

**UNIVERSITY OF PORT HARCOURT**

**POVERTY IN THE MIDST OF PLENTY:  
THE PARADOX OF NIGERIA'S  
DEVELOPMENT**

**AN INAUGURAL LECTURE**

**By**

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**INAUGURAL LECTURE SERIES**

**NO. 145**

**APRIL 19, 2018**

University of Port Harcourt  
University of Port Harcourt,  
Port Harcourt,  
Nigeria.  
E-mail: uniport.press@uniport.edu.ng

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ISSN: 1119-9849  
INAUGURAL LECTURE SERIES NO.145  
DELIVERED: 19<sup>th</sup> April, 2018

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**Designed, Printed and Bound by UPPL.**

## ACKNOWLEDGEMENT

I begin this acknowledgement by appreciating the LOVE of the NAMELESS ONE, SUGMAD (GOD), the ECK (Holy Spirit), the Mahanta the Living ECK Master (the Godman) in my life. They have put the right people- the good, the bad and the ugly- on my way to help me as I sail the Cosmic Sea of Life. Most importantly, they have helped me to appreciate the good in all as I see them as my teachers.

I deeply express my gratitude to my late parents, Mr. James Ohale and Mrs. Esther Ohale who made the huge sacrifice by sending me to school and seeing me through the primary, secondary and the university. They did not shirk their responsibility of taking care of me at every stage of my life as some parents are wont to do. My great principals who are disciplinarians in the various secondary schools I attended are highly appreciated for instilling discipline and law and order in the schools which created a congenial atmosphere for us to pursue our studies. I mention particularly Mr. I. J Orlu (late), Mr. Emmanuel Ogbonna and Mr. Badom.

In the university, I came in contact with some special people who mentored me by showering me with their love. I remember my first great Dean of the blessed memory, Professor Claude Ake who encouraged us to ensure that we not only pass through the university but we should also allow the university to pass through us. I cherished his public lectures which attracted the university community because of his piercing insight into Nigeria's development challenges. He was a very committed Marxist scholar and a great teacher par excellence. I thank Professor Edet B. Akpakpan, my first academic adviser who encouraged me to read economics when I was confused about my choice of course. He was ever ready to make the necessary sacrifice to see me scale through the huddles in my academic pursuit. His love for me will be remembered perpetually. I cherish Professor Willie Okowa for his

fatherly love towards me and for always been there whenever I need him. These two Professors, Edet and Willie, made me their teaching assistant and encouraged me to transfer my service from the then Rivers State College of Education to the University of Port Harcourt. I thank my bosom brother Professor Tamunopriye J. Agiobenebo, whom I share the same spiritual values with, for his willingness to listen to me and provide the support when it is needed. I express my special gratitude to Dr. Emeka Nkoro and Dr. Allwell Nteegah and appreciate them for the encouragement when I was putting my thoughts on this lecture. Dr. Nkoro was ever ready to excavate any information and data that I needed to prosecute this exercise, and made the necessary sacrifice to ensure that this work comes out better. I thank my other colleagues in the Department for the harmonious relationship we all enjoy together.

I acknowledge the love and support of my dear wife, Mrs. Anna Ohale (my High Chief) for the encouragement and company she always gave me when I needed them most. To my children, Chidiebere, Oluchi, Kelechi and Chukwuemeka, I say I love you for tolerating my idiosyncrasies and allowed me to build an open habitation for all. Let me recognize my son-in-law, Mr Okolie Patrick Chux and my grand daughter, Kosisochukwu Okolie who ensures that I laugh whenever she is with me to douse my tension. I thank Nwanyanwu Peace Ugochi, Nwanyanwu Adeline Joy (my cousins) for supporting my wife to keep the house warmly. My special brothers, Chief (Hon) Okey C. Amadi, Chief Nicolas Ordu, Mr. Samuel Ohale, and Mr. Sylvester Ohale, are ever remembered and cherished for their love and magnanimity. Finally I thank my secretary, Joy Samuel (Junior) for his forbearance. However, all errors and omissions are my burden to bear.

## TABLE OF CONTENTS

	<b>Page</b>
Acknowledgement -----	iii
List of Tables-----	vi
List of Figures -----	vii
Order of Proceeding -----	viii
The Inaugural Lecture -----	ix
List of Protocol -----	x
Preamble -----	xi
Introduction -----	1
Conceptual Clarifications -----	4
The Role of the Developmental State -----	30
Nigeria: Brief History and Resource Endowments -----	45
Nigeria’s Development Experiment -----	48
Nigeria’s Development Outcomes -----	60
Factors Responsible for the Existence of Poverty in The Midst of Plenty in Nigeria -----	75
The Way Forward -----	86
Notes -----	93
References -----	96
Citation -----	101

## List of Tables

	<b>Page</b>
Table 1 Selected Performance Indicators of Singapore and Nigeria -----	42
Table 2: Human Development Index and its Components -----	44
Table 3: Nigeria’s Natural Resources -----	46
Table 4: Nigeria’s Performance Indices -----	63
Table 5: Nigeria’s Human Development Index (HDI) trends based on consistent time series data 1990-2015 -----	64
Table 6: Relative Poverty Headcount from 1980-2010 -----	68
Table 7: Relative Poverty: Non-poor, Moderate poor and the Extremely poor, 1980-2010 (in percentage) -----	70
Table 8: National Poverty trends (% of population below poverty line) -----	71
Table 9: Poverty in Nigeria by Geo-Political Zones -----	72
Table 10. Classified Looting of Funds in Nigeria Before the Anti-Corruption Bill in 2003. -----	82
Table 11.Senators pay Worldwide (in US \$) -----	84
Table 12: Nigeria’s Income Inequality, 1993-2003 -----	85

## List of Figures

	<b>Page</b>
Figure1: The Virtuous Circles of Economic Development -----	20
Figure 2: The Vicious Circles of Poverty-----	26
Figure 3: Trends in Nigeria’s HDI components 2005-2015 -----	66
Figure 4: Trend in Poverty incidence (%) -----	68
Figure 5: Poverty from 1980-2010 by Population Numbers -----	69
Figure 6: Relative Poverty: Non-poor, Moderate poor and extremely poor, 2010 -----	70
Figure 7: National Poverty trends (% of population below poverty line) -----	72

## **ORDER OF PROCEEDING**

2.45P.M. GUESTS ARE SEATED

3.00P.M. ACADEMIC PROCESSION BEGINS

The procession shall enter the Ebitimi Banigo Auditorium, University Park, and the Congregation shall stand as the procession enters the hall in the following order:

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PROVOST, COLLEGE OF HEALTH SCIENCES

ORATOR

LECTURER

REGISTRAR

DEPUTY VICE-CHANCELLOR [ACADEMIC]

DEPUTY VICE-CHANCELLOR [ADMINISTRATION]

VICE CHANCELLOR

After the Vice-Chancellor has ascended the dais, the congregation shall remain standing for the University of Port Harcourt Anthem.

The congregation shall thereafter resume their seats.

THE VICE CHANCELLOR'S OPENING REMARKS.

The Registrar shall rise, cap and invite the Vice-Chancellor to make the opening Remarks.

THE VICE CHANCELLOR SHALL THEN RISE, CAP AND MAKE HIS OPENING REMARKS AND RESUME HIS SEAT.

## **THE INAUGURAL LECTURE**

The Registrar shall rise, cap and invite the Orator, Professor Nath Abraham to introduce the Lecturer.

The Orator shall then rise, cap and introduce the Lecturer, and resume his seat.

The Lecturer shall remain standing during the Introduction. The Lecturer shall step on the rostrum, cap and deliver his Inaugural Lecture. After the lectures, he shall step towards the Vice-Chancellor, cap and deliver a copy of the Inaugural Lecture to the Vice-Chancellor and resume his seat. The Vice-Chancellor shall present the document to the Registrar.

### **CLOSING**

The Registrar shall rise, cap and invite the Vice-Chancellor to make his Closing Remarks.

### **THE VICE-CHANCELLOR'S CLOSING REMARKS.**

The Vice-Chancellor shall then rise, cap and make his Closing Remarks. The Congregation shall rise for the University of Port Harcourt Anthem and remain standing as the Academic [Honour] Procession retreats in the following order:

**VICE CHANCELLOR**

**DEPUTY VICE-CHANCELLOR [ADMINISTRATION]**

**DEPUTY VICE-CHANCELLOR [ACADEMIC]**

**REGISTRAR**

**LECTURER**

**ORATOR**

**PROVOST, COLLEGE OF HEALTH SCIENCES**

**DEAN, SCHOOL OF GRADUATE STUDIES**

**DEANS OF FACULTIES/SCHOOL**

**PROFESSORS**

**ACADEMIC OFFICER**

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The Vice Chancellor  
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Members of the Press  
Distinguished Ladies and Gentlemen

## PREAMBLE

Vice Chancellor Sir,

Let me express my gratitude to you for granting me the permission to share my thoughts with the university community on this topical issue that has burdened my heart right from childhood. I was born and bred in a rural community which like others of its kind is poverty stricken. I will be 63 years by January 2018, and I am worried that not much has changed in my community and most rural areas in Nigeria. Things are even getting worse. Those days, my community was self sufficient and could provide most of its needs. The various occupations- farming, fishing, hunting, lumbering, trap setting etc flourished and provided enough food, shelter and clothing for the household. We the children were happy to support our parents in these activities the much we could and when we are at home. From their meager savings, the parents made sacrifices to train their children to acquire education and relevant skills to enable them fit into life. I got my first job after my secondary school. I was interviewed for recruitment by the Federal Civil Service Commission, and Rivers State Civil Service Commission and at the end of my service year, I was offered employment by my State. Today the story is different. There are no jobs. Poverty is ravaging the land. Some of us shun home because we cannot meet the expectations of the hungry faces at home that are turning beggars. For example, it is common these days to hear people say, *senior man your men dey here, any thing for your boys*. It is not their fault neither is it in their stars. Praise-singing has become a full time job and a means of survival. In those days the Nigeria economy was expanding (growing) and jobs where no problem and neither was money. Our problem was how to spend the money. Today, the economy is shrinking, virtually all the public enterprises have been liquidated by Nigerians who turned them into conduit pipes for siphoning public funds. Once you occupy a public office, your relations and friends flock to you and encourage to steal public funds

because they see it as the only opportunity you have to do so. Nobody wants to make a difference. If you want to make a difference, you are seen as an odd person. So all of us are vandals destroying the society. With such a scenario, it will be a miracle for us to develop. Why have our development efforts failed to uplift the life of the majority of Nigerians? Why are they going through this excruciating poverty? Why are there few people swimming in riches? This situation should worry anybody who has any little milk of human kindness in him. We should contribute our quota to ensure that things change for the better. This is a food for thought. I have said a lot of “nonsenses” in this lecture but there is some food for thought in it for all of us as Nigerians.

# **POVERTY IN THE MIDST OF PLENTY: THE PARADOX OF NIGERIA'S DEVELOPMENT**

## **I. Introduction**

Every human society started from the state of backwardness and made frantic effort to overcome this condition by striving to develop. Development therefore has always been the objective of every legitimate human endeavor as it makes possible for nations to transit from poverty to wealth. Economic development (or development for short) involves profound qualitative changes not only of the economy, but also of society. It is sustainable improvements in the living conditions of the people that yield the highest possible level of satisfaction and fulfillment. This improvement in human existence came slowly until the beginning of the industrial revolution in Britain. For reasons that remain controversial, the economies of Britain and, later other nations experienced sustained and, by previous historical standard, rapid economic growth and development. The economies of many countries however, were left behind in the growth process or may have worsened as a result of growth in the expanding economies of the industrialized nations. The disparities in the level of development dichotomized the world into developed and less developed countries (DCs and LDCs). The less developed countries (LDCs) mostly found in Africa, Asia and Latin America have been striving to develop. They believe that development is the only way the living conditions of their citizens can be improved. Some have achieved it while others have not. Those that have attained high level of development have succeeded in eliminating absolute poverty, while those that have not are saddled with high level poverty for a large proportion of their population. In these countries there is poverty even in the midst of plenty. This is the paradox of their development.

Nigeria is one of the countries in Africa and indeed the world that is going through this type of experience in her

development experiment. Despite many years of seeking to develop, it has remained largely underdeveloped with serious repercussions for the country and its people. A large segment of its people wallow in poverty and unemployment. There is serious infrastructural deficit and malnutrition in the land. Indeed Nigeria has performed dismally development wise. After 57 years of independence and with her natural and human resource endowments which only few countries in the world can compare with, what the country can boast of can be summarized as follows:

- It has the third largest population of the poor in the world
- A life expectancy of 52 years, down from 65 years that it was in 1960
- Some of the worst health statistics in the world: the highest neonatal mortality rate in the world; the 3<sup>rd</sup> highest infant and maternal mortality rates in the world
- Monumental corruption
- Adversarial rather than collaborative relations between the different ethnic groups in the country
- Epileptic power supply/low per capita energy consumption
- A worsening and dying educational system
- Collapsed road networks
- Conduct of politics as warfare/massive rigging of elections
- A subservient and subordinate role in the global capitalist division of labour (Iyayi, 2013)

And I will add:

- a generator-driven economy; and
- High level of insecurity for both life and property and a growing level of kidnapping and terrorism.

Development is both a process and an outcome. The countries that got the process right from the beginning achieved better outcomes. This better outcome manifests in terms of growth and development

for the society and prosperity for its citizens. The countries that got the process wrong realized poor outcomes. Their growth is sluggish and development, a mirage and their citizenry wallow in abject poverty and miserable existence. An example may suffice. Nigeria and Singapore virtually embarked on this development journey in the 1960s but today both countries have different stories to tell about their achievements. Those who led Singapore's development experiment are proud to tell the world how they moved their country from Third World to the First World<sup>1</sup>. Nigerian leaders, who embarked on this journey with them, cannot say this of their country. All of us are living witnesses to what we have achieved. The UNDP's Human Development Report, (2008/2009) portrayed Nigeria thus:

*“Now, at the threshold of the golden jubilee of Nigeria's political independence, the country surely has a scorecard; but is an unimpressive one relative to its contemporaries in the 1960s and 1970s. What is different about Nigeria is that its poverty and poor human development performance are avoidable. Forty-nine years of managing its own affairs has shown that the country has immense potential, is blessed with human and natural resources, yet exhibiting significant deprivation in the midst of plenty...it is a country of extremes-extreme wealth on the one hand and extreme want on the other-which makes it possible for some 20 percent of the population to own 65 percent of its national wealth”*

The abysmal performance of Nigeria in its development effort has resulted in massive misery and poverty for a large segment of its population. Unlike most countries that have been on this quest for development, Nigeria still remains a toddler. It has not succeeded in moving to a Second World status not to talk of the First World which should have been the aspiration of its founding fathers, a feat achieved by the now developed countries. This has raised a number

of questions. Why has the country lagged behind in this development race? Why has Nigeria remained underdeveloped or undeveloping? Why has the country been unable to break away from the Vicious Circles of Poverty? What did we do or failed to do that made us not to achieve the enviable heights achieved by the now developed countries? What are the possibilities that the country can attain the status of a developed society? Are the prospects bright or bleak given our present predicaments? These and many more beg for answers to enable us chart a new course to the destination we all so much desire-a developed country. In terms of the structure of the rest of the presentation, we shall proceed as follows:

- Conceptual Clarifications
- The Role of Developmental State
- Nigeria: Brief History and Resource Endowments
- Nigeria's Development Experiment
- Nigeria's Development Outcomes
- Factors Responsible For the Existence of Poverty in the Midst of Plenty in Nigeria.
- The Way Forward

## **2. Conceptual Clarifications**

We need to understand the meaning of the two concepts (development and poverty) in our topic. Without a definition of these terms, we cannot determine whether a country is achieving or has achieved development and whether poverty exists or not. Moreover, the way both terms have been conceptualized have varied over time and space. Coincidentally, however, both development and poverty have been defined in terms of material advancement, income and capability in their historical and modern contexts. It is an accepted fact that where development has occurred, poverty has receded. And where it has not, poverty soars. In addition we also need to expose the meaning of imperialism because of its importance

to our discourse. We need to understand what economic development means first.

## **2.1 Economic Development**

Economic growth and development were said to be synonymous in the early years when economists turned their attention to the development of the LDCs. A country was said to be developed if it was growing. Accordingly, economists have defined economic growth in different ways. Simon Kuznets defined economic growth as a long term rise in a country's capacity to supply increasingly diverse goods to its population<sup>2</sup>. To Todaro (1977) economic growth is the steady process by which the productive capacity of an economy increases over time to bring about rising levels of national income. However most economists are concerned not only with the absolute increase in the output of goods and services in an economy over time but also how the output per capita increases over time. Thus according to Ohale and Onyema (2001), economic growth is defined in two senses. In one sense, it is seen as the increase in the productive capacity of an economy leading to increased availability of goods and services over some given period of time either quarterly or annually. In another sense, it is also seen as a sustained increase in per capita output of goods and services over a period of time. These two senses do not contradict each other since a persistent increase in the output of goods and services is likely to translate to an increase in per capita output (though this may depend on the rate of growth of the population). It is important to caution that a mere increase in output arising from greater utilization of existing capacity does not constitute economic growth. Economic growth should be seen as increase in output arising from growth of capacity. It is also better for this increase in output to be in real terms that is, eliminating the effect of price changes, as it is taken as the basis for advancing human welfare.

Apart from equating growth with development, it was suggested that the best way to increase output/ income was through industrialization as this is seen as the most effective way to radically transform the productive structure of the economy. Industrialization will result in the shift of the structure of an economy, away from relying on the agricultural sector. There will be, over time, greater reliance on the industrial sector, with an increasingly large proportion of an economy's output coming from manufacturing activities. In this way development was also seen as a way of modernizing the society. Thus for years, development was assumed to occur through the process of industrialization. This single dimensional view of development is also referred to as growth via modernization<sup>3</sup>.

The equation of economic growth with development persisted over the period 1945-1965 (Arndt, 1987). However due to disappointments over the lack of widespread socio-economic advances, there was a change of view. Indeed as the 1960s came to an end and 1970s began, it became increasingly clear that despite the impressive good record of growth in many LDCs, a vast size of their people appeared not to have benefited from the growth of their respective nation's income. The masses of the people remained absolutely poor and illiterate, many of them openly unemployed and severely discriminated against in the distribution of income, wealth, social status and political power (Akpakpan, 1987). Also the gap between the rich and poor countries continued to widen rather than narrowing down. The LDCs were also engulfed in a huge suffocating external debts, rising levels of inflation and increasingly dependent on the DCs. Development defined as modernization is very much linked to the Western European experience from the late eighteenth century onward. This experience saw the emergence of more materially affluent societies, through the accumulation of capital, the application of improved technologies that resulted to, among other things, in better communication and transportation

through the capitalist path. In this way, capitalism is suggested as best path to development for the less developed countries. Indeed, this is the position of the classical and neoclassical economists. They assume that smoothly working market system and effective price mechanism organize all economies efficiently (monoeconomics) and that all economies work in similar ways. So modernization theory was the West's response to Socialism. Development meant assuming the mental models of the West (rationalization), the institutions of the West (the market), the goals of the West (high mass consumption), and the culture of the West (the worship of commodities) (Peet and Hartwick, P.132). In this ways capital accumulation and investment were extolled as prime movers of development.

Indeed, it was Seer (1969:3) that questioned this growth-led modernization thus;

*“The questions to ask about a country's development are therefore: What has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If all three of these have declined from high levels, then beyond doubt this has been a period of development for the country concerned. If one or two of these central problems have been growing worse, especially if all three have, it would be strange to call the result “development” even if per capita income doubled.*

There are even more fundamental questions to raise about this equation of growth with development. Who produced this output and using what technology? Was the production based on harnessing the endowments of the country concerned? Was the production initiated and completed by the citizens of the country? Was the machines and equipments used in the production process fabricated, assembled and installed by the people concerned? What quantity of the inputs used

in the production process was derived from the domestic economy? If the answer to these questions is positive there is no doubt that the country concerned has achieved true development. There will be no poverty in the midst of plenty. This country would have taken off on the path of development. After all those who advocated that development is a historical process in which a society transforms itself from traditional stage to modernism (a la Rostow, 1960) recognized the critical role of modern technology in preparing the ground for the take-off of the now developed countries. It was the widespread of technical advances in industry and agriculture plus the entrepreneurial class that made possible for new and profitable industries to emerge and quickly expand<sup>4</sup>. Their expansion made it possible for previously unexploited natural resources to be increasingly used in production. There is no doubt that jobs were created to ensure that unemployment does not rear its ugly head, income was generated and poverty reduced. Cumulatively these societies became affluent. And because this did not happen in the LDCs, economists continued their search for a better understanding of what development is leading to motley of alternative meanings of development and criticisms of the modernization strategies. The latter commentators questioned some of the fundamental assumptions on which modernization theories and strategies were based. Interestingly, they did not question the goals of modernization but the assumption that all countries must follow a largely homogeneous development path and that, in particular, what happened in the industrialized western world could largely be replicated in the LDCs. What was necessary was for a country to achieve higher living standards for its citizens and the “realization of the potential of human personality” (Seers, 1972 :). A country can follow any development path of its choice. Seers thought that human potential cannot be realized without sufficient food and that the ability to buy food is dependent on income. Those living on income poverty line cannot buy enough food to realize their human potential

neither will those without jobs. These are considered essential for enhancement of one's personality and or self respect. Inequality was linked to poverty and that poverty can be reduced much more quickly if economic growth was accompanied by reduced inequality. He saw equity as an objective in its right, arguing that inequality was objectionable on ethical ground. Seer also thought that many other factors, in addition to the reduction of poverty, unemployment and inequality, were also important for the fulfillment of human potential. He thought that these fulfillments also required adequate levels of education and national, political and economic sovereignty (Seers, 1972)

A number of alternative conceptualizations of development followed thereafter from Seers persuasive argument. This group of thinkers see development as multidimensional touching all aspects of life of the society. These new conceptualizations of development came from all fronts. They include International Labour Organization (ILO) (1976 and 1977), Streeten (1979) Steeten e tal (1981), Stewart (1985), UNDP (1990 and 1995) World Bank (1997), Doyal and Gough (1991), Sen (1985), Ake (1996) Nussbaum (2000), Okowa (2005) and Toyo (2006). They argued that the equation of economic growth with development was wrong. These experts felt development is not economic growth, even though economic growth, in large, measure, determines its possibility. Development is not a project but a process and an outcome. According to Ake (1996), development is a process by which people create and recreate themselves and their life circumstances to realize higher levels of civilization in accordance with their own choices and values. It is something that people must do for themselves, although it can be facilitated by the help of others. People are the end of development and its means. For this reason, it is strongly argued that development should be human centered. The notion of human centered development was given formal impetus and intellectual backing with the publications of the United Nations Development

Programme (UNDP) Human Development Reports, HDR (1990, 1995). Since these publications, it has been popularly accepted that human development (HUD) must be seen as a process of expanding human choices by enabling people to enjoy long, healthy and creative lives. This simple definition has several profound implications. First it means that the expansion process must be underscored by strong economic growth. Indeed, HUD and economic growth must be strongly linked with one supporting the other. Second with the HUD perspective, determined efforts must be made to avoid what the HDR outlined as:

- *Jobless growth, where growth fails to expand opportunities for employment.*
- *Ruthless growth, where the fruits of growth accrue only to the rich.*
- *Voiceless growth, where growth has not been accompanied by democratic empowerment and participation.*
- *Rootless growth, where growth has eliminated people's cultural Identity; and*
- *Futureless growth, where the present has squandered the resources of the future generation through indiscriminate consumption.*

From the above scenario, it can be seen that development is a holistic process, whose elements are interdependent and vary concomitantly. This is why economists believe that development is multidimensional involving changes in the economic, political, and social life of the society. Indeed in its essence, development must represent the entire gamut of changes by which an entire social system, tuned to the diverse needs and desires of individuals and social groups within that system moves away from a condition of life widely perceived as unsatisfactory and towards a situation or condition of life regarded as materially and spiritually better

(Todaro, 1981: P.70 and Todaro and Smith, 2011: P.16). Development in one aspect is unlikely to succeed or be sustained without a corresponding development in other aspects of life of the society. But what is common to all aspects of development is human or citizen well-being.

ILO (1976, 1977) saw development as fulfillment or satisfaction of basic human needs, and therefore can be measured by the extent to which these needs are satisfied. Basic needs were extended by ILO beyond food, shelter and clothing to other categories; viz

- *Basic goods, including food, shelter and clothing;*
- *Basic services, including education, health, access to water and transportation;*
- *Participation in decision making;*
- *The fulfillment of basic human rights; and*
- *Productive employment, that which generates enough income to satisfy consumption needs.*

Other scholars also articulated other elaborate needs (see Streeten, 1979; Streeten and Stewart, 1985; and Doyal and Gough 1991). In addition to ILO's "basic needs", other needs include a sense of purpose in life and work, self determination, political freedom and security, national and cultural identity. In 1990, the UNDP shifted development thinking strategies away from the preoccupation with economic growth as a goal for development policies and advanced the concept of "human development". In UNDP (1990, P.10) it defined human development as follows:

*"Human development is a process of enlarging people's choices. The most critical one are to live a long and healthy life, to be educated and to enjoy a decent standard of living. If these essential choices are not*

*available, many other opportunities remain inaccessible.  
But human development does not end there”*

In addition to defining human development, the UNDP, also provided a measure designed to show how it can be used to rank countries based on their human development achievements. This is the so-called Human Development Index (HDI) which incorporates longevity, Knowledge and material standard of living. The components of HDI include life expectancy (the number of years a newborn child would be expected to live in a country given prevailing patterns of mortality), adult literacy (the percentage of persons aged 15 years and over who can understand, read and write a short statement on everyday life) and a measure of GDP per capita adjusted for differences in the cost of living between countries (UNDP 1990). The HDI scores ranges from zero to one. The higher the score, the higher the level of development achieved by a country.

Another major development in the articulation of the meaning of development is the contribution of Amartya Sen. Sen was very critical of the use of income or its growth as a measure of development. What is more important is what the income can purchase or acquire. This became known as the “capability approach”. Capability is treated as freedom to promote or achieve combination of valuable functionings (Sen 1990). Functionings, in turn are the “parts of the state of a person, in particular the things that he or she manages to do or be in leading a life” (Sen 1993: P.31). The link between freedom and development was articulated in his work “Development as Freedom (Sen 1999). In this work, Sen argued that the expansion of freedom is both a primary end and principal means of development. Although Sen refused to identify these capabilities that allow one to function, the UNDP Human Development Report 1995 posited that:

*“The basis for selection of critical dimensions, and the indicators that make up the human development index, is identifying basic capabilities that one must have to participate in and contribute to society. These include the ability to lead a long and healthy life, the ability to be knowledgeable and the ability to have access to the resources needed for decent standard of living (UNDP 1995:P.18)*

The basic point to note from these writings starting with Seers is that development must be seen as multidimensional. It is just not about improvements according to a single criterion, but multiple criteria. Thus the World Bank (1991) sees economic development as a sustainable increase in living standards that encompasses material consumption, education, health and environmental protection. For Okowa, (2005), the major goals of development are:

- (1). Economic Empowerment
- (2). Political Empowerment
- (3) Social Empowerments

According to Okowa (2005), economic empowerment entails the elimination of poverty in all its ramifications. It involves a state of affairs in which all members of society participate in a meaningful and productive manner in economic activities. It requires decent housing, nutritious food, and all the other material conditionalities that make for a long healthy life. The summary of political empowerment is full participatory democracy at all levels of governance. There should be no discriminations in terms of class, ethnic origin, sex, geographical location, religion, ideological orientation et cetera in the political arena. Social empowerment involves the elimination of all forms of slavery of man to his fellow man or nature. It requires the liberation of man from servitude to his fellow man or nature. Indeed we are referring here to a free and

egalitarian society. Obviously, we are talking of a fully literate society (Okowa 2005).

Just as the Western Scholars were offering their own conceptualization and definition of development so did Karl Marx<sup>5</sup> and his followers. The Marxists regard development as a means to an end, the end being the enhancement of what the people value, namely “Liberation” from oppressive and exploitative relationships both internally and externally. Development, according to this view is therefore the progressive emancipation of people and nations from the control of nature and from the control of the other peoples and nations. The major driver of the development process is the control and use of the economic surplus of the society. To some Marxists, the control of the economic surplus (that which remains after all necessary consumption has been subtracted from the total output) determines the nature of development. To them, underdevelopment has continued to prevail in the LDCs because a large chunk of the surplus achieved is used by the aristocratic ruling class in conspicuous consumption while a part is put away in fat foreign bank accounts as insurance against domestic social and political upheavals. Governments in the LDCs are also poor agents of development because they lack autonomy. They are controlled either by special interest groups or by international institutions such as the International Bank for Reconstruction and Development (IRBD), the World Bank, International Monetary fund (IMF) and others. These are the main factors in the stagnation and underdevelopment of the LDCs.

Then there was also the dependency school or dependencia who recognized the increasing polarization of the world into the powerful core region and the impoverished periphery. It was a world in which the periphery was perpetually or permanently condemned to play the role of a supplier of primary products as raw materials to service developed countries industries (See for instance Prebisch, 1950). Indeed, Gunder Frank (1971) argued that development and

underdevelopment are in fact simply two sides of the same coin. The rich countries achieved growth/development by systematically exploiting their colonies and the rest of the underdeveloped world and this process had been going on for several centuries. The poor countries became underdeveloped in the process of their incorporation into the global system. They were impoverished, and the structural changes that had been imposed upon them made future development of a real and autonomous kind much less likely. Indeed as cited in Todaro (1981)

*Underdevelopment, far from constituting a state of backwardness, is rather a consequence and a particular form of capitalist development known as dependent capitalism. Dependence is conditioning situation in which the economies of one group of countries are conditioned by the development and expansion of others. A relationship of interdependence between two or more economies and the world system becomes a dependent relationship when some countries can expand through self-impulsion while others, being in a dependent position can only expand as a reflection of the expansion of the dominant countries, which may have positive or negative effects on their immediate development. In either case, the basic situation of dependence causes these countries to be both backward and exploited.*

In whichever way development is conceptualized, it must entail building the capacity of a nation technologically to exploit its environment (or natural resources) to meet its existential needs. Once a country is able to do this and the more it is able to do so, it will increase its ability to produce goods and services, and structures. It will grow. Meeting its basic needs will not be a problem and as long as it can control its consumption, there will be more economic surplus to reinvest. It will not be exploited by other nations since it is not dependent on them; and so on. This is why,

development boils down to building the technological capacity of a country. It is in this sense that we concur with Okowa (1996) and Toyo (2006). According to Okowa (1996:P.19), fundamentally, underdevelopment and development must be seen in terms of the degree to which societies are able to devise tools materially and institutionally, with which to productively manipulate their environment. All other conceptions of development and underdevelopment are only focusing attention on the symptoms. He outlined three pre-conditions for developing scientific and technological capabilities, namely, understanding of the laws of nature, the acquisition of scientific knowledge, and tool fabrication.

The understanding of the laws and processes which govern natural phenomena is what we know as science. This implies that man must have scientific knowledge in order to productively deal with nature. However, before he can acquire scientific knowledge man must be aware of the existence of scientific laws. In addition, man must believe that it is possible by study to understand them. The awareness of the existence of laws of nature or scientific laws and the belief that they can be understood through study, we refer to as scientific consciousness (Okowa 1996:P.17). Another critical step is the conquest of nature by fabricating tools. With the tools, man is in a position to productively manipulate nature. This is technology. Thus technological capability entails scientific consciousness, scientific knowledge and technology. The more a country possesses them, the more it is able to harness its natural resource endowments and the higher the level of development it will attain. In fact with the three elements, it can still facilitate its development by helping those who do not have them to exploit their own endowments and benefit immensely in the course of doing that. This will serve its own development course. This is why there are some countries (e.g Japan and Singapore etc) that have achieved a developed status with little or no rich natural resource endowments. All they have is their technological capacity. And yet there are countries (eg Nigeria) even

with their rich natural resource endowments have remained underdeveloped because they do not possess technological capacity.

Thus for Toyo (2006), development means changes in production tools, forms of productive activities, division of labour, property and property work relations, forms of organization, distribution and allocation of goods, managerial control involving power or authority and forms of relations with the polity. If any of these elements changes qualitatively in such a way as to impart a greater productivity to the economy, we have development. From the point of view of productive forces, it is the development of an economy that uses machines made by machines in its production of at least basic goods. Basic goods are those goods that are vital for the reproduction of every good in the system. Development entails industrialization and all that goes with it. Industrialization is not the setting up of any hotch-potch of manufacturing plants. It is essentially the setting up, mastery and use of basic goods for the transformation of manufacturing, agriculture, construction, transport, communication and trade by use of various kinds of machines. Of the basic industries, machine making is the most crucial. For this reason and because of its ramified uses in every sector, the iron and steel industry has a supreme importance. The other basic industries are nonferrous metallurgy, power generation, chemical and construction material industries (Toyo 2006).

We cannot reduce economic development to capital accumulation and efficient allocation of resources. This has become a formula for perpetuating economic backwardness in the LDCs. It failed to expose the secret behind the development of the DCs which is based on the improvement of the instruments of production. This enabled them to have large number of different economic activities all subject to falling unit cost, increasing returns and which conferred on them market power as they operate under imperfect competition. This is in sharp contrast from those who were unable to develop there instruments of production. Indeed history exposes us

to the fact that humankind have been able to advance from primitivism to modernism through the development of the instrument of production. This is what is responsible for human progress from Stone Age through the Bronze Age to copper and the present Iron Age. The development of the instruments of the production confers diversity on a nation's economy. The diversity of economic activities became a goal itself that made it possible for new knowledge to jump from one sector to another resulting to self-catalyzing system of economic growth. For centuries the term "*manufacturing*" was synonymous with technological change, increasing returns and imperfect competition. By cultivating manufacturing, nations capture the good type of economic activities. These have been the pattern of successes starting in England under Henry VII through the industrialization of continental Europe and the United States, to the more recent successes of the Asian Tigers. Over the last few decades, however, more and more service industries operate with rapid technological change and increasing returns, and the distinction between industries and services has become blurred. (Reinert, 2017)

Vice Chancellor Sir, development is all about acquiring the technological capacity to produce the goods and services that you want for existence. This is why nations attach great importance to it. This is the factor that drove the development of all the countries that have achieved it and which we envy. The underlying factor responsible for the advancement of humankind from stone age through the copper age to the present iron age is technology. It is all about man's ability to fabricate the tools and equipments (machines) to harness the resources found in his environment. The more he is able to do this, the more his living conditions change for the better.

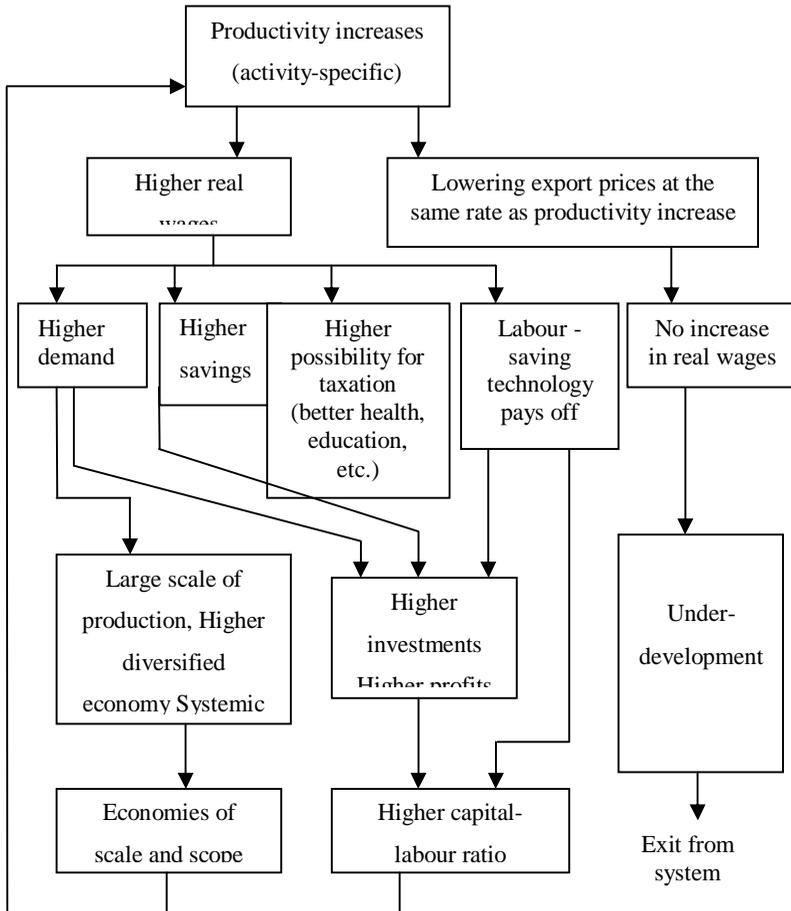
Technological capacity entails the ability to alter the instruments of labour by fabricating and installing machines and using them in the production process. The more a country is able to do this, that is, mechanization of the production process, the higher

the output, resulting in increasing returns to scale. This increasing returns results in lower unit cost of production. The lower cost per unit is passed to the consumers including the labour that produced it, in the form of lower prices. With increased production, producers are able to earn higher revenue which is shared with the workers in the form of higher real wages, with the governments in the form of higher tax revenue. Higher demand and higher real income results in higher savings and higher investment and profits. With higher possibility for taxation and increased revenue to the government, government is able to invest and improve education and health and socio-economic infrastructure. Higher profits enable producers to discover new ways of doing things which they apply in their production process resulting in greater production. Innovation improves not only the production process but also the quality of what is produced enhancing the ability of a producer to compete with other producers both within and outside his geographical domain. As these take place across the entire economy, the economy becomes diversified through systemic synergies and economic development occurs. This is what Reinert (2007) describes as the “Virtuous Circles of Economic Development” as opposed to the “Vicious of Circles of Poverty”.

Thus all countries that are developed, and there is no exception to this, followed this Virtuous Circles of Economic Development. Once a country catches this secret, it does not matter whether it is rich or poor in natural resources. In fact being poor in natural resources could be key to becoming wealthy as is the case with countries like Japan, Singapore, etc. The praxis of economic development has been to emulate and produce less efficient copies of the economic structures of wealthy nations. The key features of these economic structures-significant division of labour (amongst a large number of different industries and professions) and a sector with increasing returns (industry and knowledge intensive services) were codified by economists such Antonio Serra (1613), James

Stuart (1767), Alexander Hamilton (1791) and Friedrich List (1841). These principles have, at times been unlearned: in France in the 1760s, Europe in the 1840s and the world in the 1990s (Reinert, 2007, p.246). The Virtuous Circles of Economic Development is portrayed in Figure 1.

**Figure1:** The Virtuous Circles of Economic Development



Adapted and modified from Reinert (2007, P.242)

**Note:** *In a closed system, with constant employment rate, the only way GNP per capita can grow is through the “Virtuous Circle.” However, the system can be cut off at any one point; for example, if higher demand goes to foreign goods alone, the circle will break.*

This is what Britain did through its industrial revolution and all other late comers made desperate effort to do so through stealing it from those who have it (emulation) and by research and development (R & D). Indeed emulation is the secret behind the success achieved by all developed countries in the world with no exception.<sup>6</sup> They knew that if they did not their economies will be conquered by other developed countries with dire consequences on them. The fear of imperialism became a driving force in their determination to succeed. This is a common denominator for the countries that consciously promoted their own development such as Russia, Japan, Singapore and other Asian Tigers. Today these countries are now increasingly reliant upon service industries and higher technology rather the heavy industrialized industries of that principally manufacturing driven era. The state (government) was the force behind their achievement as exposed in section 3.

## **2.2 Poverty**

Poverty is a scourge that has inflicted humankind right from time immemorial. It is man’s attempt to overcome it that has driven him to strive after development. A nation that has not experienced development experiences poverty. It is through the process of development that poverty is reduced. Development seeks to improve the lives of the poor and it is the only way to do so. So what is poverty? Poverty is defined in terms of income, capabilities and inequality. In the income definition, poverty is seen as a situation in which one does not have enough income in money or kind to meet the basic needs at a conventional minimum level for a healthy living. Money affords us the freedom to purchase most of our basic needs

including some desired luxuries as well as make choices about the things we desire (whether they are good for us or bad for us). With income, we can increase our utility, after all our utility is a function of the quantity of what we have in terms of goods, services, property, skills etc. Given the fact that our desires are unlimited, having more income increases our ability to meet our basic needs (food, shelter and clothing). The more we have of them, the more we can maximize our utility. Alternatively, having less income reduces our ability to meet our basic needs and thus lower our utility. This approach is very popular among economists and those interested in poverty reduction. It is on the basis of income that the poverty line is drawn. Currently those living below certain income level, precisely one dollar, a day are said to be experiencing absolute poverty.

The capabilities approach is a more recent approach in the definition of poverty and it focuses on well-being. Poverty in this sense is absence of wellbeing. Well-being is not simply the measurement of economic possessions but the capability of using it in an appropriate manner. Sen (1993) argues that wellbeing is not measured by the possession of a commodity, nor the utility of the commodity, but rather by what the person actually does with the commodity or resources that he possesses. The key is the efficiency with which people use their resources. Thus efficiency or skills or social habit allow people with relatively low levels of resources to lead a relatively higher quality of life and vice versa (Travers and Richardson 1993: P.48). Other issues, such as personal circumstances including health, social climate and social state are all contingencies that can lead to variation in the conversion of income or resources into the capability to live a minimally acceptable life (Sen 1999: P.360).

The UNDP (2006) tried to construct the Human Poverty Index (HPI) to try to capture what is an “acceptable composite indicator made up of these dimensions:

- (1) a long and healthy life;

- (2) knowledge;
- (3) a decent standard of living;
- (4) percentage of people likely to die before 60
- (5) percentage of adults who are functionally literate
- (6) Percentage of population without sustainable access to an improved water source, etc.

Policies to increase capabilities (and thus reduce poverty) would include focusing on improving people's ability to function and achieve success in life such as improving literacy levels and access to health services.

Poverty is also seen in terms of income inequality which exposes the gap between the poor and the non-poor, the "haves" and the "have nots". The concept of income per capita conceals a situation where inequality is highly pronounced as in developing countries like Nigeria. Thus poverty can show in both absolute and relative terms. Absolute poverty is concerned with the actual circumstances of the poor and is best encapsulated by monetary (income) poverty. Using this criteria, it is said that those whose income is below one dollar a day are absolutely poor because they do not have what they require to achieve basic survival. With relative poverty, we are concerned with the actual circumstances of the poor when compared with that of the rich (the non-poor). Thus poverty can be looked at in relative sense or income inequality. Where inequality is highly pronounced, it means that most people have limited participation in the economy. Thus relative poverty (or income inequality) is often referred to as social exclusion. For instance, it said that in an election under a democratic government, you can vote and be voted for, but we know that it is only for the rich not the poor. For a number of reasons, certain individuals are excluded from participating in mainstream society. This inhibits their ability to improve their lot and hence they remain perpetually in poverty. This is the so-called vicious cycle of poverty.

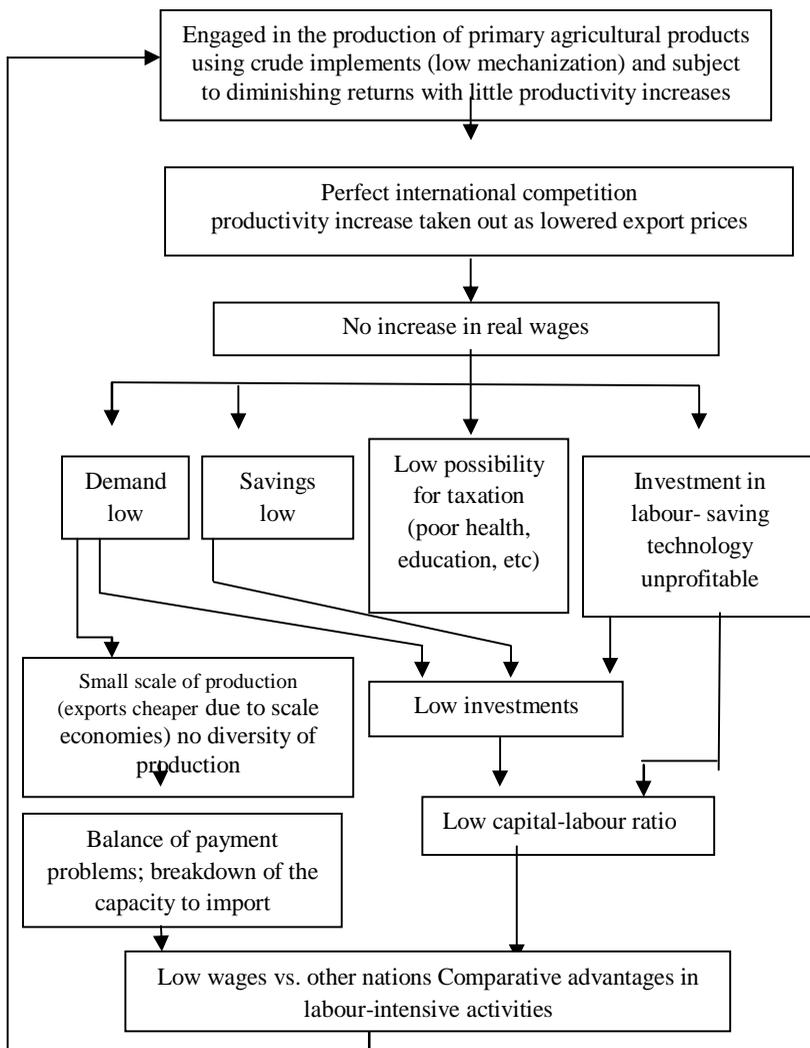
Another concept of poverty as it is used in this presentation is poverty of ideas. This arises when a society swallows hook, line and sinker any idea that it receives from outside. It regards such ideas as sacrosanct and does not make any effort to filter them to suit its own circumstances. This is very common in developing countries like Nigeria that apply the wrong advice they obtain from the so-called experts from the developed countries. Indeed Todaro (1981) referred to it as the “false paradigm model. According to him:

*These “experts” offer sophisticated concepts, elegant theoretical structures, and complex economic models of development that often lead to inappropriate or simply incorrect policies. Also, leading university intellectuals, trade unionists, future high level government economists, and other civil servants all get their training in developed countries institutions where they are unwittingly served an unhealthy dose of alien concepts and models camouflaged behind a smokescreen of excessive sophistication and esoteric irrelevance. Having little or no really useful knowledge to enable them come to grips in an effective way with real development problems, they often tend to become unknowing or reluctant apologists for the existing system of elitists policies and institutional structures (Todaro, 1981: 63-64)*

Those who endeavored to remove the wool from our eyes and offered alternative route to development were ignored. We not only jettisoned them, they were labeled as unwanted “Critics” and anti-government, many were imprisoned, some narrowly escaped with their lives and others were eliminated<sup>7</sup>. What we do not know is that there are things that a country that have committed itself to mental slavery and to imperialism can never dream of or achieve either in growth, modernization and development. One such idea is David Ricardo’s Theory of Comparative Advantage in International Trade which laid the foundation for our present world of economic order.

From this theory it is argued that the less developed countries like Nigeria should specialize and export primary commodities from agriculture and mining in their raw states because that is where they have their comparative advantage. We swallow all kinds of advice from the so-called “experts” from Washington institutions because they are coated in elegant language.

**Figure 2: The Vicious Circles of Poverty**



Adapted and modified from Reinert, (2007, P.243)

*Note: It is futile to attack the system at any one point; for example, increasing investment when wages are still low and demand is absent. An instance of this is poor utilization of the vast agricultural arable land in Nigeria*

We know that agriculture is characterized by low technologically mature products and subject to diminishing returns and little productivity increases, low wages and savings and low demand resulting in low income for the producers. Consequently, government tax revenue from agriculture will be low which will affect government expenditure on education, health and socio-economic infrastructure and poverty in the land. This will result in Vicious Circles of Poverty as portrayed in Figure 2. This is why to break this Vicious Circles of Poverty, countries have always striven to mechanize their agricultural sector. Of course, this is easier for countries that have developed the capacity to produce machines and apply them in the agricultural sector. The widespread application of mechanization in the agricultural sector will boost output, increase income of the farmers, the wage income of the agricultural workers and tax revenue of the government. The application of innovations in the agricultural sector will lead to a situation where its products will no longer be exported in their primary state. As far back as 1700s, European nations had acknowledged that it was a bad trade for a country to export raw materials and import industrial goods. It was considered as asymmetrical trade which is detrimental to the raw material exporting country. This is because the value of the finished product(s) derived from the raw materials may be ten to hundred times higher. A good trade was one in which a country exported industrial goods and imported raw materials, because the values of the derivatives from the raw materials in their final state are higher. So imagine a situation where a country succeeds in transforming its agricultural sector through mechanization using its own home-made machines and also converting the agricultural raw products into

finished products, the income level of the various participants at different stages of the production process will rise and poverty will vanish. This is the only way a country can move from Vicious Circles of Poverty to Virtuous Circles of Economic Development and Prosperity. This is one of the secrets behind the development of the now DCs. It is from this that we can appreciate the importance of industrialization (manufacturing) because that is how a country translate from poor to a rich one. The importance of manufacturing multiplier for national wealth creation cannot be over emphasize. This is the basic insights found in all countries that, one after the other industrialized from the past to the present.

### **2.3 Imperialism**

The principle underlying imperialism was enunciated as late as 1643 by Englishman Sir Thomas Browne (1605-1682) who argued that “all cannot be happy at once because the glory of one state depends upon the ruins of another” (Reinert, 2007, P.72). Imperialism is the domination and control of one country or group of people by another. The aim of the imperial power is to extract resources or economic surplus from the country it has subdued in order to promote its own development. There have been three phases of Euro-American imperialism- mercantilist, classical and neo-imperialism. Mercantilism can be defined as a policy designed to maximize exports while minimizing imports so as to generate the largest possible trade surplus. It was practiced by nations particularly Britain prior to mid-nineteenth century. The mercantilist imperialism lasted between 15<sup>th</sup> and 19<sup>th</sup> century. The mercantilist theory postulated that a country’s level of development depend on the accumulation or extraction of resources at the expense of the subjugated or colonized societies. Britain benefitted most from this first mercantilist phase of imperialism which assisted a lot in its industrialization and consolidated its development.

Classical imperialism emerged in the second half of the 19<sup>th</sup> century and was characterized by several industrial countries competing for global domination. In addition to Britain, Germany, Japan, Italy, Belgium, United States etc joined in the ferocious appetite for foreign expansion and imperial domination. This second phase of imperialism was characterized by massive colonization. Colonialism was the system of political control forced by the imperial powers on the people or country it has conquered. It was a system of state administration by the colonial powers organized around the extraction of resources from extra- European territories (Peet and Hartwick, 2009). If imperialism in its first and second phases stifled the development of its host economies, in its third phase of neo-imperialism, it is most rapacious as it strived to survive the process of decolonization and outlive the age of territorial annexation. The focus now is to control spaces, resources and specified people indirectly through multinational corporations, international financial institutions and even foreign investment, policy imposition and charity (Peet and Hartwick, 2009 ). It involves controlling the way the people think, their consumption habits lifestyle patterns and all aspects of their entire life. European neocolonialism lasted to the late 1940s and 1950s, with some countries gaining their independence in the 1970s.

Colonialism is the system of political control forced by imperialism on conquered peoples. With the achievement of independence, there was a decline in Euro- American political control, but this occurred only after the economies of the Third World societies have been captured, in structure and orientation by the capitalist world market. Thus these countries are still exploited and subjected to indirect political control. Ghana's first President, Kwame Nkrumah portrayed this imperialism without colonies in his book titled "Neo-colonialism: the Last Stage of Imperialism (1965). It is precisely the control by economic rather than directly political means of the former colonies by the erstwhile imperial powers. This

new imperialism (neo-imperialism) is U.S.-led. The major aim of this imperialism is to control spaces, resources and people indirectly through the multinational corporations, international financial institutions, and other global governance mechanism, and even foreign investment, policy imposition, and charity. It also entails controlling the way people think and the way they do things including their consumption habits. Indeed, Peet and Hartwick (2009, P 165) argue that the tendency toward globalization entails the increasing homogenization of societies with the incorporation of world space into a single social, economic, and cultural system dominated by the imperial powers and under the supervision of Washington institutions like International Bank for Reconstruction and Development (IBRD) popularly called the World Bank, International Monetary Fund (IMF) the World Trade Organization (WTO) etc. These institutions advocate free trade as against protectionism which the developed countries practiced when they were incubating their industries so that they can grow. They encourage us to continue the export of raw materials because according to them, that is where our comparative advantage lies. They promise us aids and grants to assist us to handle our specific challenges. These are all attempts to prevent us from entering the parts of business that create processing, manufacturing and development. We are being subjected to a situation where instead of attacking the sources of poverty from the inside through the production system, which is what economic development is all about, the symptoms are been addressed by throwing money at us from outside. This is palliative economics that attempts at easing the pains of economic misery rather than helping to ignite development in LDCs.

### **3. The Role of the Developmental State.**

At this juncture, we take some case studies of countries that promoted their own development not through the market but by the

active involvement of the state in directing the economic affairs of the society, a syndrome that have become known as the “developmental state”. We will look at England, United States of America, Russia, Japan, Singapore (an Asian Tiger). These countries succeeded in moving from Third World to First World status. Russia, Japan and Singapore made deliberate efforts to develop their economies and succeeded in doing so.

### **England**

All countries that have achieved a developed status so far, and no exception to this including Britain, did so through the developmental state syndrome. The government or state showed very keen interest in manufacturing. To them “manufacturing” was synonymous with the ability to fabricate machines and other tools needed in the production process. This will bring about technological change which will alter and improve the production process resulting in increasing returns and under imperfect competition, produce greater benefits to the producers, the workers and the government. This has been the pattern of success starting in England under Henry VII (King of England), via the industrialization of continental Europe and the United States, to the more recent successes of Korea and Taiwan. Over last few decades, however more and more service industries operate under rapid technological change and increasing returns, and the distinction between industries and services has become blurred (Reinert, 2007, P.6). When King Henry VII of England came to Power in 1485, he realized that England was in the wrong business and decided on a policy to make England into a textile-producing nation, not an exporter of raw materials. He formulated history’s first deliberate large-scale industrial policy based on an observation of what made the rich areas of Europe rich. He came to the conclusion that technological development in one field or in one geographic area could be extended to create wealth for the entire nation. Henry VII created quite an extensive economic

policy toolbox. His first and most important tool was export duties, which ensured that foreign textile producers had to process more expensive raw materials than their English counterparts. Newly established wool manufacturers were also guaranteed tax exemption for a period, and were given monopolies in certain geographical areas for certain periods. There was also a policy to attract craftsmen and entrepreneurs from abroad, especially from Holland and Italy. As English wool-manufacturing capacity grew, so did the export duties, until England had sufficient production capacity to process all the wool they produced. Then, about a hundred years later, Elizabeth I could place an embargo on all raw wool exports from England. In the eighteenth century, Daniel Defoe and other historians saw the wisdom in this strategy, which they labeled the “Tudor Plan”, after the kings and queens from that family. Like Venice and Holland, and by the same methods, England had acquired the same triple rent situation: a strong industrial sector, a raw material monopoly (wool), and overseas trade. For several hundred years England’s economic policy was based on a simple rule: imports of raw materials and export of industrial products. To be wealthy countries like England and France emulated and copied the economic structures of developed countries like Holland. The fundamental principles of Henry VII’s economic policy tool box became mandatory ingredients in the economic policies of all countries that have worked their way up from poverty to wealth. The exception to this rule is few (Reinert, 2007, P.80-81). The industrial policy plan of the Tudors was the real foundation of England later greatness in been the first country to achieve industrial revolution in the eighteenth and early nineteenth centuries.

### **United States of America**

The first United States Secretary of Treasury, Alexander Hamilton with his 1791 REPORT ON THE MANUFACTURES OF THE UNITED STATES recreated a toolbox very similar to that of Henry

VII. Hamilton's stated goals were the same: a larger division of labour and a larger manufacturing sector. The same toolbox was employed by European countries in the nineteenth century including Norway (Reinert, 2007, P.82). The toolbox consisted of a larger division of labour and a larger manufacturing sector. He noted that wealth synergies clustered around increasing returns' activities and continuous mechanization in general. He recognized that America required a diversified manufacturing sector to increase national value added (GDP) increase employment and solve balance of payment problems. There was strong support for the agricultural sector, in spite of sector being clearly seen as incapable of independently bringing the nation out of poverty as well as providing tax breaks and cheap credit to targeted activities.

## **Japan**

In the mid nineteenth century Japan was launched into economic growth by vigorous government action. Her leaders driving motivation in emulating the West was intended to make Japan secure from Western imperial ambition. The Japanese leaders strongly felt that they could keep their country's freedom only if they adopted Western industry and technology. The Meiji government's policy of Shokusan Kogyo (more production through industrial enterprise) was initiated in 1868 and lasted until the early 1880's (the Meiji Restoration 1968). The Japanese began by taking advantage of foreign technology. A group of Japanese toured Europe and the United States for nearly two years, studying factories, communications, schools, parliamentary procedures, elections. Western experts were subsequently hired to initiate the new technologies in Japan (Higgins and Higgins, 1979, P.79). Another major remarkable feature of the Japanese development experiment was its stress on improvements of techniques in a traditional sector, making the agricultural sector the strategic leading component in the transformation of the structure of the economy. Initially, the

Japanese state established state-owned “model factories” in a number of industries-shipbuilding, mining, textile, and armaments-and after these were privatized, the state subsidized their operations. The first modern steel mill was established by the government in 1901. The state was heavily involved in infrastructure development, as with the railroad and telegraph system. Infant industries were protected by tariffs placed on imports of competing products, while raw material imports were subsidized (Peet and Hartwick, 2009, P.63).

The Japanese State has always played a special role in ensuring that Japan could compete effectively with the West. The focus of that effort in the post-World War II era has been the Ministry of International Trade and Industry (MITI). MITI and other important bureaucracies, such as the Ministry of Finance (MOF), helped provide domestic producers with the support and guidance they needed to achieve competitive advantages in global markets. This developmental State sought to create or at least to shape the incentives-market and otherwise-that directed the actions of Japanese firms. Sometimes this took the form of subsidies to young or ailing industries, which is also somewhat common in the West. More important were efforts at organizing industries to achieve lower costs, defining national priorities in technological development, and developing national plans to share the risk associated with corporate decision (Lairson and Skidmore, 1997, P.177). Indeed the role of MITI reflects a long-standing judgment in the Japanese government about the proper role of the market in directing the economy. Although respecting the power of market forces, MITI officials have rejected the view that a policy of *laissez-faire* would necessarily produce the best possible use of Japanese economic resources. Left alone to follow the signals from the market, investors could easily direct resources toward areas such as real estate that would do little for the nation’s international competitive position. Acutely conscious of Japan’s backward status

and fearful of the effects of weakness on the country's security and independence, MITI designed a strategy for making Japan an industrial power. It sought to identify specific industries in which Japan might make major gains, anticipate changes in the world economy, and organize the Japanese economy to make it competitive in areas that market forces, left alone, would likely avoid. (Lairson and Skidmore, 1997, P.178).

The United States was very supportive in reviving the Japanese economy after World War II. When it was important to build a defense line to protect Asia and Europe from communist threat, the US understood that the way to create wealth was to industrialize the nations bordering communism-from Norway and Germany to Korea and Japan- and to support this project wholeheartedly economically, politically and militarily (Reinert, 2007, P.211).

## **Russia**

The leaders of this country vigorously promoted industrial growth in response to the sharp stimulus of fear of foreign domination. The basic formula was hard work a heavy emphasis on education, large-scale investment made possible by abstinence (sacrifice of present consumption for future output) and imported technology. Conforming to Marxist theory (and also fearing invasion by the Western power), the Russian planners emphasized the role of heavy industry to increase the production of fuel and iron, developed the machine building and chemical industries, and raised the technological level of economy (Higgins and Higgins, 1979, P.74-75). By 1953, the development process had spread to a considerable extent throughout the country and industrial productivity was impressively very high. Higgins and Higgins (1979) summarized the major reasons for Russia's industrial success as follows:

1. High investment: a willingness to sacrifice present consumption for future gains.

2. Technical training and wage incentives for technical jobs. The Russians have made great strides in science and technology, the result of a very deliberate concentration of education in scientific and technological fields, and the planning of education in relation to development.
3. Technical assistance. Particularly during the Depression years, when Western technicians were more available, the Russians imported Western technology in the form of hiring people (in the early years few Western countries would sell them machinery).
4. Large-scale operations. Russia's huge internal market offers opportunities to save capital in terms of scale; large-scale standardization reduces cost, although gains in quantity are often at the expense of quality and variety for the consumer. Russia also saved capital by using capital stock very intensively as in the case of transport facilities. While these genuine economies of scale can be gained through large-scale enterprise, they are popular with Russia planners because they are also easier to administer from the center.

### **Singapore**

Singapore is another classic case where the state ignited the development of the country, and is today one of the East Asian Tigers moving from the Third World to the First World—a feat that most countries could not achieve. For Singapore, the act establishing it as a State was passed in the United Kingdom Parliament in August 1958. It achieved full internal self-government in May 1959 with Lee Kuan Yew as the first prime minister. It merged with Malaya, North Borneo and Sarawak on September 16, 1963 to form the then Malaysia. The union was rocky from the start. In August 1965, the parliament of Malaysia expelled Singapore from the Federation forcing the parliament of Singapore to pass the Republic of Singapore Independence Act establishing the island as an

independent and sovereign republic. The new nation became the Republic of Singapore, with Yusof bin Ishak as its first president and Lee Kuan Yew continued as the prime minister.

Let us now highlight some of the steps taken by the leadership of Singapore to move the country forward. First we must recognize the fact that Singapore had a strong leader, Lee Kuan Yew, who was determined to succeed in spite of all odds. The leadership took the following bold steps:

1. Formulation and implementation of national economic strategies, focusing on promoting Singapore's manufacturing sector. Industrial estates were set up and foreign investment attracted with tax incentives. It followed the export-led industrialization strategy rather than import substituting. The industrialization transformed the manufacturing sector to one that produced higher value-added goods and achieved greater revenue.
2. The service industry also grew at this time, driven by demand for service by ships calling at the port and increasing commerce. It is of course obvious that once an economy industrializes, the service sector will expand. The resultant effect of these expansions was that the unemployment crisis was alleviated. Today the unemployment rate in Singapore is about 2%.
3. Singapore also attracted big oil companies like Shell and Esso to establish oil refineries in Singapore, which by the mid-1970s became the third largest oil-refining centre in the world (Singapore-Two Decades of Independence, US LIBRARY Congress).
4. High rate of domestic savings and investment in human and physical capital
5. Rapid investment in machinery and equipment.

To ensure its development goals were not compromised, the government had to design an efficient and clean administrative

structure to carry out its strategies, shaping the administration into an effective instrument of policy. It established up to date facilities in communications and transportation adopting export-oriented free market economy which is open but controlled and regulated by state operation. With a relatively weak domestic private sector, the state and its bureaucracy became the leading sector promoting the growth of the economy, creating employment fostering industrialization, building infrastructure and providing various services. The government also established and managed different development related institutions for housing, public utilities, the banks, the ports, a holding company. At first emphasis was on labour intensive industrialization which resulted in full employment in the economy in the 60s. Later, in order to increase the value of industrial production, the government began shifting manufacturing toward high technology, capital-intensive industries, knowledge-based industries and high-value services for worldwide export (See Ohale and Onyema, 2015, and 2017).

The government of Singapore also invested heavily in an educational system that emphasized practical training to develop a competent workforce well suited for the industry. The Housing Development Board (HDB) was set up to address the proliferation of squatter settlements. Due to the success of the board, huge building projects sprang up to provide affordable public housing to resettle the squatters. Within a very short time, majority of the population had been housed in these apartments on owner-occupier basis. The Central Provident Fund (CPF) established by the government allowed residents to use their compulsory savings account to purchase HDB flats. Today over 90% of Singaporeans are sheltered in their own modern decent houses served with modern amenities. A Mass Rapid Transit (MRT) line connects most of the housing estates with the city centre. In Singapore, car ownership is highly taxed and the few that own it, use it for leisure to drive to neighboring Malaysia. Singapore consistently exceeds the United Nation's (UN)

expenditure specification for the various sectors of the economy such as agriculture, education, health, defense etc. For instance, Singapore defense spending has been approximately 5% of GDP. Today, the Singapore armed forces is among the best-equipped in Asia. Singapore has upgraded to higher-technology industries, such as wafer fabrication sector to enhance her competitive power. The port of Singapore is one of the World's busiest ports and the service and tourism industries have grown so immensely, and the country is today an important transportation hub and major tourist destination. Although many developing countries with heavy external debts (like Nigeria) were forced to adopt privatization, deregulation, trade and investment liberalization, restructuring of their state bureaucracy, in response to conditions imposed by international agencies, Singapore is virtually free from external debt and thus free from such direct external pressure to adopt these reforms. Singapore's miraculous performance is largely explained by the quality of its governance and leadership which helped to transform the country from a third world status to first. Its governance system has been consistently rated as the most politically transparent and least corrupt government in the world. (Cheg Low, 2006).

Although Singapore labeled itself a free-enterprise economy, the economic role of government is pervasive. As governing body for both the nation and city, the government is responsible for planning and budgeting for everything from international finance to trash collection. The government owned, controlled, regulated or allocated land, labour, and capital resources. It set or influenced many of the prices on which private investors base their business calculations and investment decisions. State intervention in the economy had a positive impact not only on private business profitability but also on the general welfare of the population. Beyond the jobs created in the private and public sectors, the government provided subsidized housing, education, health, recreational services as well as public transportation. The

government also managed the bulk of savings for retirement through the Central Provident Fund (CPF) and Post Office Savings Bank. It also decided annual wage increments and set minimum fringe benefits in the public and private sectors. State responsibility for worker's welfare won the support of populace for the government. For Nigeria a confused country led by confused people, a minimal role was assigned to the government despite its weak private sector. The so-called "commanding heights" of the economy which the government undertook to cater for were ruined as they became conduit pipes for siphoning public resources. Singapore remains a clear example of a nation that moved from hopelessness to an example of modernity. How did Singapore do it? According to the leader that laid the foundation for the modern Singapore, Lee Kuan Yew, the success of Singapore can be summarized as follows:

*"A united and determined group of leaders, backed by a practical and hardworking people who trusted them, made it possible. Did I expect an independent Singapore, with a GDP of US\$3b billion in 1965, to grow 15 times to US\$46 billion in 1997 according to the World Bank? I have often been asked this question. The answer is 'no'. How could I have foreseen that science and technology, especially breakthroughs in transportation, telecommunications, and production methods, would shrink the world? The story of Singapore's progress is a reflection of the advances of the industrial countries their inventions, technology, enterprise, and drive..... with each technological advance, Singapore advanced containers, air travel and air freight, satellite communications, intercontinental fiber optic cable. Information technology, computers, and communications and their manifold uses, the revolution in microbiology, gene therapy, cloning, and organ reproduction will transform people's lives. Singapore will have to be nimble in adopting and*

*adapting these new discoveries to play a role in disseminating their benefits... the future is as full of promise as it is fraught with uncertainty. The industrial society is giving way to one based on knowledge. The new divide in the world will be between those with the knowledge and those without. We must learn to be part of the knowledge-based world. That we have succeeded in the last three decades does not ensure our doing so in the future. However, we stand a better chance of not falling if we abide by the basic principles that have helped us progress: social cohesion through sharing the benefits of progress, equal opportunities for all, and meritocracy, with the best man or woman for the job, especially as leaders in government” (Lee Kuan Yew, 2000: P.689-91).*

Singapore’s spectacular ascent from third world to first world status, with no natural resources except its miniscule population size and excellent geographical location, is unprecedented. Its system has become widely known for efficiency and competence, especially in terms of its role in generating an “economic miracle”. Lee argued that government requires complete accountability and open separateness between personal assets and public funds. Corruption he said had to be eradicated.

Today, Singapore is ranked among very high human development. Its economic growth has remained consistently high above 8.0 percent and a per capita GDP of above 20,000 US dollar. It has continued to rank very high in terms of its business friendly environment. Even its mortality rate which stood above 26 per 1000 live births in 1965 dropped to 2 and 2.5 in 2005 and 2006 respectively, among the lowest in the world. Over the same period, the proportion of people living in and owning publicly provided housing units increased from 4% to 85%, the adult literacy rate improved from 73% to 95%, the labour force with secondary education went up from 14% to 50%, the labour force with tertiary

education rose from 2% to 35% and life expectancy at birth improved from 66 to 80 years (www.singstat.gov.sg). This state-led economic achievement makes Singapore a good case for study. In response to the question asked by foreign observers of the secret of Singapore’s success, Lee Kuan Yew responded “*there was no secret; we had no choice but to take a chance and sail into rough water*”.

### 3.1 Relative Performance of Nigeria, Singapore, Japan and Russia.

From Table 1 we observe that Singapore’s growth rate is 8% in 2012 while that of Nigeria is 2.82% with per capita GDP \$20,000 US while Nigeria has \$1,555,US as its per capita GDP. Life expectancy is 82 years for Singapore and 53 years for Nigeria. Singapore has poverty and unemployment rate of 26% and 2% respectively while for Nigeria poverty rate is 70% and 17.5% unemployment rate.

**Table 1: Selected Performance Indicators of Singapore and Nigeria**

Indicator	Singapore	Nigeria
Economic Growth rate	8%	2.82%
Per capita GDP	\$20,000 US	\$1,555,US
Mortality rate	2.5per thousand	72 per thousand
Life expectancy	82 years	53 years
Poverty	26%	70%
Unemployment	2%	17.5%

**Source:** World Fact Book (2012).

The Human Development Report (2016) had four major categories-very high human development, high human development, medium human development and low human development. From Table 2, of the four countries we used as case studies that made deliberate effort

to promote their development, Nigeria is the only one in low human development category and is ranked 151 out of 188 countries. The country's HDI value was 0.527 in 2015 with life expectancy of 53.1 years and expected years of schooling as 10.0 and mean years of schooling as 6.0 and GNI per capita of US \$5,443. Singapore that embarked on the development journey with Nigeria had HDI value of 0.925 in the same year and the life expectancy at birth of 83.2 years, expected years of schooling of 15.4 and mean years of schooling of 11.6 and GNI per capita of US \$78,162 and ranked 4<sup>th</sup> out of 188 countries. Singapore's performance is very spectacular exceeding that of Malaysia that expelled it from their union in August, 1965. Malaysia, in 2015 had an HDI value of 0.789 and life expectancy of 74.9 years, expected years of schooling of 13.1 and mean years of schooling of 10.1 and GNI per capita of US \$24,620 and is ranked 59<sup>th</sup> out of 188 countries. Japan took the 17<sup>th</sup> position out of 188 countries with HDI value of 0.903 and life expectancy at birth of 83.7 and expected years of schooling of 15.3, mean years of schooling of 12.5 and GNI per capita of US \$37,268. Russia's HDI value was 0.804 with life expectancy at birth of 70.3 years, expected

years of schooling of 15 and mean years of schooling of 12 per capital GNI of US \$23,286 and is ranked 48 out of 188 countries. The major reason for the differences observed between Nigeria and the three others is that, Nigeria followed the vicious circles of poverty in its development approach, while the others followed the virtuous circles of economic development-route.

**Table 2: Human Development Index and its Components**

		Human Development Index (HDI)	Life expectancy at birth	Expected years of schooling	Mean years of schooling	Gross national income (GNI) per capita	GNI per capita rank minus HDI	HDI rank
HDI rank	Country	Value	(years)	(years)	(years)	(2011PPP \$)		
		2015	2015	2015	2015	2015	2015	2015
<b>Very High Human Development</b>								
1	Singapore	0.925	83.2	15.4	11.6	78,162	-3	4
2	Japan	0.903	83.7	15.3	12.5	37,268	10	17
3	Russian Federation	0.804	70.3	15.0	12.0	23,286	1	48
<b>Low Human Development</b>								
4	Nigeria	0.527	53.1	10.0	6.0	5,443	-23	151

*Source: Human Development Report (2016)*

#### **4. Nigeria: Brief History and Resource Endowments.**

Nigeria, a former British colony won her flag independence from Britain on October 1<sup>st</sup> 1960 and proceeded to become a Republic in 1963 with three major regions-the North, East and West. The Mid-Western Region was carved out of the Western region later. Between 1967 and 1996, the country later underwent several restructuring and today, it is a federation of 36 states with a Federal Capital Territory (FCT), Abuja and 774 Local Government Areas. It runs a three-tiers system of government- Federal, State and Local governments. Nigeria's 36 states have been sub-divided into six geo-political zones-North Central zone, North-East zone, North-West zone, South-West zone, South-East zone and South-south zone. This arrangement is generally accepted and used by the political class to facilitate the balancing of the distribution of appointments and nominations within parties and governments, to reflect the Federal Character. Currently it has over 50 political parties- the highest in the world-that vie for political positions.

Nigeria is a resource-rich country. There are few countries in the Africa and indeed the world whose resource endowments can compare with that of Nigeria. There is no state including the FCT that does not contribute to the natural resource pool of the nation. Despite her rich endowments, the exploitation of these resources is hindered by lack of technological know-how. The few that are exploited depend largely on foreign technology. Table 3 shows the extent of natural resources in the various states and FCT. The exploitation of all these resources would have promoted the development of the country but for our technological handicap.

**Table 3: Nigeria's Natural Resources**

S/N	States	Natural Resources
1	Abia	Gold, Lead/Zinc, Limestone, Oil/Gas & Salt
2	Abuja	Cassiterite, Clay, Dolomite, Gold, Lead/Zinc, Marble & Tantalite
3	Adamawa	Bentonite, Gypsum, Kaolin & Magnesite
4	Akwa Ibom	Clay, Lead/Zinc, Lignite, Limestone, Oil/Gas, Salt & Uranium
5	Anambra	Clay, Glass-Sand, Gypsum, Iron-Ore, Lead/Zinc, Lignite, Limestone, Phosphate & Salt
6	Bauchi	Gold, Cassiterite (Tine Ore), Columbite, Gypsum, Wolfram, Coal, Limestone, Lignite Iron-Ore & Clay
7	Bayelsa	Glay, Gypium, Lead/Zinc, Lignite, Limestone, Maganese, Oil/Gas & Uranium
8	Benue	Barite, Clay, Coal, Gemstone, Gypsum, Irone-Ore, Lead/Zinc, Limestone, Marble & Salt
9	Borno	Bentonite, Clay, Diatomite, Gypsum, Hydro-Carbon, Kaolin & Limestone
10	Cross River	Barite, Lead/Zinc, Lignite, Limestone, Manganese, Oil/Gas, Salt & Uranium
11	Delta	Clay, Glass-Sand, Gypsum, Iron-Ore, Kaolin, Lignite, Marble & Oil/Gas
12	Ebonyi	Gold, Lead/Zinc & Salt
13	Edo	Bitumen, Clay Dolomite, Phosphate, Glass-Sand, Gold, Gypsum, Iron-Ore, Lignite, Limestone, Marble & Oil/Gas
14	Ekiti	Feldspar, Granite, Kaolin, Syenite & Tatum
15	Enugu	Coal, Lead/Zinc, & Limestone
16	Gombe	Gemstone & Gypsum
17	Imo	Gypsum, Lead/Zinc, Lignite, Limestone, Marcasite, Oil/Gas, Phosphate & Salts
18	Jigawa	Butyles
19	Kaduna	Amethyst, Aqua Mrine, Asbestos, Clay, Floser, Gemstone, Gold, Graphite, Kaolin, Hyanite, Mica, Rock Crystal, Ruby, Sapphire, Sihnite, Superntinite, Tentalime, Topaz & Tourmaline
20	Kano	Gassiterite, Copper, Gemstone, Glass-Sand, Lead/Zinc, Pyrochinre & Tantalite
21	Katsina	Kaolin, Marble & Salt
22	Kebbi	Gold

23	Kogi	Cole, Dolomite, Feldspar, Gypsum, Iron-Ore, Kaolin, Marble, Talc & Tantalite
24	Kwara	Cassiterite, Columbite, Feldspar, Gold, Iron-Ore, Marble, Mica & Tantalite
25	Lagos	Bitumen, Clay & Glass-Sand
26	Nasarawa	Amethyst (Topaz Garnet), Barytex, Barite, Cassirite, Chalcopyrite, Clay, Columbite, Coking Coal, Dolomite/Marble, Feldspar, Galena, Iron-Ore, Limestone, Mica, Salt, Sapphire, Talc, Tantalite, Tourmaline Quartz & Zircon
27	Niger	Gold, Lead/Zinc & Talc
28	Ogun	Bitumen, Clay, Feldspar, Gemstone, Kaolin, Limestone & Phosphate
29	Ondo	Bitumen, Clay, Coal, Dimension Stones, Feldspar, Gemstone, Glass-Sand, Granite, Gypsum, Kaolin, Limestone & Oil/Gas
30	Osun	Columbite, Gold, Granite, Talc, Tantalite & Tourmaline
31	Oyo	Aqua Marine, Cassiterite, Clay, Dolomite, Gemstone, Gold, Kaolin, Marble, Silimonite, Talc & Tantalite
32	Plateau	Barite, Bauxite, Betonite, Bismuth, Cassiterite, Clay, Coal, Emerald, Fluoride, Gemstone, Granite, Iron-Ore, Kaolin, Lead/Zinc, Marble, Molybdenite, Phrochlore, Salt, Tantalite/Columbite, Tin & Wolfram
33	Rivers	Clay, Glass-Sand, Lignite, Marble & Oil/Gas
34	Sokoto	Clay, Flakes, Gold, Granite, Gypsum, Kaolin, Laterite, Limestone, Phosphate, Potash, Silica Sand & Salt
35	Taraba	Lead/Zinc
36	Yobe	Soda Ash & Tintomite
37	Zamfara	Coal, Cotton & Gold

Source: Federal Republic of Nigeria. *See* [www.nigeria.gov.ng/index.php/2016...../nigeria-natural-resource](http://www.nigeria.gov.ng/index.php/2016...../nigeria-natural-resource)

Apart from been richly blessed with a very vast natural resource base including a large oil and gas reserves, estimated at 39 billion barrels and 189 billion standard cubic feet, it also has a wide expanse of fertile agricultural land and good climate, and large untapped solid

mineral deposits. There is no doubt that a more robust survey may reveal more resources.

## **5. Nigeria's Development Experiment**

Nigeria's development experiment has witnessed different paradigms, philosophies and all kinds of policies which have been implemented with a view to moving the country forward. Two major paradigms or philosophies we had experimented with are public sector-led development strategy and market or private sector-led development strategy. Nigeria's public sector-led development approach can be said to have started in 1946. During this year, the "Ten year plan of Development and Welfare" was introduced by the colonial government under the Colonial Development and Welfare Fund. The formulation and implementation of the programme was centralized in the hands of a small Central Development Board set up in 1944 assisted by Area Development Committees in each of the three groups of provinces (North, West and East) into which Nigeria was then divided for administrative purposes. The plan showed how the colonial government perceived the country's development and how to go about it. The plan was expected to last for ten years from April 1, 1946 to March 31, 1956. It had a total planned expenditure of 55 million pound sterling out of which the British government under the colonial Development and Welfare Act provided 23 million pound sterling while the Nigerian government provided the balance from current revenue and a loan of 9 million pound sterling from outside. According to the plan, "funds will be allocated to activities that will bring about improvements in the general health and mental condition of the people, and to the provision of those physical facilities which may be regarded as the minimum necessary for the general improvement of the country and its population". The plan emphasized the concentration of resources on projects that will provide social services, transport and communication. A remarkable

feature of the colonial development plan for Nigeria was the acceptance of capitalism as the path for the country's development. Nigeria's economic plans have not changed since then in many respects. First, they have been capitalist driven. Secondly, they have been dictated by imperialism. Thirdly, what they attempted to achieve has fallen far short of the country's possibilities in growth. Fourthly, they have and could not have brought about any development of the type that generally deserved writing home about. Fifthly, there was no attempt to build up the technological capability of the country-a critical factor in the development of any country. This oversight was sustained in the subsequent plans of 1955 to 1960 which was later revised in 1958 and extended to 1962 from where the first (post independence) National Development plan of 1962-1968 periods took off. Other plans were Second National Development plan, 1970-1974. Third National Development plan, 1975-1980 and the Fourth National Development plan, 1981-1985. Mr. Vice Chancellor sir, it was only in the Fourth National Development plan that a causal attention was given to technology. It was more or less an after thought. Let us look at the specific objectives set out in the Fourth plan.

- i. Increase in the real income of the average citizen;
- ii. More even distribution of income among individuals and socio-economic groups;
- iii. Reduction in the level of unemployment and underemployment;
- iv. Increase in the supply of skilled manpower;
- v. Reduction of the dependence of the economy on a narrow range of activities;
- vi. Balanced development- that is the improvement of the different sectors of the economy and the various geographical areas of the country;
- vii. Increased participation by citizens in the ownership and management of productive enterprises;

- viii. Greater self-reliance-that is, increased dependence on local resources in seeking to achieve the various objectives of society. This also implies greater efforts to achieve optimum utilization of Nigeria's human and material resources;
- ix. Development of technology;
- x. Increased productivity; and
- xi. The promotion of a new national orientation conducive to greater discipline, better attitude to work and cleaner environment. (See Ohale 2004, Ohale and Agbarakwe (2009) Okowa (1991), Ayo (1988), Olatunbosun (1975), and Awoseyila (1996).

There are important policy regimes that deserve our attention in this lecture. These are the agricultural diversification policy, the Import Substitution Industrialization (ISI) policy, the technological development policy, the indigenization policy, the Structural Adjustment Programme (SAP) and the Nigeria Vision 20:2020 (NV 20:2020). If these policies and programmes have been successful, Nigeria's development would have gathered sufficient momentum for the country to have achieved self –sustained development from within (autocentric development). The agricultural diversification policy was initiated by the colonial powers and actually in line with the spirit of making the colonies sources of supply of industrial raw materials and market for the finished products of British industries. This era witnessed the groundnut pyramids in the North, palm oil and palm kernel extensively produced in East and cocoa in the West. Agricultural products dominated Nigeria's exports and gross domestic product (GDP). The earnings were used to sustain the importation of British goods. Our taste for foreign goods heightened and most of our locally produced goods became illicit (eg illicit gin). This was the beginning of our love for foreign goods and dislike for home made goods and which has remained with us till today. If we had developed the ability to produce machines that can help us

process these agricultural products into semi-finished or finished products, before exporting them our foreign exchange earnings would have been very high and our world would have been different.

When the merchandise terms of trade turned against raw material exporting countries from 1955, the imperialist started conceding that some industrialization is necessary. They reasoned that it is cost- saving to process these raw materials in their home countries. Consumer goods with substantial market in the country were given preference. This is what is called “import” substitution industrialization. There are many strategies of industrialization such as export led, import substitution, local resource based, small- scale or large-scale industrialization approaches. A country that is self-directed can choose any approach based on its existential conditions. In other words, the road which a country may choose to industrialize depends on whether the decision is coming from within or from without. When the choice is made from without, it must have been made to suit the interest of the outsider rather than the local economy. This was certainly what happened in the Nigerian case. Industrialization marks a turning point in a country’s development when it is got right from the beginning. Industrialization is not just the setting up of any hotchpotch of industries. Deliberate industrialization was done by United States (US), Germany, Japan, Soviet Union and recently the Asian Tigers. Britain can be said to be the first industrialized country in the world. When Britain industrialized, it was a major breakthrough and hence it was acclaimed as an “Industrial Revolution”. This made Britain, for a long time the “Workshop of the World”. It was the wonderful transformation of the British economy which industrialization brought about that made Britain to be envied by other countries of the world, and which made Britain to feel that it was a country “where the sun never set”. It was to break the monopoly of Britain over industrial products and the fear of imperialism that motivated other countries to follow suit. Whatever plants a country sets up,

unless it can manufacture machines to make machines and until it uses its own home-made machines it has not definitely or definitively industrialized. This is why countries like Nigeria are just floating when it comes to industrial matters because of this lack of basic knowledge of what industrialization involves.

The Longman Dictionary of contemporary English defines industrialization as the system by which a society gains wealth especially through industries and machinery. For Todaro (1992) industrialization is the process of building up a country's capacity to process raw materials and to manufacture goods for consumption or further production. According to him, industrialization is associated with high productivity and incomes and has been a hallmark of modernization and national economic power (Todaro and Smith, 2011 P.66). It was for this reason that countries that industrialized after British industrial revolution made industrialization a high national priority, with a number of prominent successes stories in Soviet Union, Japan, the Asian Tigers etc. Their success stories have been explored and exposed in section 3 of this lecture.

Economists have outlined what is required for a country to be regarded as industrialized. These include:

- (i) That at least 25 percent of its gross domestic product (GDP) must come from the industrial sector- manufacturing, construction, mining and quarrying, energy and gas etc;
- (i) That at least 60 percent of the industrial output must come from manufacturing; and
- (ii) That at least 10 percent of the labour force must be employed in the industries.

Industrialization proved very attractive to all countries of the world including those nations that came after Britain such as United States of America (USA), Japan, Germany and Soviet Union. For the less developed countries (LDCs), the appeal of industrialization was even more because of its potential benefits. These include among others the potential for technological progress through the introduction of

new and modern skills. Technological progress becomes the critical driver of the entire industrialization because it is the only way to revolutionize the entire production process of an economy. It alters the economy's production structure, the level of production soars, and growth occurs. The tools and equipments used in all the sectors and subsectors of the economy changes as the industrial sector supplies these needed inputs. Productivity increases across the entire economy. With increase in production, so are jobs and income created. Above all, the ability of the economy to harness its endowments increases. Consequently, the revolution in the industrial sector ramifies to other sectors such as agriculture, mining and quarrying, transport and communication etc. This is why it is said that industrialization has the potential for employment generation, potential to earn and save foreign exchange, potential to reduce poverty and reduction in external dependence.

It was these benefits of industrialization that make countries to go all out for industrialization. They see this as the only way they can save their economies from been conquered and dominated by others who are able to do so. Resistance to imperialism became a motivating factor in their industrialization drive. This is why industrialization became a development strategy. We need to dwell more on what makes industrialization very attractive. It makes it possible for the entire production process to be mechanized which results in mass production. When goods and services are produced in large quantities, the unit cost falls, resulting in lower prices and increased demand for them. This boosts the producer's revenue and subsequently raises the wage income of the workers and the tax revenue of the government. Industrialization is associated with increasing returns to scale and with its associated benefits as enumerated. This is what made the rich countries to get rich because for decades, often centuries, their states and ruling elites set up, subsidized and protected dynamic industries and services. They all emulated the most prosperous countries at the time, bringing their

productive structures into those areas where technological change was being focused. In this way, they created rents (a return above normal income) that spread to investors in the form of higher profits, to labour in the form of higher wages and to governments in the form of higher taxes (See Reinert, 2007). In the DCs, industrialization transformed their agricultural sector by mechanizing it. It changed it from being a sector that is characterized by diminishing returns to one of increasing returns with its attendant benefits. Consequently, there was an increase in the income of the farmers, higher wages for workers in the agricultural sector and higher tax revenues to the governments. It was for these reasons that the countries that promoted their development later saw industrialization as the only way to checkmate imperial expansion. Thus resistance to imperialism or neoimperialism became the motivation and the push factor in their determination to achieve industrialization. Another benefit of industrialization is that it helped countries to overcome the Malthusian scare and ignore the Ricardo's theory of comparative advantage. Ever since Ricardo's writings from the pinnacle of an industrialized England in 1817, the pattern is the same: wealthy nations keep poor countries poor based on theories postulating the non-existence of the factor that created their own wealth. As we shall see, countries that have got rich after 1485 have all done so in defiance of Ricardo's economic theories (Reinert, 2007, P 79).

United States, Germany, Japan and others defeated British hegemonic control of the world economy through industrialization. It is for this reason that the newly independent countries in Africa, Asia, and Latin America, came to see industrialization as the only way to liberate their economies from the hand of the former imperial powers. It was seen as the only way to checkmate imperial expansion. Thus, resistance to imperialism or neo-imperialism became the motivation and the push factor in their determination to achieve industrialization. They adopted different strategies. The different strategies they adopted include Import Substitution

Industrialization (ISI) and Export-led industrialization (ELI), small and large-scale industrialization etc. For instance the Latin Americans countries like Brazil, Argentina etc adopted ISI while the Asians countries like Malaysia, Republic of South Korea, Singapore, Taiwan etc followed ELI approach. All of them achieved different levels of success with the Asian Tigers being more successful. Any industrialization programme can be practiced on a small or large scale depending on the size of the market and whether the target is for domestic consumption or for export. It is however very important that the industrialization programmes must target to exploit local resources. This is why some economists like Anyanwu et al (1997) identified local-resource based industrialization as another industrialization strategy. This has more potency to create more income and jobs and therefore enhance poverty alleviation. But a country can only adopt this approach if it has developed its technological capacity.

### **5.1 Nigeria's Industrialization Effort**

Nigeria opted for ISI and much later export-led industrialization. Import substitution industrialization or simply import substitution is the production at home the goods and services that were hitherto imported from other countries. In this way, previously imported goods are replaced by those produced by the local economy thereby making it unnecessary to import these goods again. It is sometimes referred to as import reproduction industrialization (IRI) and it was seen as a way to make the country less dependent on foreign manufactures. Nigeria adopted this strategy around 1958 when such commodities as beer, soap, butter which were formerly imported began to be produced in the country. In implementing ISI, Nigeria had to provide favourable conditions to foreign firms that were previously importing these goods so that they can start local production. First, the importation of these goods were prohibited as high tariff walls were erected. Secondly, there were a lot of

inducements in the form of incentive packages given to foreign firms and indigenous producers. Such packages of incentives include tax holidays, tariff protection, accelerated depreciation allowance (amortization), import duty relief for imported inputs, provision of industrial estates and provision of equity capital and debentures and approved users' scheme etc. Thirdly, government directly participated through the establishment of state owned or partly owned enterprises.

In assessing the performance of ISI in Nigeria one will say that it is a complete failure. The failure is not the fault of the strategy itself but it was ill conceived and poorly implemented. Since government merely provided incentives that would attract private investors whose aim was profit maximization, they simply adopted the techniques they used in their home country and therefore depended mostly on foreign inputs. No attempts were made to exploit the abundant resources in their host country. Most importantly, it failed to develop the technological capability of the people as the process usually begins with the final stages of production, e.g. assembling factories which depended on outside world for parts. The industrial sector that emerged was and is still dominated by consumer goods industries to the neglect of intermediate and capital goods industries. The inability of the industries to produce machines constrained our agricultural sector as the sector continued to be dominated by the peasantry with low productivity and income. A country's industrialization begins and ends with the setting up of basic industries. Whatever plant a country set up, unless it can manufacture machines to make machines and until it uses its own home-made machines we cannot claim that such an economy is industrialized. It is because of this failure that the Nigerian economy has continued to be heavily dependent on the industrialized countries for machines and equipment to execute projects in all sectors of the economy with a heavy toll on the foreign exchange earned largely from crude oil export.

Our inability to diversify the economy is also connected to the failure of ISI. A successful industrialization strategy will build and expand the technological capacity of the economy. Once a country acquires technological capacity in one area, it can be extended and applied to other areas. It increases the ability of the economy to harness its resources without recourse to external assistance. As productivity level expands in various sectors, the economy will grow, employment will increase, and people's real incomes will increase and poverty will be reduced to the barest minimum. Above all, the country export basket will be diversified making it possible for the economy to be resilient to external shocks such as a fall in exports prices and a decline in a foreign exchange earnings. Imagine a situation were Nigeria had succeeded in mechanizing the agricultural sector, given its vast arable land, the agricultural output will soar, the sector will overcome the problem of diminishing returns, experience increasing returns to scale with resultant higher profit for the famers, higher real wage incomes to agricultural workers and higher tax revenue to the government. Given such a scenario, it will be difficult for poverty to rear its ugly head. With both the industrial and the agricultural sector growing in *pari passu*, there will be equalization of real wages across the whole economy. As government revenue increases, urban and rural areas infrastructural investment will increase, and the dichotomy between urban and rural areas will diminish. Rural -urban migration will become a thing of the past. Our inability to transform the agricultural sector and to make it attractive to investors have made the sector to remain largely peasantry and underdeveloped. One major benefit of industrial and agricultural development is that they encourage the emergence and growth of the tertiary sector to provide support services that will enhance the growth of both sectors. This will result in diverse economic activities creating multiple sources of livelihood for the people. There will be diversity in economic activities and all of them are equal carriers of economic growth and welfare. We have

seen the failure of industrialization (manufacturing) in the Nigerian economy with its disastrous consequences.

Rather than seek for ways to strengthen the industrial sector, the Nigerian government under General Yakubu Gowon enacted the nativist policy called Indigenization Decree in 1972 which was reviewed in 1977. The indigenization policy was implemented under the pretext of increasing local retention of profit. The policy involved the take-over of foreign businesses by Nigerians even with little knowledge of industrial matters. Precisely the objectives of the indigenization policy included:

- To create more employment for Nigerians.
- To enable Nigerians have greater control of their economy.
- To avoid foreign domination in order to prevent possible economic sabotage
- To create great opportunities for training indigenous personnel in the art of management.
- To maximize local retention of profits.

The injury this policy inflicted on the Nigerian economy cannot be over emphasized. It is a faulty and retrogressive policy that rewards people for doing no work and adding no value to the economy. It scared away potential foreign investors and reduced the inflow of foreign direct investment (FDI) into the country. Recent experience has proved that foreign investment can stimulate growth, create jobs as well as scale up the competitiveness of local companies in a business-friendly economy as we are witnessing today in China and India. China encouraged American businesses to operate in their country which have driven so many Chinese businesses to improve their operations. The recent decision of Nigerian government to allow foreign capital access to all sectors of the economy including retail businesses exposes the folly of the indigenization policy. The next in the chain of policy failures is the Structural Adjustment

Programme (SAP) which was imposed on the country by the Bretton Woods institutions particularly the International Monetary Fund (IMF) with the backing of western governments during the regime of General Ibrahim Babangida in 1986. The major plank of this programme was the floating of the naira in the foreign exchange market. The naira lost its value and has not recovered till date, but rather it deepened the level of poverty and misery in the country. Next General Sani Abacha Vision 2010 has been transformed to Nigeria Vision 20:2020 (NV 20:2020) now extended to 2030. The vision is that between 2009 and 2020 or 2030, Nigeria will have a large, strong, diversified, sustainable and competitive economy that is one of the top 20 economies in the world, with an overarching target of at least \$900 billion in GDP and per capita income of at least \$4,000 per annum. How this can be achieved in a generator-driven economy and with no machine building capacity is surely a mirage.

## **5.2 Nigeria's Technological Development Effort**

Let us look at our attempts to develop technological power to enable us become a great economic power and one of the top 20 economies in the world by the year 2020 or 2030 (the so called Nigeria Vision 20:2020).

Recall that it was only in the Fourth National Development Plan (1981-1985) that technological development entered Nigeria's development lexicon, that is after about 21 years that Nigerians had been at the saddle of power. This implies that, the importance of technology in the development process never dawned on the country until this period. But even at that the way the country conceived to develop technologically was through the acquisition of foreign technology. The National Office for Technology Acquisition and Promotion was established in 1992 under the National Office Act No 82. The office was established with the following aims;

1. To ensure the transfer of technology, skills and administrative capacities accruing from investment in the country.
2. The provision of a more efficient process for the adaptation of imported/foreign technology.
3. To encourage a more efficient process for the identification and selection of foreign technology arising from investments in the country.
4. To help in the development of Nigerians negotiating skills with a view to ensuring the acquisition of best contractual terms and conditions by parties entering into contract or agreement for foreign technology transfer.
5. The registration of all contracts or agreements involving the use of trademarks, patent right, provision of operating or managerial assistance, training of personnel and supply of machinery.

Looking at these objectives we are not far to conclude that Nigeria's understanding of what technology means is very naive and its attempt to acquire it very shabby. Countries have been known to develop technological capability through emulation, that is copying from other countries and through research and development (R&D). Given the importance of technology in transforming the economy, the various countries that are technologically developed went out of their way to do everything to get it under government support and sponsorship.

#### **6. Nigeria's Development Outcomes**

There are many indices used to assess a country development performance or outcomes. These include the number of kilometer of tarred roads, the number of physicians per thousand of the population, per capita energy consumption, economic performance index, discomfort index, misery index, social progress index, human development index, inflation, unemployment, exchange rate, growth

rate, inequality, etc. In this work we focus on Economic Performance Index (EPI), Misery Index (MI) Discomfort Index (DI) and Human Development Index (HDI)<sup>8</sup>. EPI is calculated as 100% minus the absolute value of the inflation rate minus the unemployment rate minus the budget deficit as ratio of GDP plus the percentage change in real Gross Domestic Product, all as deviations from their desired values. The desired inflation rate is 0.0%. The desired unemployment rate is 4.75%. The desired values of government deficits as a share of GDP (Det/GDP) is 0.0% consistent with a long term balanced budget; and the desired change in GDP is a healthy real growth rate of 4.75%. Calculating the Raw EPI 100%- Inflation Rate- Unemployment Rate-Budget Deficit GDP + change in Real GDP or as a formula,

$$\text{EPI} = 100\% - \text{inf} (\%) - \text{Unem} (\%) - \text{Deficit GDP} (\%) + |\Delta \text{GDP} (\%)|$$

(See Khramov and Shee, 2012)

EPI ranking is as follows:

95-100	Excellent
90-95	Good
80-90	Fair
60-80	Poor
Below 60	Fail

Misery Index is an economic indicator created by Economist Arthur Okun, found by adding the unemployment rate to the inflation rate. It is assumed that both a higher rate of unemployment and a worsening rate of inflation create economic and social costs for a country. In 1999 Barrow Robert, in what he called Barro Misery Index, takes the sum of the inflation and unemployment rates and adds to it-the interest rate, plus/minus the shortfall/surplus between the actual and trend rate of GDP growth. In the late 2000s, Steve Hanke built upon Barrow's Misery Index and began applying it to countries beyond the United States. His modified misery index is the

sum of the interest rate, inflation and unemployment rates minus the year-over-year percent change in per-capita GDP growth. The Misery index ranges from 1-100. The lower the misery index the better for the country and vice versa. Misery index is also referred to as Discomfort Index as originally espoused by Okun. It is the sum of national unemployment and inflation rates, used to assess a nation's economic health.

A high Discomfort Index is indicative of a country's poor performance and vice versa. From Table 4, it can be seen that Nigeria's EPI ranges from 78.1 in 2004 to 60.5 in 2012. By EPI ranking, Nigeria's performance is poor. The misery and discomfort indices have been increasing over time confirming that growth has had minimal impact on the wellbeing of the people. To surmise, Nigeria's economic performance has been poor and disappointing.

**Table 4: Nigeria's Performance Indices**

Year	Real GDP growth rate	Growth of real per capita GDP	Rate of inflation	Rate of unemployment	Budget GDP deficit	Interest* rate	EPI*	Misery Index*	Discomfort Index*
2004	7.0	4.2	10.4	13.4	1.5	5.48	78.1	25.8	23.8
2005	5.4	2.6	11.6	11.9	1.1	7.42	73	28.32	23.5
2006	6.2	3.4	8.5	12.3	3.3	7.16	76.7	24.56	20.8
2007	7.0	4.1	6.6	12.7	0.4	6.65	81.1	21.85	19.3
2008	6.0	3.1	15.1	14.9	4.6	3.51	64.4	30.41	30.0
2009	7.0	4.1	13.9	19.7	6.6	5.07	60.8	34.57	33.6
2010	8.0	5.1	11.7	21.1	5.7	11.06	62.5	38.7	32.8
2011	7.4	4.5	10.3	23.9	3.0	10.32	62.2	40.02	36.3
2012	6.6	3.7	12.0	24.3	2.4	8.39	60.5	40.99	36.4
2013	6.3	3.4	7.9	28.5	1.1	8.78	62.2	41.78	
2014	6.0	3.2	8.4	30.0	2.4	9.2	62.0	42.5	36.8

\*Authors' computation

Sources: (1) Government Budget office (2015)

(2) Ekpo, A.H. (2015)

(3) International Monetary Fund (IMF) International Statistics and Data Files (2015).

To further expose the poor economic performance of Nigeria, we look at how the country fared in terms of Human Development Index (HDI) from 1990 to 2015 as shown in Table 5.

**Table 5: Nigeria’s Human Development Index (HDI) Trends Based on Consistent Time Series Data 1990-2015**

Year	Life expectancy at birth	Infant Mortality Rate (per 1000)	Expected years of schooling	Mean years of schooling	Real GDP Growth Rate (%)	GNI per capita (2011 PPP\$)	HDI value
1990	46.1		6.7			2,743	
1995	46.1		7.2			2,529	
2000	46.6	74.18	8.0		3.5	2,378	
2005	48.7	98.80	9.0	5.2	6.9	3,606	0.466
2010	51.3	92.99	9.6	5.2	8.4	4,834	0.500
2011	51.7	91.54	9.7	5.5	7.2	4,940	0.507
2012	52.1	74.36	9.8	5.7	6.3	5,035	0.514
2013	52.4	72.97	10.0	5.9	6.2	5,173	0.521
2014	52.8	74.09	10.0	5.9	6.3	5,443	0.525
2015	53.1	71.50	10.0	6.0	2.7	5,443	0.527

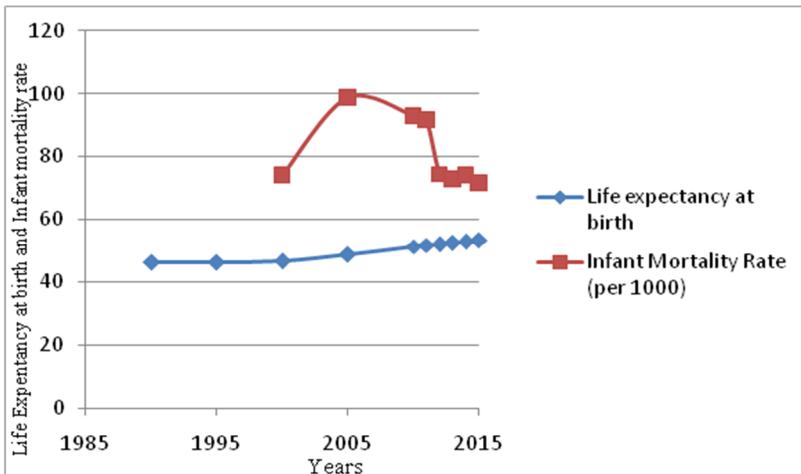
*Source: <http://hdr.undp.org/en/data> Human Development Report 2016, <http://knoema.com>.*

Table 5 shows that life expectancy has been so low over the period 1990-2015. In 1990, it was 46.1 years at birth and slightly increased to 48.7 years at birth in 2005 and by 2015, it increased to 53. 1 years at birth. The GNI per capita was US \$2,743 in 1990, and declined in 1995 and 2000 to US \$2,529 and US \$2,378

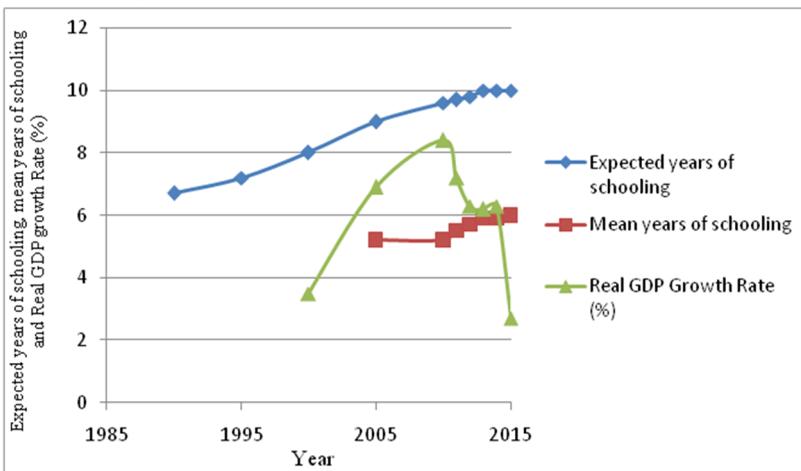
respectively. Thereafter it rose to US \$4,834 in 2010 US \$4,834 and in 2015 it stood at US \$5,443, placing Nigeria, 151 among 188 countries. Today, Nigeria is regarded as the 7<sup>th</sup> poorest nation in the world. Infant mortality has been consistently high. It was 74.18 deaths per 1000 life births in 2000 rose to 98.80 in 2005 and has been declining thereafter to 71.50 in 2015 which is still far above the national target of 30.3. The Human Development Index (HDI) score of Nigeria was 0.391 in 1998 ranking the country as 142<sup>nd</sup> position among 174 countries (UNDP, 2000). In 2005, the HDI score for Nigeria was 0.466 which ranked Nigeria 151<sup>st</sup> among 177 countries. By 2015, it stood at 0.527. Also, the report shows that Nigeria's Human Poverty Index (HPI) for 2009 was only 36.2%, placing Nigeria at 114<sup>th</sup> position and among the 7<sup>th</sup> poorest nations in the world (UNDP, 2010). This indeed is a paradox. Despite the growth rate recorded over the period, many Nigerians are still wallowing in abject poverty, thus portraying the country as a nation where there is poverty in the midst of growth and in the midst of abundant resources. Figure 3 exposes the trends in real GDP growth rates infant mortality and life expectancy. It shows that the growth rate of GDP has had little impact on HDI in Nigeria. This is further buttressed by Table 6 which shows relative poverty headcount from 1980 to 2010. In 1980 Nigeria's estimated population was 65 million people out of which 17.1 million was poverty stricken making the poverty incidence to be 27.2%. The poverty incidence skyrocketed to 65.6% in 1996 with the population of 102.3 million as the population in poverty rose to 67.1 million. In 2010 with estimated population of 163 million the population in poverty was 112.47 million and the incidence of poverty 69%.

**Figure 3: Trends in Nigeria's HDI Components 2005 - 2015**

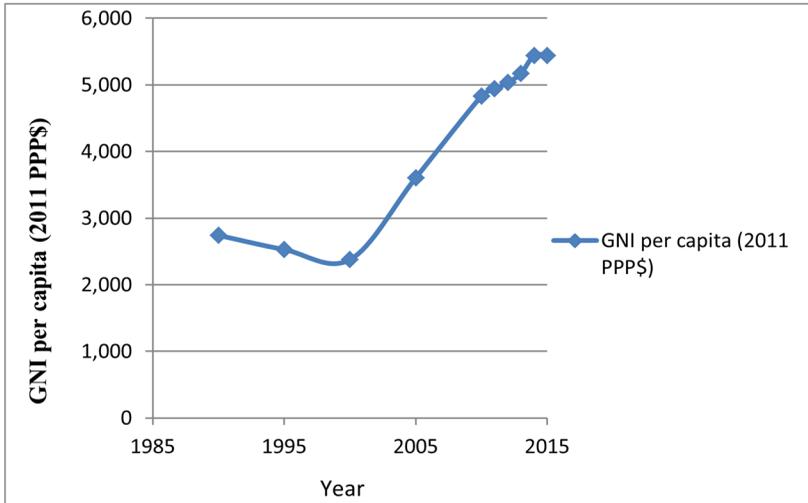
**Figure 3a: Trends in Life Expectancy and Infant Mortality**



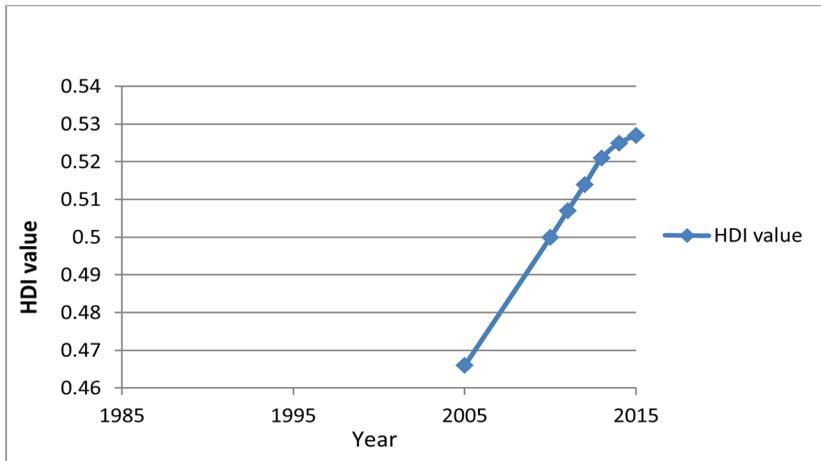
**Figure 3b: Trends in Expected Years of Schooling, Mean Years of Schooling and Real GDP Growth Rate**



**Figure 3c: Trends in : GNI per capita**



**Figure 3d: Trends in Nigeria's HDI Value**

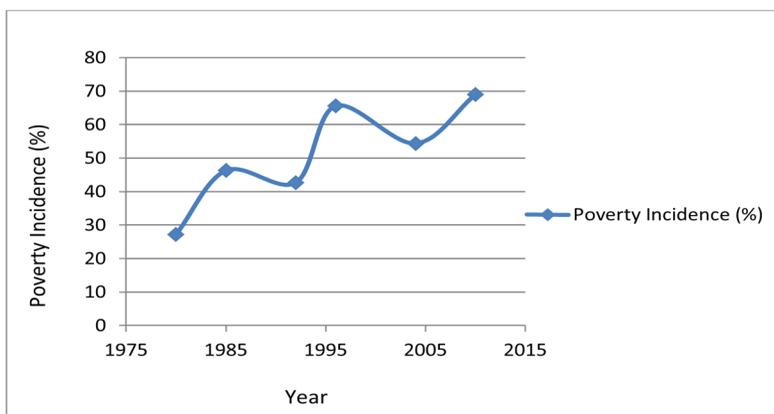


**Table 6: Relative Poverty Headcount from 1980-2010**

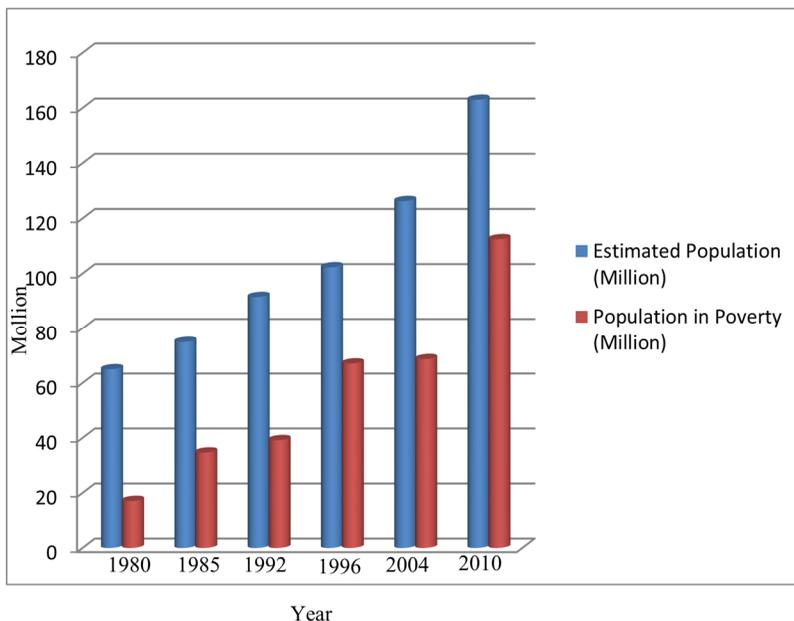
Year	Poverty Incidence (%)	Estimate Population (Million)	Population in Poverty (Million)
1980	27.2	65	17.1
1985	46.3	75	34.7
1992	42.7	91.5	39.2
1996	65.6	102.3	67.1
2004	54.4	126.3	68.7
2010	69.0	163	112.47

**Source: National Bureau of Statistics. HNLSS 2010**

**Figure 4: Trend in Poverty Incidence (%)**



**Figure 5: Poverty from 1980-2010 by Population Numbers**



Another fact about the country's so-called economic progress is that as Nigeria's economy grows, more and more people are driven into poverty. This is very paradoxical given the fact that growth is expected to liberate people from poverty. This can be deciphered from Table 7. The Nigeria's population is distributed into three categories-non-poor, moderately poor and extremely poor. The proportion of the non-poor, moderately poor and extremely poor stood at 72.8%, 21% and 6.2% in 1980 respectively. In 1996, the figure for non-poor dropped drastically to 34.4% while that of moderately poor and extremely poor rose to 36.3% and 29.3% respectively. By 2010, the population that is extremely poor has risen to 38.7 % while the non-poor has dropped to 31% and moderately poor was 30.3%. This means that as the years go by more and more people are dropping out of the non-poor category and entering into the moderately poor or becoming extremely poor. If

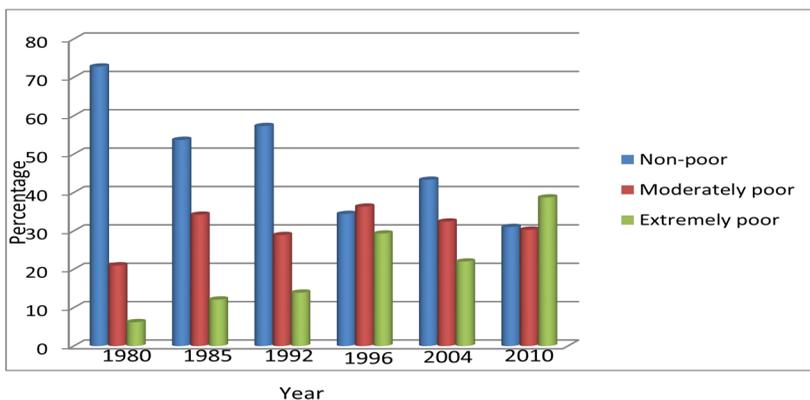
this trend continues there will be only few rich Nigerians and the rest of us will be extremely poor. Perhaps, that will be the time we will come to the realization that we have been operating a faulty system.

**Table 7: Relative Poverty: Non-poor, Moderate poor and the Extremely poor, 1980-2010 (in percentage)**

Year	Non-poor	Moderately poor	Extremely poor
1980	72.8	21.0	6.2
1985	53.7	34.2	12.1
1992	57.3	28.9	13.9
1996	34.4	36.3	29.3
2004	43.3	32.4	22.0
2010	31.0	30.3	38.7

**Source: NBS, Harmonized Nigeria Living Standard Survey, 2010**

**Figure 6: Relative Poverty: Non-poor, Moderate poor and Extremely poor, 2010**



Poverty level also varies between the urban and rural population. It is a well known fact that poverty is higher in rural areas than urban areas and also varies among Nigeria’s geo-political zones as can be deciphered from Tables 8 and 9.

**Table 8: National Poverty trends**

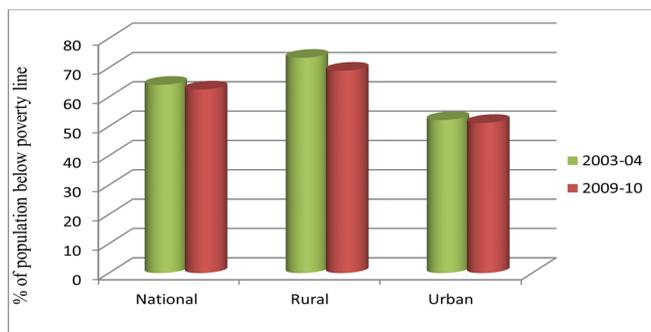
(% of population below poverty line)

	2003-04	2009-10
National	64.2	62.6
Rural	73.4	69.0
Urban	52.2	51.2

**Source: National Bureau of Statistics, Harmonized Nigeria Living Standard, 2010**

Table 8 shows that in 2003-04 the population below the poverty line was estimated at 64.2%. There was improvement in overall poverty incidence in 2009-10 when it declined to 62.6%. Furthermore, rural poverty incidence was 73.4% in 2003-04 and 69.0% in 2009-10 while the urban poverty incidence was 52.2% and 51.2% for 2003-04 and 2009-10 respectively. Conclusively, both rural and urban experienced a marginal decline in the population below poverty line. Rural poverty declined faster than urban although still higher. This is also captured by figure 7.

**Figure 7: National Poverty trends** (% of population below poverty line)



**Table 9: Poverty in Nigeria by Geo-Political Zones**

S/N	GEO-POLITICAL ZONE	PERCENTAGE
1	North-West	77.7%
2	North-East	76.3%
3	North-Central	67.5%
4	South-East	67%
5	South-South	63.8%
6	South-West	59.1%

**Source: Awoyemi, 2012**

Table 9 shows that poverty is lowest in South-West geo-political zone where 59.1% of its population is poor followed by the South-South (63.8%) South-East (67%), North-Central (67.5%), North-East (76.3%) and North-West (77.7%). These figures actually buttress the fact that over 67% of Nigerians' are living in poverty.

The embarrassing level of poverty in Nigeria has attracted the attention of successive Nigerian governments resulting in motley of poverty alleviation measures/ programmes. According to NBS (2005) and Ogwumike (2001), these measures/programmes can be categorized into three main areas which include; the Pre-Structural

Adjustment Programme era, the Structural Adjustment era and the democratic era.

### **Pre-Structural Adjustment Programme Era**

The measures and programmes adopted during this era were geared toward the provision of basic amenities such as social and economic infrastructure to generate employment, enhance income earnings, increase productivity, equitable distribution of income and most importantly to improve the living standards of the poor. Other measures/programmes include; the Operation Feed the Nation, the River Basin Development Authorities, the Agricultural Development Programmes, the Agricultural Credit Guarantee Scheme, the Rural Electrification Scheme and the Green Revolution.

### **Structural Adjustment Era**

The measures/programmes implemented during this era stressed on greater provision of safety nets for the poor with a view to improving income equality, enhance access to food, shelter, education, health and other necessities of life. Some of the programmes implemented were on Agricultural Sector; Health Sector; Nutrition-related; Educational Sector; Transport Sector; Housing Sector; Financial Sector; Manufacturing Sector. In this era, we had the Directorate for Food, Roads and Rural Infrastructures (DIFRRI), the National Directorate of Employment (NDE), the Better Life Programme, the Peoples' Bank, the Community Banks, the Family Support Programme and the Family Economic Advancement Programme (FEAP).

### **Democratic Era**

Consequent upon the failure of the past programmes, the democratic government initiated a number of programmes and policies to correct the deficiencies of the past efforts at alleviating poverty. Some of the programmes are; Poverty Alleviation Programme (PAP)

which was designed to provide direct jobs for 200,000 unemployed persons and hence stimulate production within a period of one year. By 2001 PAP metamorphosed into the National Poverty Eradication Programme (NAPEP) because of the need to improve participatory approach for sustainability, for effective coordination at all levels of government and proper focusing of the programme. The NAPEP was centred on Youth Employment Scheme; Social Welfare Services Scheme; Rural Infrastructure Development Scheme and Natural Resource Development and Conservation Scheme. To build on the gains from PAP and PEP, the National Economic Empowerment and Development Strategy (NEEDS) was initiated in 2004. As medium term strategy (2003-2007), NEEDS focuses on poverty reduction, wealth creation, employment generation and value re-orientation. The equivalent of NEEDS at State and Local Government levels are State Economic Empowerment and Development Strategy (SEEDS) and Local Government Economic Empowerment and Development Strategy (LEEDS). The main strategies of NEEDS are anchored on a tripod: Empowering People (Social Charter or Human Development Agenda); Promoting Private Enterprise and Changing the Way the Government Does Its Work (Reform Government and Institutions). By 2009 a long term plan, Nigeria Vision 20:2020 (NV20:2020) was launched with the aim of stimulating Nigeria's economic growth which it is hoped will translate into tangible improvements in the wellbeing of the majority of Nigerians. NV20:2020 encapsulates the key principles and thrusts of NEEDS and are expected to be implemented using a series of medium term development plans. As the 2020 draws closer and with little on the ground to show that the vision will be realized, the goal post has been extended to 2030 to still give hope to Nigerians.

In spite of these numerous programmes which were aimed at eradicating poverty, it continues to persist and in fact keeps on rising virtually on a daily basis because we are generally addressing the symptoms and not its root. Poverty can only be minimized to a

tolerable level (because there is no country where the poor does not exist) only through production. Increase in production at both the industrial and agricultural levels will suppress poverty, and this can only be achieved by changing the instruments of labour through machine building. The questions that arise in the Nigerian case are: why is there such high level of poverty as we have portrayed in this lecture inspite of our enormous resources and despite all the efforts we have made to become a developed country? Why do we have poverty in the midst of plenty? This is the focus of section 7.

## **7. Factors Responsible For The Existence of Poverty in The Midst of Plenty in Nigeria.**

Many factors account for the existence of poverty in the midst of plenty in Nigeria depending on the angle from which the individual looks at it, because of the multifaceted nature of the problem. Everyone is right and it shows how we are all worried about this matter. For me I will surmise the critical factors to include:

- Misconception about what constitute development
- Lack of appropriate policy direction and vision
- Poor quality leadership
- Abdulistic nature of Nigeria's capitalist economy
- Corruption; and
- Ethical gap and wrong reward system<sup>9</sup>.

### **a. Misconception about what Constitute Development**

A critical examination of what we have done in the name of promoting development clearly shows that we have vague idea of what constitute development. The question to ask first is, what is development, development of what and for whom? We tend to be confused about the very idea of development. We pursue development in several ways and our conception of development as they emerge concretely in terms of the things we do can be

interpreted in several ways. Sometimes it is economic growth (or simply the generation of wealth). Sometimes it is vague inclination to modernization and technical progress. All kinds of things are associated with development such as a new road, a new airport and evidence of some new technology. The fact however is that behind all these seeming sanity, there is confusion. We have not asked very rigorously, development of what and for whom? It is an obvious fact that if we try to look at this more carefully, we will accept the fact that development must be associated with the total man and the total society, that is both the material and spiritual aspect of man and the society in which he lives. Economic development essentially means radically changing the productive structures of the economy in such a way that it is able to exploit all its available resources and in this way it grows and create wealth for the country and it citizens thereby making a better life for everyone. They will now be able to meet all there basic needs, viz, good food, to maintain good health, a healthy and safe place to live, and having easy access to all the services they need for comfortable living. Development therefore must be of the people and society, by the people and for the people. But what we infact have in Nigeria is a situation in which we have token gestures here and there, a new road and a new airport, some wealth accumulating, but most of the society is infact decaying materially and spiritually.-as exemplified by the wrong values that guide our actions and which are destroying our society rather than building it.

So along with what is normally called development, we have the marginalization of the participation of the people of Nigeria in the development process. Consequently as the fewer and fewer get more and more commodious living, the more and more are driven into abject poverty. Thus if we conceptualize development as the development of man and total society, we find that what we regard as the symptoms of development concede a process of decay, social fragmentation, increasing contradiction and a process of wretchedness of most of the people all the time. So this paradox

exists and the people who lead us in Nigeria have some faint perception of it, but they do not quite know what to do about it. (Ohale, 1997) Even if they know, they are unwilling to change the status quo from which they are deriving maximum benefit to the detriment of the whole society.

**b. Lack of Appropriate Policy Direction and Vision**

The next obstacle to our development is that we lack appropriate and properly defined policy direction and vision. The reason for this is because we have run out of ideas without even knowing it and so we mistake clichés for brilliance and inspiration. This is a very serious problem because it is absolutely necessary if a society has to mobilize itself, it has to have vision, for where there is no vision, the people perish, as they say. The fact of running out of ideas is evident in the frequent changing or abandoning of policies and programmes and also in our budgets. If you look at the budgets, state or federal, you will be hard pressed to find very thrilling ideas of new directions. All they contain is a list of projects which are to be executed because this is the only way to justify the diversion of public funds into private pockets for the enrichment of few individuals at the expense of the majority. A cursory look at the history of countries that are developed shows that their leaders had a vision of the type of country they wanted and they went out of their way to bring it into manifestation, mobilizing all their available resources-human and material-in order to attain their set goals. The leaders made necessary sacrifices for the interest of the people. Their vision was for the general good of all. It was not for their self enrichment as is common with Nigerian leaders, with no exception. The fact that Nigerian leaders are bereft of ideas is evident in many of the policies they formulated and implemented in the various sectors of the economy such as industrialization, education, indigenization name it. Nigerian leaders conceptualization of industrialization laid emphasis on manufacturing through import

replacement (import-substitution) rather than exerting effort to develop the ability of the economy to produce machines. Import substitution tended to satisfy the already existing taste for foreign goods instead of creating new wants.

Obviously, the economy had to depend on foreign firms, expertise and technology. This has cost the economy handsomely in terms of foreign exchange dissipation, over dependence on foreign inputs and weak industrial base. Because of this the industrial sector failed to transform the other sectors of the economy such as agriculture as was experienced in most of the now developed countries. We also see the same lack of vision in the education policy that laid very little emphasis on technical and practical/vocational skills (no apologies to the so-called 6-3-3-4 system of education). In more developed climes where the leaders are serious minded, educational system laid more emphasis on technological orientation as the only way of building the productive capacity of the economy. Nigerian leaders perception of how to take possession of the economy was not through production but how to take over foreign business concerns in the name of the so-called indigenization policy. That policy still haunts the system because it increased the cynicism of foreign businessmen to invest in the Nigerian economy. The movement of foreign capital and other productive resources from one clime to another has been a common feature of world history. British capital helped immensely to develop America. The British investors never felt they were on a strange land but saw themselves as Americans and hence helped to enhance the technological base of America. This therefore provided the impetus for the take-of the American economy. Marshall Plan was all about the movement of American capital to Western Europe to revive their economy that was ravaged by the World War II. Foreign investors that lost millions of dollars of their investments in Nigeria are yet to recover from the rue and shock visited on them by Nigeria through its indigenization policy of the 70s. The scare of this unfavourable

policy to their investments always keep them on edge as far as investing in unstable climes is concerned. The erratic policies of Nigerian governments explain why there is a decline in the inflow of foreign direct investment into the country.

**c. Poor quality leadership.**

The quality of leadership a country has determines the extent to which its development can be accelerated and realized. There is no gainsaying the fact that the leadership in Nigeria at all levels has been poor since our independence. The few occasions when there was a glimmer of hope that quality leadership would emerge were nipped in the bud<sup>10</sup>. Quality leadership can be defined as a national leadership configuration which enables the creation of a strong state committed to national development (Okowa, 1997). It is the state that creates or at least engineers the creation of the institutional structures and policy framework within which the economic, political and social impulses that move the society forward are identified and energized (Okowa, 1996). Behind every developed nation there must be high quality leadership. History has been unkind to Nigeria. We have systematically produced leaders who are looters of our common wealth. Quality leadership must have a vision of the kind of society it wants to create and it galvanizes the people into action in order to realize that dream. That kind of leadership is selfless, dematerialized and is imbued with the enthusiasm to bequeath an enduring legacy to the people. He shuns the temptation to build a material empire that does not stop death when the time comes and which does not accompany him to the grave. This is because he has conquered maya (illusion), therefore his joy lies in love and service to humankind and God. Nigeria has been unlucky to have chains of leadership that are confused, thieves and treasury looters. They loot the public treasury for themselves and their generations yet unborn. This is why the Nigerian political scene has become a warfare and a relay race of thieves, who have no respect

for the rule of law and sanctity of human life provided such unlawful and unholy actions serve their interests and those of their political cronies. These have turned the society into a “Hobbesian” state where anarchy and lawlessness is the order of the day.

**d. Abdulistic nature of Nigeria’s capitalist economy**

Scholars acknowledge that capitalism is the most dynamic and productive system mankind has ever experienced. This is because it liberated the productive forces of the society, raised production to a high level and uplifted human welfare. The Nigerian capitalist economy, although labeled mixed economy, is largely abdulistic (wealth without production) in nature. Majority of our so-called rich men have nothing to show by way of productive outfits which they established to justify their wealth. If they had done so, the levels of unemployment and poverty that are ravaging the land would have been minimal. They are rich because they are politically tuned to the “right place”. They have become part of the structure of underdevelopment because they do not produce. They are either agents of what has been produced or fronting for foreign capital. If they were specialists in production, we would benefit inspite of the capitalism, after all, no economic system has served as tool for librating the productive forces of the society as capitalism did in Europe and even in the newly industrializing nations. Unfortunately, most of our own capitalists are not specialists in production and have become part of the problem of backwardness because they are an organic part of the structure of unproductive capitalism.

**e. Corruption**

From its inception, corruption has been entrenched in Nigeria’s lexicon starting with inflated contracts, so-called 10-percenters, to what it is now. It has become so pervasive in the system that for you to get anything done in the country you must “drop”. This is the factor responsible for why we are tagged as a country where nothing

works and nothing can work. A prerequisite for moving the country forward is to curtail endemic corruption which stymies development and dent Nigeria's image badly both at home and abroad. It is corruption that is responsible for the escalation of poverty in the land. It is responsible for the frustration of poverty alleviation programmes through the benefit capturing syndrome. Benefit capturing syndrome is a situation where persons in authority who are expected to push for the success of government policies, programmes and projects do so only when their personal interests are accommodated through kickbacks and directly tampering with the amount due to recipients at every point of disbursement. In the end, the recipients may end up receiving less than the amount allocated to the project that was expected to pull him out of poverty. Corruption is a cankerworm that has eaten so deep into the fabric of this nation and which has defied all solutions. Corruption touches all facets of our national life and in both high and low places as can be gleaned from Table 10. It is a typical illustration of the magnitude of the abuse of office (corruption) by those that have occupied the highest echelons of our country. There is no positions of authority in the country where you do not smell corruption and corruptive tendencies.

**Table 10: Classified Looting of Funds in Nigeria Before the Anti-Corruption Bill in 2003.**

S/N	Names	Amount in London	Amount in Swiss	Amount in US	Deposit in Germany	Total Nigeria Equivalent (1999) Exchange Rate
1	Gen. Babangida	-	\$7.416b	\$2.00b	Dm.00b	₦2.463,005 trillion
2	Gen. Abubakar	£1.131b	\$2.33b	\$800b	Dm 16.00	₦0.493,008trillion
3	Mike Akhigbe	£1.24b	\$2.426b	\$671b	Dm9.00m	₦0.805,009trillion
4	Jerry Useni	£3.04b	\$2..01b	\$1.03b	Dm900m	₦0.805,00trillion
5	Ismaila Gowon	£1.03b	\$2.00b	\$1.03b	Dm 700m	₦0.501,076trillion
6	Umaru Diko	£4.4b	\$1.46b	\$700m	Dm345m	₦0.894,065trillion
7	Paul Ogwuma	£300m	\$1.42b	\$200m	Dm 500m	₦35,000,000billion
8	Gen. Sani Abacha	£5.01b	\$4.09b	\$800m	Dm 3.01m	₦1.210,007trillion
9	Mohammed Abacha	£300m	\$1.2b	\$150m	Dm 535m	₦0.210,007trillion
10	Abdu Abacha	£700m	\$1.21b	\$900m	Dm 417m	₦0.338,004trillion
11	Wada Nas	£300m	\$1.32b	-	Dm 300m	₦0.237,004trillion
12	Tom Ikimi	£400b	\$1.039b	\$153m	Dm 371m	₦0.252,553trillion
13	Dan Etete	£1.12b	\$1.03b	\$400m	Dm 1.72m	₦0.372,043trillion
14	Don Etiebet	£2.5b	\$1.06b	\$700m	Dm 361m	₦0.567,047trillion
15	Majjal Mustapha	£600m	\$1.001b	-	Dm 210m	₦0.199,793trillion
16	Bashiru Dalhatu	£2.9b	\$1.09b	\$360m	Dm 1.66b	₦0.688,095trillion
17	Worhishi Ibrahim	£2.3b	\$1.001b	\$161m	Dm 1.43m	₦0.555,049trillion
18	Hassan Adamu	£300m	\$200m	\$700m	-	₦0.130.005trillion
19	T.Y Danjuma	£1.36b	\$1.02b	\$300m	Dm 190m	₦0.342,007trillion
20	Ishaya Bamaiyi	£120m	\$800m	-	-	₦94,000.00billion

**Sources: Financial Times of London (23<sup>rd</sup> July, 1999), The Nigerian Commentator (vol.2 No.41999)**

The information contained above is just a tip of the ice-berg as the looting continues till tomorrow unabated.

**f. Ethical gap and wrong reward system**

Ethics defines the way we relate with others and society in general. In developed societies people question the source of one's wealth and measure its compliance with the ethical values of the society. If an individual is found wanting in this regard, he is jettisoned to the dust bin of history unsung. This is contrary to what obtains in Nigeria. Here, we heap them with accolades such as National honours, chieftaincy titles, honorary doctorate degrees etc. This way, we encourage them to continue in their un-ethical behavior even when it is antithetical to development. This leaves a huge gap in our effort to attain a developed state. This value system is also anti-development as it forces a lot of people into criminality that is virtually becoming the order of the day. Values that can promote development include creativity, hard work, honesty, transparency, truth, integrity, patriotism, sacrifice/self denial etc. Our reward system is nothing to write home about. Those who work hard and contribute more to the system are poorly remunerated eg civil servants, the police, teachers, university lecturers, professors etc. Otherwise how can one explain a situation where an ordinary counselor's monthly salary is higher than that of a university professor, not to talk of those of the legislatures both at the national and the state houses who take away jumbo salaries and allowances. The influential British magazine. The Economist in a report two years ago estimated that Nigerian legislators ranked only below their Australian counterparts in their global survey-taking in annual salaries of between \$150,000 and \$190,000 per annum depending on exchange rates for 180 days of sitting. By comparison their counterparts in Britain receive \$105,400 yearly, United States (\$174,000), France (\$85,900), South Africa (\$104,000), Kenya (\$74,500), Saudi Arabia (\$64,000) and Brazil (\$157,600). The report then makes the damning assessment that the average legislators' pay is more than 50 times Nigeria's GDP per capita-and that is in a country where millions live on less than two dollars daily and the

value of the minimum wage is now roughly \$40 a month. (The Nation, 10th of September, 2016). Table 11 shows Senators pay worldwide.

**Table 11.Senators pay Worldwide (in US \$)**

Country	Amount	Country	Amount
Sri Lanka	5,100.00	Britain	105,400.00
India	11,200.00	New Zealand	112,500.00
Malaysia	25,300.00	Israel	114,800.00
Thailand	43,800.00	Germany	119,500.00
Spain	43,900.00	Ireland	120,400.00
Ghana	46,500.00	Hong Kong	130,700.00
Saudi Arabia	64,000.00	Japan	149,700.00
Indonesia	65,800.00	Canada	154,000.00
Kenya	75,500.00	Singapore	154,000.00
France	85,900.00	Brazil	157,600.00
Sweden	99,300.00	United States	174,000.00
South Africa	104,000.00	Nigeria	181,974.00

**Source: The Nation, 31 July, 2016.**

The details of the remuneration of average Nigerian Senator is given below;

Basic Salary (B.S) is N2, 484,245.50-

Hardship Allowance (50% of B.S) = N1, 242,122.70-

Constituency Allowance (200% of B.S) = N4, 968, 509.00-

Newspapers Allowance (50% of B.S) = N1, 242,122.70-

Wardrobe Allowance (25% of B.S) = N621, 061.37-

Recess Allowance (10% of B.S) = N248, 424.55-

Accommodation (200% of B.S) N4, 968,509.00-

Utilities (30% of B.S) = N828, 081.83-

Domestic Staff (7% Of B.S)= N1,863,184.12-

Entertainment (30% B.S) = N828, 081.83-

Personal Assistant (25% of B.S) = N621, 061.12-

Vehicle Maintenance Allowance (75% of B.S) = N1, 863,184.12-

Leave Allowance (10% of B.S) = N248, 424.55-

Severance Gratuity (300% of B.S) = N7,452,736.50-

Car Allowance (400% of B.S) = N9, 936,982.00

Total Monthly Salary= N29, 479,749.00(\$181,974.00)

Total yearly Salary = N29, 479,749.00 x 12 = N353, 756,988.00.

The Average basic Salary of a Nigerian Worker based on the National Minimum Wage is N18, 000.00 x 12= N216, 000.00.

Remember yearly salary of Nigerian Senator is N353, 756,988.00 divide by N216, 000 =163.8. This means that it will take an average Nigerian worker 163.8 years to earn a yearly salary of a Nigerian Senator (The Nation, 31 July, 2016).

With this concentration of income in the hands of few Nigerians, inequality deepens as well as poverty. As the fewer and fewer Nigerians acquire their wealth because of their proximity to the corridor of power, the majority are driven into abject poverty. The World Bank Development Indicator (WBDI) shows that there is very high disparity between the income of the richest 10 and 20% of Nigerians as contrasted from the lowest 10% and 20% of the poor. Table 12 exposes this shocking revelation.

**Table 12: Nigeria's Income Inequality, 1993-2003**

	<b>1993</b>	<b>1996</b>	<b>2003</b>
Income Shared by Lowest 10%	1.4	1.9	1.9
Income Shared by Lowest 20%	4.0	5.0	5.0
Income Shared by Highest 10%	31.5	37.1	33.2
Income Shared by Highest 20%	49.4	52.1	49.2

**Source: World Bank (2008) *World Development Indicators 2008, CD-Rom.***

In 1993 the income of the poorest 10% of Nigeria's population was only 1.4% of the entire income and increased to 1.9% in 1996 and remained at that level up to 2003. The income of the richest 10% of Nigeria's population was 31.5% in 1993 and rose to 37.1% in 1996 and 33.2% in 2003. Table 12: also shows that the income of poorest 20% of Nigeria's population was 4.0% in 1993 and increased slightly to 5% in 2003 respectively. The share of Nigeria's richest 20% was 49.4% in 1993 and rose to 52.1% in 1996 and declined to 49.2% in 2003. From the picture painted above, you can see that the rich has perfected the various means of milking the country dry while living the poor to wallow in abject poverty. That is why it is surmised that Nigeria is a country of extremes- extreme wealth on the one hand and extreme want on the other- which makes it possible for some 20% of the population to own 65% of its national wealth (UNDP, HDR 2008/2009).

## **8. The Way Forward**

If you allow me to say my mind, I see poverty as an insurmountable challenge in the Nigerian context. Instead of abating, the Nigerian condition shows that it has all the potential to escalate in future to a very high level that the present will look like a child's play. I am aware that to confront poverty squarely requires stronger determination and sacrifice than we can muster given our presents circumstances. For instance, how many of us in this hall are ready to move away from our comfort zone and make the necessary sacrifices so that the poor can be uplifted? How many of us are ready to do-away with all those exotic cars we packed outside which is generating income and jobs for foreigners to the detriment of our economy and the people? You looking at me are you ready to tame your appetite and embrace made in Nigerian goods? How many of us in this auditorium are ready to jettison our docility and engage in the struggle to institute a new social order that will liberate our commonwealth stolen by the few and which will have more milk of

human kindness than what we have in the present? Do you see why I said that poverty is a formidable challenge? However, inspite of this state of hopelessness we can dent poverty by doing the following:

- a. Industrialization
- b. Encouraging the emergence of a developmental state
- c. Trimming down the size of the legislative and executive arms of government; and
- d. Strong commitment to technological development
- e. A holistic war on corruption

**a. Industrialization**

Industrialization holds the key to the development of Nigeria's economy and reduction of poverty. Our industrialization should center on building our capacity to produce the various machines we require to produce the goods and services we need both for local consumption and exports. With this capacity, we will get away from exporting our products as raw materials to other countries which create wealth for them and impoverishment for us. As early as 1500s manufacturing has been seen as a real gold mine and a wealth creator. In pre-Smithian economics, the establishment of manufacturing was seen as part of a wider mission of civilizing society. It became the principle on which European economic policy was founded, and which industrialized European nations one by one over a long period. Building civilization, building a manufacturing sector, and later building democracy, were seen as inseparable parts of the same process (Reinert, 2007). In those days, it was seen as a sin and bad trade for a country to export raw materials and import finished goods. That kind of trade was seen as asymmetrical trade. Unfortunately that is the kind of trade relationship that Nigeria has with its foreign trading partners-the industrialized countries and which generate less foreign exchange for the country. Even with its major foreign exchange earner, crude oil, Nigeria loses trillions of dollars to the importing countries while it earns millions from that

product. Add to this, the agricultural products which we have been exporting as raw materials and you can imagine how much we have been loosing because we do not have the manufacturing capacity. We not only promote the development of other economies and stifle our own but we magnify poverty in the land. Countries know the benefits of industrialization and they make all efforts to stifle the industrialization of others. For over hundred years, Britain made all efforts to stop America from industrializing so that America will be dependent on British goods. America has to struggle very hard to break loose from the British grip to achieve industrialization. After the Second World War, two plans were made. One was to cordon off the spread of socialism and the other was to de-industrialize Germany. The two plans are: the Marshall Plan and Morgenthau Plan.

The Morgenthau Plan was implemented in Germany in 1945. The Allies thought about what to do to Germany, which in three decades had precipitated two world wars. Henry Morgenthau Jr, Secretary of treasury from 1934-1945, formulated a plan to keep Germany from ever again threatening world peace. He argued that Germany had to be entirely de-industrialized and turned into an agricultural nation. This was to be done by removing or destroying all industrial equipment and flooding the mines with water or concrete. This programme was approved by the Allies during a meeting in Canada in late 1943, and was immediately implemented when Germany capitulated in May 1945. This programme almost destroyed Germany and the Marshall Plan was instituted to revise it by re-industrializing Germany and rest of Europe. While the goal of Morgenthau Plan was to de-industrialize Germany, the goal of the Marshall Plan was not only to reindustrialize Germany, but also to establish a cordon sanitaire of wealthy nations along the borders of the Communist Bloc in Europe and Asia, from Norway to Japan. Judging from the number of nations lifted out of poverty, this

reindustrialization plan was probably the most successful development project in human history (Reinert, 2007, P.241).

**b. Encouraging the emergence of a developmental state**

We have highlighted before the role of the developmental state in promoting the development of all the countries that are developed even starting from England during the reign of Henry VII in 1485 to Alexander Hamilton of United State in 1791. This toolbox was employed by virtually all continental European countries in nineteenth century including Norway. It was the state that pioneered the development of these countries. Let us also not forget the role the state played in the development Japan, Russia, and the Asian Tigers such as Singapore. For developing countries like Nigeria, where the private sector is very weak, the state cannot but engineer the development of the economy, while assisting the private sector to run small and medium scale enterprises. For this, we call on the state (the government) to declare state of emergency on infrastructural development paying serious attention to the power sector, roads and railways.

**c. Trimming down the size of the legislative and executive arms of government**

It is time for us to worry about the burgeoning size of the legislative and executive arms of the government at the three tiers of government- federal, state and local-and the resources they gulp from the national treasury. We have to do this to enable us release some resources to fight the poverty war. We draw attention to the federal level where we have two legislative chambers which are exerting unbearable burden on the economy's resources. It is indeed a luxury for a developing country like Nigeria with her gargantuan problems to run a bi-cameral legislature. Some sensible countries are already scraping the upper chamber (the Senate) to reduce cost. In 2016, Senegal scraped her senate to save cost. Egypt did the same

thing in 2003. In the last 20 years several countries have done the same. Imagine how much the country will save with a unicameral legislature. Between 2011 and 2014, the national assembly received N150 billion yearly which declined to N120 billion in 2015. Between 1999 and 2015 allocation to the national assembly amounted to N1.26 trillion. Imagine if such a whopping sum had been channeled to poverty alleviation projects. It could have gone a long way to reduce the level of poverty in the country. For this reasons there is need for urgent constitutional amendment so that we can cut our coat according to our cloth.

**d. Strong commitment to technological development**

Any country without technological prowess remains a pawn in the hands of those that have it. Wealth can only be created through creativity, technology and innovation. It was Francis Bacon (1561-1626) who as far back as that time, recognized that technology and innovation are carriers of increased human wealth and happiness. It is only through technological ability that a country can radically transform its productive structures and attain higher level of development. This is the secret behind the progress made by all developed countries. Technology makes it possible for a country to move away from being an exporter of raw materials to an exporter of finished goods with its multitudinous benefits. Every technology starts small and improves over time. Most of today's cutting edge technologies were crude yesterday. Think about the airplane when it was first introduced by the Wright brothers (Orville and Wilbur) vis-à-vis what it is today. Consider made in India, Taiwan, Korea products two decades ago. Back in those days, the products from these countries were derided, but today, Kia, Daewoo, Hyundai, Samsung, LG and other hi-tech products like Acer computers and HTC phones are from those countries that used to be sneered at. Once a country acquires technological capacity in one activity, it spills over to other activities and with time the country can produce

virtually all its needs without depending on other countries. Its economy becomes diversified and resilient to internal and external shocks. Technological acquisition is not something that should be left in the hands of private individuals. Government should shoulder the responsibility to encourage local initiatives as well as emulate other countries to achieve this feat.

**e. A Holistic War on Corruption**

Before we are destroyed by corruption, we need to fight it holistically and comprehensively. A non-selective war on corruption must be carried out at both high and low places and at both public and private sectors at all levels of government. We must declare corruption war at all the arms and levels of government including the executive, legislature, judiciary, the ministries, departments, agencies (MDAs), boards and government institutions (education, health, sports, etc). There should also be no sacred cows and sacred places because the plunderers of our national wealth are everywhere. The asset declaration forms of all public officers must be scrutinized and published in national dailies for public inputs and comments. All those that have abandoned projects after collecting the money for those projects must be prosecuted, the money recovered and jailed for life. It is our inability to decisively deal with corrupt leaders and rulers and other thieves that has encouraged and sustained corruption in the country. It is either we win the war or allow corruption to win us. If we win the war on corruption we would have won the war on poverty, unemployment, inequality, lack of basic amenities, insecurity such as kidnapping, terrorism etc.

Vice Chancellor Sir, if we are to overcome this paradox of poverty in the midst of plenty, we have to change our ways of life, and the ways of doing government business. Government has to show serious commitment to the development of the economy. If we do not get the economy right, nothing else can work in this country.

What we are suggesting here goes beyond the so-called Washington Consensus solution of getting certain things right. According to their claim, our economy will develop and poverty eradicated if we;

- i. 'get the prices right'
- ii. 'get the property rights right'
- iii. 'get the institutions right'
- iv. 'get the governance right'
- v. 'get the competitiveness right'
- vi. 'get the innovations right'
- vii. 'get the entrepreneurship right'
- viii. 'get the education right'
- ix. 'get the climate right'
- x. 'get the diseases right'. (Reinert, 2007,p.216)

Permit me to say that, it is not a matter of getting these things right. To my mind what we need to get right first is the economy so that we can put money in the pockets of our people. This will make them to worry less about how to meet their existential needs. Their attention will now be shifted to which sports to choose to while away their time having taken basic needs for granted. We cannot tell a hungry man not to steal or sabotage government efforts and institutions if that will put money in his pocket to save his sick child or take his old sick father to the hospital because ours is a society that does not care for anybody. Our motto is "Everyone for himself, God for us all". It is because of our failure in the economic arena that everything is wobbling in our society including our politics and democracy. That is why many people, including myself, have given up on Nigeria because we believe strongly that it is a failed country.

I drop my pen here and thank you all for listening.

## NOTES

1. See Lee Kuan Yew (2000) *From Third World to First*, New York Harper Collins publishers

2. This definition is contained in the noble lecture he delivered in Stockholm, Sweden in December 1971 under the title “Modern Economic Growth: Findings and Reflections as quoted in Todaro (1977) *Economics for a Developing world*, London, Longman p.111

3. Development defined as modernization is very much linked to the western European experience from the late eighteenth century onward. This experience saw the emergence of more materially affluent societies, the application of improved technologies that resulted to, among other things, better communication and transportation through the capitalist path. In this way, Capitalism is suggested as best path to development for the less developed countries. (LDCs). This is what is called monoeconomics.

4. For more details see W.W. Rostow (1960) “Stages of Economic Growth” Cambridge University Press, Cambridge.

The stages outlined by Rostow are:

- The traditional Society stage
- The precondition for take-off (or transitional stage)
- The take-off stage
- The derive to maturity; and
- The age of high mass consumption

5. Indeed, it was a reaction to Karl Marx’s Communist Manifesto that prompted W.W. Rostow to write his, “The Stages of Economic Growth: A Non-Communist Manifesto. Marx had envisaged five stages of historical development, namely:

- The primal stage or the primitive stage
- The feudal stage
- The capitalist stage
- The socialist stage
- The communist stage

The implicit message in Marx's treatment of history is that a society develops as it passes through each stage and achieves a higher level of development along the way.

6. There are 4 ways a country can acquire technological capacity. These are:

- I. By stealing the foreign technology
- II. By acquiring and learning from the various foreign technologies already in existence. A foreign technology is acquired when the indigenes have understood all aspects of it and are able to use and adopt it without recourse to external assistance; and
- III. By research and development (R&D)
- IV. Strict regulation of technology transactions (Akpakpan, 1986)

The government can strictly regulate technology transactions in the economy, especially transactions involving foreign suppliers and local firms. The regulations should focus on such areas as:

- The right to use or exploit patents;
- The supply of technical expertise such as plans, diagrams, operating manuals or training of personnel;
- The supply of basic or detailed engineering;
- Technical assistance of any kind; and
- Services for the administration or operation of business enterprises

A thorough scrutiny of technology contracts ensures that they do not contain unfavourable clauses especially those that limit the freedom of the buying firm in the use of the techniques. (Akpakpan 1986)

7. There is a Professor in this university whose inaugural lecture was used as a campaign material by those who were against his becoming the Vice Chancellor of this University. He was labeled as one who was anti-government. There was a time when the government banned the circulation of Marxian literature from circulating in this country.

8. Human Development Index (HDI): This is a statistical tool for measuring and comparing national development and human welfare. Developed by the United Nations Development Program, the HDI is a composite of four individual measures of human welfare: Life expectancy, adult literacy, mean years of schooling and per capita income, adjusted for the local cost of living. Scores on this composite index vary between 0 (the lowest measure of human development) and 1 (the highest measure of human development).

Life expectancy at birth: This is measured in terms of the number of years expected of an individual to live. It is a summative index assessment of the standard of health of people living in a country. It represents the result of all efforts geared towards improving the health status of the citizens of a country.

Gross national income (GNI) per capita: Aggregate income of an economy generated by its production and its ownership of factors of production, less the incomes paid for the use of factors of production owned by the rest of the world, converted to international dollars using PPP rates, divided by midyear population.

GNI per capita rank minus HDI rank: Difference in ranking by GNI per capita and by HDI value. A negative value means that country is better ranked by GNI than by HDI value

9. Most of these factors were discussed in some of my previous works. See for instance Ohale L. (1997); Ohale and Onyema (2015 and 2017)

10. The brief period of late General Murtala Mohammed (1975-1976) and Buhari-Idiagbon regime (1983-1985) are perceived as eras that would have made a difference in the leadership index of Nigeria were they allowed to take root. The brief military rule of Murtala Muhammed (1975-76), is best known for the scale of its unprecedented anti-corruption crusade that, for the first and perhaps only time in the country's history took the war against corruption right into the protected ranks of both Muhammed's administration itself and the leadership of the military (See also *The Nation*, 22<sup>nd</sup> October, 2017).

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## CITATION ON



### **PROFESSOR LAWRENCE OHALE**

**B.Sc, M.Sc, Ph.D (UPH), MNES**

Professor Lawrence Ohale was born in Ezikpe, Isu Etche in Etche Local Government Area of Rivers State, on 29<sup>th</sup> January, 1955 to the family of Mr. James and Mrs. Esther Ohale. He received his primary education at St. James Primary School, Isu Etche and Christ the King Primary School, Ozuzu Etche, and obtained the First School Leaving Certificate in 1970, due to the disruption of the Nigerian civil war. His secondary education transversed three schools, namely, St Joseph's Secondary School, Umuaturu Etche, Ascension High School, Nchia Eleme and Birabi Memorial Grammar School, Bori where he obtained the West African School Certificate in good standing in 1976. He was given appointment as auxiliary teacher, Master Grade II by the Rivers State Schools Management Board in 1976, and was posted to the famous Country Grammar School, Ikwerre Etche where a former governor of Rivers State, Chief (Barrister) Celestine Omehia was one of his students. In 1977, he enrolled in the University of Port Harcourt as one of the pioneer

students and graduated in 1981 and thereafter participated in the mandatory National Youth Service Corps (NYSC) scheme in 1981/82.

In 1982, he was offered employment in the Rivers State Civil Service and posted to the Ministry of Trade and Industry as Assistant Registrar of Co-operative in charge of Old Ikwerre-Etche Local Government Area. Not satisfied with the boredom of office work, in 1983, he sought for employment with the then Rivers State College of Education (RSCOE) and was employed as a graduate assistant. He was posted to Ndele Campus and made the co-ordinator of the Department of Economics.

In 1983, he joined the Unity Party of Nigeria (UPN) under the leadership of the late Sage, Chief Obafemi Awolowo. His prowess earned him a member of his party state executive council. His urge to serve human kind made him to contest election to the Federal House of Representative but lost due to the “landslide” victory of the ruling party, the National Party of Nigeria (NPN). When the election was over, he returned back to RSCOE due to his zeal to impact knowledge. While in the College, Professor Ohale became the Vice Chairman of College of Education Academic Staff Union (COEASU) where with others, they fought to stop the multilation of their pay slip.

His quest for knowledge made him to return back to the University of Port Harcourt for his M.Sc degree in 1987/88 session, under the sponsorship of the College, ignoring the invitation of the former governor of Rivers State, Sir Dr. Peter Odili to join him in his governorship quest. In 1990, he got his Master of Science (M.Sc) Degree in Development Economics and Doctor of Philosophy (P.h.D) Degree in 2000 from the same University.

Professor Lawrence Ohale participates actively in community activities. He was one time the president of the Society for Awareness and Growth in Etche (SAGE). He, in conjunction with other patriotic sons and daughters of Etcheland and with help of Etche socio-cultural organization, OGBAKO ETCHE, under the able leadership of Dr. Shedrack O. Nweke (late) fought shell to a standstill and stopped this

multinational organization from turning Etcheland into a dumping ground for all industrial wastes from all over the world.

Professor Ohale has served, at various times, as a consultant to the World Bank/Federal Government of Nigeria National FADAMA project on the survey of the performance of the scheme as well as in the FADAMA midline and midline surveys in Rivers State in 2011 and 2013 respectively.

Professor Ohale has served and is still serving as external examiner to many institutions including the now Rivers State University, the Rivers State University of Education, University of Uyo etc. In University of Port Harcourt, he has served in various capacities such as Vice Chairman, P.T.A, UDSS, University of Port Harcourt, 2004-2006, head of department, 2008 – 2010, Associate Dean, Faculty of Social Sciences, 2010 – 2014, member, University of Port Harcourt Examination Malpractice Committee, 2003 – 2007, and is currently the chairman, Department of Economics Graduate Committee, among others.

Professor Ohale has published many articles in national and international journals as well as published books in his discipline. Also, he has presented many conference papers at national and international levels.

Professor Ohale is a life time member of Nigerian Economic Society (NES) and the Nigerian sociological society (NES). He has supervised several undergraduate and post graduate students. Vice Chancellor Sir, our inaugural lecturer today is a priest and member of ECKANKAR church and is the Local Director of Etche ECKANKAR centre.

Please, join me as I make welcome an erudite scholar, a father, a husband, a brother, a politician, a mentor, a priest, **Professor Lawrence Ohale** to mount the podium for his inaugural lecture.

Thank you.

**Professor Nath Abraham**

Orator