected by the oil sector which produce the Dutch Disease syndrome.⁴⁰
9. Unsustainable oil exploitation creates environmental crises which destroy local livelihoods.⁴¹
10. The struggle over access to oil wealth generates violent conflicts.⁴²

All the above conditions are not inevitable. OPEC members in the Gulf region have over the years learnt how to manage their windfalls

⁴⁰ Ian Gary and Terry Lynn Karl, *Bottom of the Barrel: Africa's Oil Boom and the Poor*. Baltimore: Catholic Relief Services, 2003, p. 18 (Research Report).

⁴¹ For the Nigerian case, see Ben Naanen, "The Nigerian State, Multinational Oil Corporations, and the Indigenous Communities of the Niger Delta" in Suzana Sawyer and Edmund T Gomez, *The Politics of Resource Extraction: indigenous Peoples, Multinational Corporations, and the State*. New York and Geneva: Palgrave Macmillan and UNRISD.

⁴² Naanen and Tolani, p. 28.

better, producing spectacular progress through economic diversification and improved governance, overcoming the worst of resource curse scenarios. Nigeria has also learnt some lessons. For instance, it has been trying to control its external debt profile, having benefitted from the large international debt write-off of 2005. It has also been trying to manage its budget, avoiding unrealistic revenue projections by setting revenue benchmarks below current oil prices.

Regardless of these efforts, the main thrust of the resource curse thesis remains true for Nigeria. More than 60 percent of its estimated population of 160 million people continue to live in abysmal poverty. Endemic corruption and resource-related conflicts continue to bedevil the country. Nigeria remains high in the Transparency International corruption perception index. In 2003, it occupied 154th position and 161, 172 and 158 in 2005, 2008 and 2012, respectively. A 2003 study showed that out of the 47 incidents of conflict identified in Rivers, Bayelsa and Delta states, 60 percent of them were related to the control of oil-bearing lands by communities and compensation by oil companies. Citizens in the oil-producing region continue to be agitated by their perceived exclusion from the benefits of the oil economy. The Nigerian state remains dysfunctional with its institutions highly weakened while governance continues to be ineffective. In developing a theory of Nigerian politics, we have stated that contestations for power in the country, be it under the past military dictatorships or the current civilian dispensation, continues to be driven by the desire to control oil income.⁴³ Nigeria is to a large extent under the control of petrocrats, hence petrocracy, which is contextually defined as a government which is under significant influence of legal and illegal barons of the oil industry.

⁴³ Ben Naanen and Kiale Nyiayaana, "State Failure and the Niger Delta Conflict" in Mjubaolu O Okome (ed.), *State Fragility, State Formation, and Human security in Nigeria*. New York: Palgrave Macmillan, 2013, p.111-146.

3.9 Corruption and Underdevelopment

Of all the attributes of resource curse, corruption seems to have had the most profound negative impact on development in Nigeria. The issue of corruption has become so proverbial in the country that discussing it does not seem to generate any extraordinary interest anymore. Other than the huge development resources that are stolen and laundered locally and abroad, corruption weakens the state and its institutions and undermines the prospects of development. It is estimated that Nigerian elite stole between 400 billion 600 billion dollars between 1960 and 1999 and that the amount stashed in foreign accounts rose from 50 billion dollars in 1999 to 170 billion dollars in 2003.⁴⁴ We can imagine the impact of such a gargantuan amount on electricity supply, health care delivery, educational development, and infrastructural expansion.

Other than the financial haemorrhage, corruption underdevelops a nation in several ways. For instance, it undermines the implementation of projects and the delivery of development targets. The country has become a veritable graveyard of failed projects primarily linked to corruption. Let me parody a joke that appeared in the *Economist* magazine several years ago to illustrate the impact of corruption on national development. A top Nigerian bureaucrat visited a friend, a school mate in their student days at a British university. He saw some expensive cars at his host's residence. The Nigerian visitor asked his Asian friend how he was able to make it. The Asian host showed him a state of the art highway and answered "10 percent". He had collected 10 percent of the value of the contract and still got the job done. The Asian friend paid a return visit to his Nigerian friend and saw a park of exotic cars at a palatial mansion that flabbergasted him. How did you do it? The Asian visitor asked. The Nigerian guest took his Asian friend on a luxury ride and pointed to a jungle. "100 percent" he said. The money for the highway that was supposed to cut through that jungle has been embezzled and no job was done. That is comparative corruption

⁴⁴*Thisdayonline* June 20, 2013

whose lesson is not lost in terms of the levels of development in Nigeria and among the Asian tigers. Years ago theft of public fund by individuals was in millions of naira. But now it is in billions and the sensitivity of Nigerians seems to have been deadened to even the most outrageous cases of theft. Of all the factors that impede development, perhaps the only one that compares with corruption is incompetent and visionless leadership.

PART 4 LESSONS FROM FORMER UNDERDEVELOPED COUNTRIES

4.1 Breakout Nations

Vice-Chancellor, Sir, I disagree with colleagues and other analysts who aver that underdeveloped countries cannot change their status, that “there cannot be another Japan after Japan”. The world economy has witnessed dramatic changes in the past thirty years. Some of the underdeveloped countries of South Asia and the Pacific Rim have joined the ranks of developed countries. Others are in a hot race to catch up. Within a generation Singapore and Malaysia transformed from poverty into world class economies. Citigroup estimated that Singapore will be the world’s number one economy by 2030⁴⁵. The Brazilian economy in 2012 surpassed the GDP of Britain. Amongst others, Four factors were fundamental in the emergence of these economies. First, all of them embraced the **market economy**. Second, **state institutions are strong** and resilient to implement policies efficiently. Third, all of them endured **varying degrees of national sacrifice**. Fourth and most important, the countries were propelled by **visionary, enlightened and decisive leaders**. Although these leaders were elected through different forms of franchise, their style of leadership and political orientation demonstrated a marked variation. Their orientation ranged from liberal democracy to what this lecturer prefers to call authoritarian democracy. We may also defer to Acemoglu and Robinson’s theory

⁴⁵ *Global Growth Generator*, February 2011

of inclusive political and economic institutions in attempting to explain the rise of these economies.

4.2 Singapore

Let us take a few cases to explain this point, starting with Singapore, which is one of the best known stories of economic miracle⁴⁶ in recent time. Like Nigeria, Singapore was under British rule for nearly a century. At Independence in 1963 (Nigeria, 1960), Singapore was a poor, underdeveloped country with a per capita GDP of about \$350. Much of the city-state's three million people were unemployed. More than two-thirds of its population was living in slums and squatter settlements on the city's fringe. It lacked natural resources, sanitation, proper infrastructure, and adequate water supply. But in spite of these glaring disadvantages, the country's GDP per capita had shot to 60,000 by 2014, becoming the sixth largest economy in the world. The country enjoys one of the highest standards of living in the world. It is being projected that it will be the world's number one economy in 2040. In order to stimulate development, the country sought international assistance, but the pleas went unanswered, leaving Singapore to fend for itself⁴⁷. The four fundamental factors mentioned above account for this phenomenal achievement.

Much of the stunning achievements of Singapore are connected to the visionary and decisive leadership of Lee Kuan Yew, an Oxbridge educated lawyer who led the country from 1959 to 1990 under a system of authoritarian or managed democracy, and continued to play top advisory roles in government till 2011. In order to develop the country Singapore searched for foreign assistance, which was not forthcoming. The country was left to fend for itself. To create jobs

⁴⁶ The Biblical concept of "miracle" has been used to describe the economic ascendancy of certain nations because they lacked the conditions normally associated with such transformation, such as natural resources and large markets, and the relatively short time taken to make such achievement.

⁴⁷ Ping Zhou, "Singapore's Economic Development"

and enhance prosperity, the country embarked on a massive programme of industrialization, focusing on labour-intensive industries. Since Singapore is a small country, to overcome the limitation of internal market, Lee embraced globalization so that the country's goods and services could reach a worldwide market. Of course Singapore did not have the capacity for its ambitious industrialization programme. So he made the country attractive to foreign capital.

To ensure the domestic stability and foreign investment needed to achieve his vision, Lee made Singaporeans to forgo some of their basic freedoms under his authoritarian leadership. Many may not find Lee's authoritarian rule acceptable but that was the sacrifice the people had to make. Periodic elections were held but these elections continually returned Lee to power under what amounted to a one-party state. In order to attract investors, Singapore had to create an environment that was safe, corruption-free, low in taxation, and unimpeded by unions. Anyone caught conducting narcotic trade or intensive corruption would be met with the death penalty. Lee's People Action Party (PAP) repressed all independent labour unions and consolidated what remained into a single umbrella group called the National Trade Union Congress (NTUC), which the state directly controlled. Individuals who threatened national, political, or corporate unity were quickly jailed without much due process. The country's draconian, but business-friendly laws became very appealing to international investors. Today life expectancy in Singapore is at an average of 83.75 years, making it the third highest globally. Corruption is minimal, so is crime. Singapore is considered to be one of the best places to live on earth, if one does not mind the strict rules.⁴⁸

2.3 China

China's dramatic economic prowess and global impact is a much more familiar story. Unlike Singapore that held periodic general

⁴⁸ Ibid

elections regardless of the process and outcome, China has not made any pretence about liberal democracy. Under a doctrine of one country two systems (a predominantly capitalist economy and a communist political system), the country continues to be firmly under the control of the Communist Party of China. When Chinese students seized control of Tiananmen Square in 1989 demanding political openness for their country, the communist leadership moved in Red Army tanks to bloodily crush the uprising.

In 1978, China was one of the poorest countries in the world. The real per capita GDP of the country was only one-fortieth that of the U.S. and one-tenth the Brazilian level. Since then, China's real per capita GDP has leapt at an average rate exceeding 8 percent per year. As a result, China's real per capita GDP is now almost one-fifth the U.S. level and at the same level as Brazil. This rapid and sustained improvement in average living standard has occurred in a country with more than 20 percent of the world's population so that China is now the second-largest economy in the world.⁴⁹ Although Acemoglu and Robinson have contended that as in any other “extractive” political regimes, China's growth will not be sustainable on the long run, for now at least China is clearly an economic titan that together with its population size has emerged as a global leader. Again, in China the people have contributed their own sacrifice in terms of restriction on their basic freedoms and their communist revolution of 1949 which swept off the old order. The one-child family rule is another major sacrifice that the people of china had to contend with. Without such a policy the population impact would have been too obvious over and above the current 1.3 billion souls, neutralizing the country's economic achievement.

The political choices made to achieve growth and prosperity continue to vary. While the two cases already examined have sacrificed political freedom and civil liberty for growth and

⁴⁹ Xu Xiaodong, “Understanding China's Growth: Past, Present, and Future”, *Journal of Economic Perspectives* 26(4), p. 103

prosperity, other emerging economies have taken the path of liberal democracy. Of the five BRICS nations, three have chosen the path of open democratic system (Brazil, India, and South Africa), while two have variations of authoritarian rule (Russia and China).

4.4 Nigeria, The Way Forward: Towards A Theory of National Breakthrough

So far we have seen the basic ideological and policy choices made by Nigeria to create prosperity and enhance the living standards of citizens since British rule. As Francis Fukuyama has postulated in his acclaimed *The End of History and the Last Man*, liberalism (market economy and liberal democracy) has become the universal ideal since the end of the Cold War. As in the developed and emerging economies, the market system has historically been Nigeria's choice. But that system has hardly produced the desired level of socio-economic impact in the country. The obstacles to market-led growth and development in the country, therefore, seems to be "made in Nigeria". Although some measure of progress has been made over the years, the country remains predominantly underdeveloped and living conditions continue to be abysmal for the large majority. That more than 60 percent of Nigerians still live in poverty in the second decade of the 21st century despite the country's resource endowments, is hardly excusable. The resource curse is clearly at work in the country. Contrary to the prognosis of certain "feel good" analysts, the prospects of a real breakthrough seem so distant, given the current development trajectory and economic and social indices indicated above (Table 2). We performed poorly in the pursuit of the Millennium Development Goals. As a historian I am aware that historically, progress in most nations had hardly been a straight, linear graph, that countries that were performing well also suffered setbacks, which at times seemed to be one step forward, two steps backward, in their struggle for development. War, natural calamities, and the cyclical trend of the capitalist world economy are some of the factors responsible for economic setbacks.

But the historian's compulsive optimism sometimes seems to give way to pessimism when I observe the trend of our national

development. Our actions seem to make me think that our country has embarked on a course of self-destruction. Why should the elite engage in what is apparently competitive looting of the public treasury involving unspeakable sums of money, depriving the country of scarce development resources? As a nation we often do not respond to challenges decisively by devising our own solution until we are overwhelmed and expect outsiders, especially the West to bail us out. The most recent case is the Boko Haram insurgency which nearly made Nigeria a failed state. The game changer was the involvement of our neighbours which made troops from Chad – a country we normally consider to be behind Nigeria – sweep across the border into Nigerian territory to chase Boko Haram fighters at a time Nigerian troops seemed overwhelmed by the rag tag insurgents. Clearly, decisive measures which cannot come without pain are needed to make Nigeria achieve the illusive economic breakthrough.

The issue of an economic breakthrough is complex and not one that lends itself to easy solution. But as we have seen, nations have in spite of what seemed to be insurmountable odds, risen to great heights and have created prosperity and relative contentment for their citizens. We have also got an idea of how some of these successful nations were able to make it. That guides us in our effort to find an answer. That complicated answer seems more political than economic. While not making any pretence to a grand theory, **our duty for the moment is to deconstruct these complications and demystify socio-economic progress by identifying a simple formula that when applied can point to that illusive answer. That formula has three crucial variables. The first is a visionary, enlightened and decisive (political) leadership; second, strong and effective national institutions; third, doing first things first (building the right foundation), which comes from effective national planning.** The complicated maze of factors, including macro and micro-economic issues and social policies that underpin socio-economic performance fit under these three critical factors. Mathematically expressed,

Great leadership + strong and effective institutions + doing first things first = prosperity and national greatness

4.5. Visionary, Decisive and Enlightened Leadership

To state an obvious fact, more often than not nations are made or marred by the quality of their leadership. Many historians relegate the role of accidents in history and do not believe nations are made by accident. So great nations are never products of accident, rather they are results of complex and conscious processes of nation-building, social engineering and national sacrifice. There cannot be a great nation without great leaders.

Great leaders will:

- ✓ First, conceive a vision,
- ✓ Then design a strategy to attain that vision
- ✓ Know where to take their nation and how to arrive at the destination
- ✓ Pursue their vision with focus and integrity, mobilize, inspire and earn the support of citizens.
- ✓ Proceed to build strong institutions and the institutions in turn will define the trajectory of successive leadership.
- ✓ Since economic performance is the bedrock of national greatness, the visionary leaders will have a focused economic programme, the big picture.

Strong and effective institutions will:

- Check corruption
- Ensure that economic and development policies conceived by the visionary and enlightened leadership work in order to create wealth
- Enforce the rule of law and ensure the overwhelming majority of citizens are inspired to do the right thing in order to build a prosperous nation.
- In Nigeria, a strong and transparent EFCC will successfully check financial crimes which result in the looting of the national

treasury, undermine confidence in our economy and discourage investors

- A strong and honest police force will enforce the law without fear or favour
- A strong and independent judiciary will interpret the law without fear or favour
- A strong INEC will conduct free and fair elections without fear or favour to sustain our democracy.

Doing first things first will

- Enable us to know where to start in planning our development
- Make us to know that in planning economic development, we have to start with the basics, which are crucial for the attainment of the bigger objectives
- Make us realize that development, especially industrialization which is the backbone of socio-economic progress, is not possible without first of all building the critical infrastructure, particularly ensuring adequate power supply
- Make us realise that in planning agricultural development, for instance, we first of all remove obstacles such as barriers to land acquisition.

Conclusion

We have seen that colonial Nigeria did not have an economic and development policy until the eve of the Second World War. In order to create prosperity to the benefit of citizens, Nigeria experimented with several development models, starting with development planning in the early 1940s. Periodic development plans subsequently became the central approach to economic development until the 1980s. While colonial Nigeria favoured the market economy as in the metropolitan country, lack of investment capital and the dearth of an entrepreneurial class to lead the process of economic growth made the state to adopt a mixed economy in which the state became the main economic actor. Nigeria continued to struggle with the mixed economy until external influence, and following global trends, made the country to abandon state

capitalism and moved squarely in the direction of market economy by adopting market-based models such as SAP, neo-liberal policies exemplified by the privatization of state assets. Market-driven development has not made the country to make the needed breakthrough, not even with the oil boom which has made Nigeria to be afflicted with the resource curse. The country has been more preoccupied with wealth consumption than with wealth creation.

Nigeria seems mired in a cycle of corruption, underdevelopment and poverty. I have argued that the potential solution to our underdevelopment may come more from the political channel than through a purely economic channel. We need a visionary, enlightened and decisive leadership. We need strong and effective institutions. We need to do first things first in our pursuit of economic development. To apply this equation in order to break the vicious circle means anyone leading the country must adopt a drastic reform programme which may not be painless. The pain must be borne by everybody, especially the elite, who feed fat on the country and often escape making any sacrifice. To continue to delay such fundamental reform is to invite a breakdown of the nation under the weight of poverty and insecurity. The wave of kidnapping, armed robbery, cultism and generally violent criminality we have witnessed in recent years may just be the beginning of worse things to come. Or the nation could face a revolution. I have heard people say a revolution is not possible in Nigeria. But we have to understand that most revolutions are spontaneous, not planned. When the hordes of educated, unemployed young people of this country reach a certain critical level of discontent no one can predict what happens next. The French Revolution of 1789 was not planned, neither was the Arab Spring of recent. Could a more fundamental “Naija Spring” be the creative destruction that, like other breakthrough nations, our nation needs to create a new order, sustainable growth and a prosperous society?

Vice-Chancellor, Sir, I rest my case.

CITATION ON
PROFESSOR BENEDICT BERNARD BENAPENA NAAANEN
[B.A., (Nig) M.A., Ph.D (Dalhousie)]



Ben Naanen, as he is generally known, is a *Renaissance Man*. He is an accomplished scholar, an environmental and human rights advocate, a former politician, and community leader. Born at Bodo in Gokana Local Government Area of Rivers state in 1957, Ben Naanen attended Methodist School, Okwale in Khana LGA, Birabi Memorial Grammar School, Bori, also in Khana, passing his West African School Certificate Examination in Division One.

Although he offered science and arts subjects in WASCE and initially toyed with the idea of studying engineering or geophysics at the university, his increasing interest in world affairs made him to read History at the University of Nigeria, Nsukka from where he graduated in 1980 in Second Class (Hon), Upper Division. He subsequently took up an appointment as a Graduate Assistant at the newly established University of Port Harcourt. He got a study leave to pursue graduate studies at Dalhousie University in Halifax, Nova Scotia, Canada, getting his Master's and PhD in 1984 and 1988, respectively. Against the trend of the time when Nigeria was in dire economic situation and many scholars studying abroad chose not to return, Ben Naanen braved the odds and returned to Nigeria to continue his career at the University of Port Harcourt.

He has since excelled in his career as an international scholar, winning several fellowships and consultancies at institutions on both

sides of the Atlantic. Shortly after his PhD he won a post-doctoral fellowship as a Commonwealth Scholar at the School of Oriental and African Studies (SOAS), University of London. From there he proceeded to the African Studies Centre, University of Leiden, the Netherlands. In subsequent years he was to take up fellowships at South-South Exchange Programme for Research on the History of Development (SEPHIS), International Institute of Social History, Amsterdam, the Netherlands; African Studies Programme, Northwestern University, Evanston, ILL, USA, World Resources Institute, Washington, DC, USA., and United Nations Research Institute for Social Development (UNRISD), Geneva, Switzerland. The SEPHIS fellowship enabled him to do research in several countries in Europe and in India where he worked among the Dalits (formerly, Untouchables) in New Delhi, northern India and Mumbai.

Ben Naanen's inter-disciplinary scholarship is reflected in the diversity and quality of his publications which range from economic and social history to development studies and political economy. His publications include a book, a monograph and numerous articles in flagship journals and books. Some of his publications which won international acclaim appeared on reading lists in Universities in the United States.

He has supervised several PhD students who are currently holding positions of academic leadership in Nigerian and foreign institutions and in other endeavours. He was in 2014 a Visiting Professor on Sabbatical Leave at the University of Uyo. He attracted to his Department an exchange programme between the University of Port Harcourt and Latin American institutions, sponsored by SEPHIS. He organized a lecture tour of Nigeria by a Brazilian scholar. He undertook a lecture tour of Germany in 1994 to have first hand experience of the re-united post-Cold War Germany and again in 2005.

Ben Naanen has been able to combine scholarship with social action and community leadership. While away at SOAS, the Ogoni leadership appointed him Secretary of the newly formed Movement

for the Survival of the Ogoni People (MOSOP) in which capacity he became active in the advocacy of minority and environmental rights in Nigeria. The campaign frequently took him to the United Nations Human Rights Commission in Geneva and other centres of international diplomacy in Europe and other parts of the world. Motivated by the Niger Delta crisis he founded Niger Delta environment and Relief Foundation (NIDEREF) in the 1990s, an NGO that has been involved in environmental and development advocacy and research.

He is currently a member of the Multi-Stakeholder Consultative Committee on the Implementation of UNEP Report set up by the Federal Government in 2014. He has also been a member of the Bodo Community Delegation to the Bodo Mediation Initiative set up under the auspices of the Government of the Netherlands to mediate in the dispute between Shell and the community in respect of massive oil spills in Bodo Creek. The mediation has produced a record compensation in which more than 15,000 people received direct cash payment, the first of its kind in Nigeria, while the clean-up of Bodo Creek will soon commence, also the first of such initiatives in Nigeria.

Professor Naanen's international assignments include leading an international mission by the Unrepresented Nations and Peoples Organization (UNPO) to monitor the first multi-party election in Zanzibar in 1995, membership of the World Council of Churches (Geneva), Working Group on Ethnicity, Racism and Indigenous People (1995-1997). He was Vice-President of UNPO from 1994-96. He is a member of the Governing Council of the Nigerian Institute of International Affairs.

Ladies and gentlemen, it is also my pleasure to introduce to you the committed family man, a loving and God-fearing husband and father that Ben Naanen is. He married his heartthrob, Virginia Vibebe, and both of them travelled abroad to pursue their studies. The marriage is blessed with four children. He is the chairman of the Welfare

committee of the Redeemed Christian Church of God, Life sanctuary
Parish.

Thank you.

Professor Stephen Okodudu