Resource Diversification for Sustainable Economic Development in Nigeria

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“The economic dangers of extreme dependence on a single product are too obvious to need repetition. This danger assumes a greater degree of fear in the case of petroleum which to all intents and purposes can be seen as a commodity of international importance which can be subjected to both economic and political manipulation”.

S. Ibi Ajayi\textsuperscript{1}.

PREAMBLE:
The pervasive and intractable problem of transforming the import dependent and monocultural economy of Nigeria into a vibrant and technologically driven productive economy such as Brazil, India and South Korea as envisaged in the Vision 2020 strategic plan continue to present insurmountable challenges to its policy makers. This issue of engendering a sustainable and production-based economy through resource diversification has been the subject of countless national and international conferences since the end of civil war in 1970, as attested to by the proceedings of the Nigerian/Economic Society, Nigerian Political Science Association, the Central Bank of Nigeria Publications, (“Contemporary Economic Policy Issues in Nigeria”) and series of Conferences on “National Export” organized by Koinonia Ventures Limited in Abuja, (2011) among others.

At the policy level, The Third National Development Plan (1975-80), for instance, aimed at the “diversification of the economy’s productive base, balanced development and indigenization”\textsuperscript{2}. This was followed by a series of policy thrusts under “Export Promotion” and Structural Adjustment Programmes aimed at sectoral diversification: manufacturing, electrical energy, Agriculture, Science and Technology (See Chu Okongwu, The Nigerian Economy: Anatomy of Traumatised Economy, 1986 ). Despite these policy responses, the Nigerian economy remained by the end of the first decade of the twenty first century in the doldrums of underdevelopment crisis, “still bedeviled with weak, unorganized externally dependent, spatially fragmented, and dualistic market structures” (CBN, 2010). As one scholar observed, Nigeria’s economic growth has been “haphard and this has been reckoned to create widespread poverty among the general populace”\textsuperscript{3}. The root cause of this malaise rest squarely on the structural dependence of Nigeria on single export commodity, with its attendant problem of disarticulation. Thus, as Chu Okongwu forwarned:

The petroleum sector exhibited an increasing and dominant influence as regards contributions to government revenue, rising from, 1% in 1960 to over 80% as of now. At the same time, partly because of the vagaries of oil, we have now forcefully rediscovered what we had really known all along: that this excessive reliance on crude petroleum exports, this essential replacement of the previous composite vector of “traditional” primary exports with the single, though more lucrative oil vector, does not provide secure foundations for prosecuting deliberate development policy\textsuperscript{4}.
The reason for Okongwu’s contention that Nigeria’s single export “does not provide excuse foundations” for sustainable development is not difficult to comprehend in the light of her experience since the early 1980s. Apart from the obvious systemic crisis associated with the instability of the global oil market, the vulnerability of the Nigerian economy to international sanctions arising from the “cumulative degree of monopolist and monopsonist control” over the world oil market exercised by her Western oil consumer nations such as the United States of America poses frightening implications for future stability of the Nigerian State.

Obviously, the correction of this systemic anomaly that characterizes the Nigerian economy requires urgent implementation of policy recommendations relating to resource diversification for sustainable development. As the communiqué of the conference on “Non-oil Export” organized by Koinonia Ventures Limited, Abuja (2010) declared “the continuous dependence on crude oil, being the country’s current main source of foreign exchange, due to the fact that crude oil is an exhaustible asset characterized by price fluctuations and thus cannot be relied on for sustainable development”.

EPISTEMIC CONTEXT

In the policy literature, the concept of resource diversification for sustainable growth and transformation has found various expressions and applications especially in the context of monocultural economies such as Nigeria. For example, Sayan Chatterjee and Birger Wernerfelt have contended in their contribution (“The Link between resources and Type of Diversification: Theory and Evidence” (1991) that “Resources have long been recognized to be one of the key factors in explaining diversification”. Similarly, both Frank Ellis and Edward Allison have argued that in the context of rural poverty reduction that “Natural resource management regimes that inhibit exchanges, substitutions and transactions also inhibit livelihood diversification with negative consequences for their long run quality and sustainability”.

The systemic crisis of underdevelopment in Nigeria inevitably focused attention to the recurrent issue of sustainable development through programmed resource diversification. This is due to the high degree of instability that lack of diversification in export trade has engendered in the Nigerian economy. In this regard, Ibanga and Obi (2001) have noted in their contribution that:

Reflections on oil price slump of the early 1980s should prick the mind of policy makers. A forcefully lowered consumption or welfare level has never been desirable. A deliberate effort to ensure optimal consumption for present generation and a release of funds for reinvestment in appropriate man-made capital that would ensure similar consumption for future generations is desirable, and it is attainable.

The oil price slump of the 1980s and its ramifications in the Nigerian economy was a clear indication that the uses to which oil rents are “channeled and the proportion of Hotelling rents actually reinvented are insufficient to ensure intergenerational equity in oil resource use”. It was therefore, not surprising that the fallout of the oil slump of the 1980s impacted negatively on the economy. These according to Michael Obadan, include i. the country’s inability to import required goods, ii. Nation-wide economic uncontinuity iii the development of other sectors (the shortage of capital that surfaces affects capital investment and industrialization in the country); and vi balance of payments fluctuations. This structural frailty is no doubt the consequence of observed lack of significant relationship between the value-added in petroleum and the non-oil GDP.

In both the Third and the Fourth National Development Plans (1976 - 1986), the government “clearly recognized the insignificance of the country’s manufactured exports as a serious problem-especially in the face of dwindling exports of crude and semi-processed agricultural commodities”. Accordingly, the Federal Government declared in the Fourth Plan (1982-1986) that:
Conscious effort will be made (in the plan period) to diversify the economy away from overdependence on the petroleum sector. This implies a deliberate policy to widen the basis of our public revenue and export earnings. In this regard, the export potentials of existing industries such as tyres, coal, pulp and paper etc and those of traditional exports like cocoa, groundnut, palm produce, rubber etc, will be actively exploited during the plan period.

In this context, the Fourth Plan was simply attended to consummate the unfulfilled policy objectives of the Third Plan (1976-1982): the development of export industries and various subsectors such as machine tools and parts, petroleum and petrochemical products, simple machinery and equipment, pumps and automobile parts: The establishment of export promotions council in this period was “effected to work out a coordinated system of export incentives in collaboration with re-presentatives of manufacturers”. It is of course germane to note that even three decades after this declaration of policy objectives to diversify the economy “only statements of intentions as reflected in the various plans are the positive achievements”. The implantation of the structural Adjustment Programme by the General Babangida regime and its liberalization clause became a “fundamental process of elimination without substitution,” in so far as industrial development and technological culture in Nigeria was concerned. However, from the observations as reflected in development planning in Nigeria since the Civil War that the key to joining the Club by Newly Industrializing Countries (NIC) such as South Korea, India and Argentina has in resource diversification for sustainable economic development.

**RESOURCE DIVERSIFICATION AND SUSTAINABLE DEVELOPMENT**

The concept of resource diversification policy denotes “the creation of many productive avenues such as in agriculture and industry, by the introduction of a greater variety of agricultural and industrial produce, or in terms of creation of entirely new productive sectors”. The imperative of resource diversification according to ‘Michael Obadan, derives from the logic and trajectory of the differential incorporation of peripheral formations such as Nigeria into the global capitalist system:

A country whose export goods and markets are not diversified is highly vulnerable to the vicissitudes of the few export gods in the world market, as well as to the fluctuations in the economies of its trading partners.

Accordingly, diversification of proceeds from non-renewable resources such as crude oil (natural capital stock) relates to both “export goods” and “export markets”. In the sphere of export market, diversification entails development of non-markets and strengthening a country’s position in existing markets. In the sphere of “export goods” diversification entails “developing and boosting manufactured exports”. Thus, a number of contributors to the Nigerian Economic Society Conference on Diversification Strategy for Nigeria’s Economy 1983, have argued that diversification is predicated on a number of factors if successful Nigerian Economy “away from petroleum” is to be achieved:

First, there is need to give priority to the development of industrial raw-materials locally…. In this way, the industrial capability of the country in producing exportables will be greatly enhanced. Secondly, policies must be deliberately shifted away from inward-looking industrialization around the home market towards systematic efforts to export industrial products. Third factor of marketing and export promotion strategy…. Developing countries that are successful exporters of manufacturers export success has been based in part, on learning special skills involved in marketing and producing customer specifications.
Thus, in the sphere of “export goods” resource diversification requires “policies that encourage and permit a fast growth of processing and manufacturing through a balanced strategy aimed at accomplishing both import-substitution and export expansion objectives by offsetting the bias of import substitution policies and exports”\(^1\). There is a high level of consensus in the literature that a “genuine” basis for the diversification of the Nigerian economy exists, “given our rich endowment of human and physical resources\(^2\)”. What is, however, problematic is how to mobilize and harness this “rich endowment of human and physical resources” for lateral and structural diversification of the Nigerian economy. The issue, as Bola Ayeni argued reside in “uncoordinated planning” that is, “government’s inability to conceptualize a scheme or strategy for overall exploitation of the country’s resources”. As he explains:

It is well known that Nigeria produces tin, columbite, and petroleum, not because of its industrial demand for these minerals, (as would be the case in an inward looking economy) but rather out of compulsion to extract these minerals to earn foreign exchange. In the same way, it might be argued that production agriculture is far from being streamlined, as farmers are yet more affected in their decision making not only by constraints of subsistence agriculture, but also by the production in traditional crops, rather than by concerted efforts to produce to meet requirements of existing markets. Undoubtedly, this lack of response to forces of demand by farmers is an important stumbling block in the path of diversification\(^19\).

The challenge of resource diversification for sustainable development in Nigeria, therefore, involves lateral and structural processes of economic transformation. Lateral diversification entails the exploitation of alternative revenue sources to crude oil such as solid minerals and agriculture (CBN, Contemporary Economic Policy Issues, 2003). For solid minerals, these include Bentonite, Byrite, Bauxite, Limestone, Bitumen, Gypsum, quartz, Tantalite, phosphate, mica, granite stones, kaolin etc both for domestic and industries and export markets\(^20\). These critical strategic minerals provide necessary raw materials for whole range of import/substitution industries thus sustaining the production capabilities (capacity utilization) of these industries in a declining condition of foreign exchange reserve. Similarly, as will the amplified weapon behind these is a desperate need for agricultural sector transformation through massive allocation of investment resources from the petroleum sector for exporters of agro-allied industries to generate critical industrial raw materials and massively reduce the alarming rates of food import currently estimated at per cent of Gross Domestic Product (GDP) and in the largest employer of labour and yet receives one per cent of lending\(^21\). Structural diversification addresses the imperative need for massive deployment of resources for economic development through industrial enterprises. As E. C. Obioma and Uche Ozughalu explains “rapid economic development involves rapid technological transformation. Rapid technological transformation a nutshell implies rapid industrialization\(^22\)”. However, as widely reflected in the literature, such development in any social formation (as attested to by the experiences of the New Industrializing Countries such as Brazil, South Korea, India, Argentina, Mexico) is predicated as Heilbroner notes on (i) leadership “audacious enough to unleash social change\(^23\)”, (ii) certain enabling environment promotive of “industrial ethos or scientific culture for the “successful practice and productive application of science and technology”, (iii) “the complimentary existence and deployment of required human capital (scientific and technological knowledge, and (iv) infrastructure involving special facilities in the form of physical capital (like machines, instruments and structures)” for “exploiting natural energy and collaborating with human capital in the transformation process\(^24\).
In general terms, successful lateral and structural diversification in a country like Nigeria depends critically on how surpluses from natural capital stock such as crude oil is “efficiently allocated to renewable man-made capital that can transcend time and spill on to future generations". This entails that significant proportion of earnings from “non-renewable resources should be channeled into investments”. An economy should tap the “non-renewable resources and use the proceeds in building up other capital that can aid in production of resources in the future when the exhaustible resources stock must have been exhausted.

Seen in the above context, engendering a sustainable economy requires deliberate and efficient intergenerational investment or “phasing policy” that “strike a balance between intertemporal concerns and production goals by working out a production and proceeds utilization plan that is suitable for prosperity”. This is so because sustainable development involves maximizing and optimally distributing the net benefits of economic development. It requires application of conservation rules to maintain the regenerative capacity of resources and guide technological change so as to switch from non-renewable to renewable resources wherever physically possible, and to develop a phasing policy for the necessary use of non-renewable resources.

Thus, sustainable development implies optimal use of resources based on “intergenerational equity”. The reason is that “given the depth of oil reserves and the weighted average of crude oil production (307.1 mbpd)”, it is evident that the stock of oil in Nigeria will be exhausted in 67.8 years time, precisely, in year 2065 if and only if new discoveries are not made. It is in response to this Hobbesian nightmare that H. Daly (1990) advocate that receipts from non-renewable resources should be divided into “income stream and investment stream”. In this regard, the “investment stream should be invested in renewable resources substitutes such that by the time the non-renewable resource reaches the end of the economic extraction, an identical level of consumption is available from the renewable substitute.

Current fiscal realities and expenditures in Nigeria (such as the one trillion allocation to Defence and Security in the 2012 Appropriation bill) does not suggest policy consideration for sustainability. Rather data bearing on Environmental Net Product (ENP) and sustainability of crude oil income in Nigeria suggest that from 1981 to 2010 ENP suffered a permanent decline especially during the peace support operations in Liberia and Sierra Leone.

The trenchant conclusion of Ibanga and Obi in their 2001 Annual Conference presentation that “within the said period, there was a gross abuse in the use of Hotelling rent from oil and infrastructural investment suffered greatly” remains valid today judging from the engaging series of fiscal debate in the print media occasioned by the indicting contributions of Nasir EL-Ru Fai in This Day Newspaper. The general submissions on the Nigerian condition reaffirms this position: that the “uses to which Hotelling rents are channelled and the proportion of Hotelling rents actually reinvested are insufficient to ensure intergenerational equity in oil resource use… In effect, Nigeria’s use of Hotelling rent has not scaled the Hartwick test of sustainability of resource use.

PROGNOSIS FOR ACTION

In the light of the current realities of the Nigerian condition, the case for resource diversification for sustainable development has become even more compelling. As Professor Anya O. Anya in his Obafemi Awolowo Memorial Lecture, contends “we need to reengineer the economy and develop a blueprint for sustainable development that can guide us well into the 21st century”. The pertinent and recurrent question that necessarily arises is what strategies can and should be developed to fast track this process? And what are the “alternative visions of Nigeria which can guide us in the selection of options and alternative paths in the quest for resource diversification for sustainable development”? 

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It is fairly obvious from the above discourse that diversification of the Nigerian economy requires a double-track process constructed to address both lateral and structural challenges especially in the key areas of agriculture/solid minerals and manufacturing industries. The reason as often noted, is that the current reality suggests the oil sector constitutes an enclave in the Nigerian economy: it is “not integrated into the domestic economy”. Using a linear regression analysis, for instance, A. A. Alabi demonstrates that “not only is the value-added in petroleum insignificantly related to the non-oil GDP, but also the explanatory power of the variable is very low (0.20)”. As a consequence:

The economy depends very little on the oil sector in terms of employment owing to its capital intensity, and in technology because of its foreign bias. Since value added in the sector is the sum of wage bills and profits, there is little this can contribute directly to non-oil domestic product. In this context, the challenge is to identify key sectors of the economy in which any capital investment would “boost the total capital stock that has the potential of balancing off the benefits derivable from oil in the different generations”. In other words, the immediate and paramount task is to identify the sort of “structural diversification that can place Nigeria firmly on the path to economic growth and socio-economic transformation”. B.W. Adeoye has asserted in this respect that the experience of the Newly Industrilising Countries (NICs) suggests the need for emphasis to be placed in “developing and boosting manufactured exports”. A Comparison of Nigeria with some of the NICs tends to reinforce Adeoye’s observation. Indonesia and Malaysia are both plural societies like Nigeria with deep segmentations along ethno-religious lines. Both like Nigeria produce oil and palm oil, respectively. However, as Professor Anya O. Anya noted:

When we compare their economies with ours, the similarities end. In 1987, Indonesia’s industrial output was 29.0 million dollars against Nigeria’s 7.1 billion dollars ... Ten years earlier (1977), Nigeria’s economy had been more promising than Indonesia. The main difference between 1977 and 1987 is that Indonesia invested very heavily in human infrastructure through science and technology, in research and development and pursued their goals with discipline and dedication. In the same period, Nigeria failed to diversify and borrowed heavily to subsidize consumption.

Thus, as he concluded back in 1995, it seems the “boat for 21st century has weighed anchor and we are not on it”. However, numerous studies and projections have also provided basis for optimism” if all the conditions for fast pace industrialization were in place”. According to World Bank studies, the growth of exports output has been generally fastest in regions such as East Asia “with a high proportion of manufactures in their exports”, and these countries have also generally adjusted more “effectively to the external shocks and economic recessions” of the first decade of the 21st century than those with inward looking policies such as Nigeria. The reason is primarily that “rapid economic development involves rapid industrial transformation and to this end “industrialization is in some respect synonymous with economic development”. This in turn critically depends on how the Nigerian state evolves, first, innovative policies for resource diversification and, second, addresses factors that inhibit export expansion in the manufacturing sector.

Regarding the first set of factors – those to be implemented in the bid to diversify exports away from petroleum – these include: as Michael Obadan has elaborated: (i) the need to give “priority to the development of industrial raw-materials locally (ii) policy shift away from inward-looking “industrialization around” the home market towards systematic efforts to export industrial products; (iii) developing marketing and export promotion strategy in vital areas of special skills in “requisite
management, marketing and design capabilities that Nigeria is currently deficient compared with multinational corporations” and their countries of origin: (iv) Taking due cognizance of trade policies of the core countries who dominate and determine the direction of international exchanges. The various protective measures as well as practices such as subsidies of these countries now constitute a “major obstacle to developing countries” exports (mainly clothing, textiles products, footwear, steel, ship building) as the ACP-EU Lome Convention negotiation attests; and, finally, arising from the last consideration (protectionism) is the urgent need to actualize the various schemes (such as Lagos Plan of Action) to promote South-South trade and industrial cooperation. The argument for “South-South” trade exchanges is based on the factor of vulnerability resulting from excessive dependence of key market for oil export such as the United States and to transcend the protectionist pressures of the core countries. Thus, Professor Obadan has rightly concluded that:

It is desirable that deliberate efforts be made to direct more of the country’s exports to developing countries, especially the fast growing ones, either on individual country basis or within the framework of regional groupings such as ECOWAS. Granting trade liberalization policies among developing countries, Nigeria iron and steel products, Petro-chemical products and others when produced can expect to find markets if they are competitive.

Regarding the second set of factors (those that inhibit export expansion in the manufacturing sector—critical capital infrastructures such erratic power supply, communication network, high operation costs, over bearing discrimination of monopolistic public enterprises, and “structural bottlenecks and distortions associated with heavy import-dependence” – need appropriate and urgent measures to address what the current minister of power, Prof. Bart Nnaji has entitled “Infrastructure as imperative for National Growth” in his 2012 Are Adam’s Annual Lecture series (NIIA, Lagos). Thus, as Chu Onongwu noted in his incisive review that:

Our manufacturing activities have unwarrantedly high import coefficients and together with other sectors are profligate of scarce foreign exchange resources. Hence once they receive the austerity prescription (so-called Economic stabilization measures), they quickly collapsed, revealing their specious base…. The efficient resolution of this contradiction on behalf of our economic development no doubt constitutes a major and urgent task of economic policy.

Thus, in the analysis of the former Minister for Finance, the observed structure and resource orientation of the manufacturing sector remain “unsatisfactorily weak and lopsided”. In the estimate of the Central Planning Office Document referred to in his study of some 54 industry groups, only in five was the “ratio of imports to total supply of the respective commodities under 20%, and only in sixteen was the ratio 40% or less”. In areas such as “industrial and agricultural machinery, household electricals, ship building, basic industrial chemicals, fertilizers, pesticides, drugs and medicines, radio, television and communications equipment”, it may be estimated that imports are close to 90%.

Unfortunately, by the year 2011 – 2012, nothing has really changed instead the crisis of “import addiction” could be said to have degenerated with the near collapse of the power generating and transmission infrastructure and the relocation of so many industries outside Nigeria. As contributors to the Nigerian Economic society debate on “challenges of Nigerian Industrialization (2004)” recommended, once these inhibiting factors have been identified what is required is the political will to take the “array of fiscal, monetary and non-monetary measures to commit the exponential proceeds from crude oil to address pressing infrastructural problems inhibiting industrialization in Nigeria. As the Guardian Editorial of Thursday, January 19, 2012 trenchantly notes, “As far as investors are concerned, the gauge of effective government implementation of its industrial policies is the average manufacturing
capacity utilization rate for its complement of unutilized manufacturing capacity rate. The former rate, which peaked at 79 per cent in 1977, fell to 29 percent in 1995 and according to the manufacturers’ Association of Nigeria, stood at 45 percent in 2010. It, therefore, stands to reason as the Editorial concludes; that the “high unutilized manufacturing capacity rate explains why President Olusegun Obasanjo’s ceaseless reforms and globe-trotting campaigns to woo foreign direct investors fell on deaf ears throughout his eight years in office”. And for the same reason, the “appeals by top functionaries in the Jonathan administration are a total waste of time”.

PROSPECTS
There is no doubt, as reflected in the Vision 2020 Strategic Plan, that any sustainable measures toward industrialization in Nigeria will depend critically on finding solution to “structural bottlenecks and distortions associated with heavy import dependence” related to the first set of factors above: domestic sourcing of industrial raw materials through lateral diversification in key sectors of agro-allied and solid mineral industries. As Uwem Essia and Uket Ibor have explained, a major bane of Nigeria’s industrialization is that:

An increasing amount of export earnings is used to finance imports, while the local resources, that would have been utilized to produce possible substitutes, remain idle and underutilized. A “critical import need” gap is created once the technological infrastructure and managerial competence to utilize existing resources and production capacities is seriously lacking. The “critical import need” is a structurally entrenched material requirements for the economy’s reproducibility.

On this view, Nigeria’s quest for industrial transformation also depends, as Professor Bade Onimode argued, on the extent to which, agricultural revolution can satisfy supply of industrial raw materials and severely curtail foreign exchange allocations to food import. The CBN statistics of 2011 and the Report of the Farmers Association of Nigeria” suggest that the country spends a phenomenal and indispensable amount of its foreign currency earnings on industrial raw materials and food import. According to the Punch Editorial of 31st October 2011, “Nigerians are amazed at the paradoxical decline in the fortunes of agriculture despite the availability of vast arable land in the country. Of its total land area of 98.3 million hectares, 74 million is arable but only half of this has been cultivated”. But paradoxically, Nigeria, according to the current Minister of Agriculture and Rural Development, Dr. Akinwumi Adesina, spend over 1.3 trillion naira in 2011 on the importation of basic food items including wheat, rice, sugar and fish (Guardian, Friday, March 16, 2012: 64). This, according to him, “while the billions that the country was spending goes into the pockets of farmers in India and Thailand, farmers in rice growing areas of Nigeria suffer the negative effects of dumped rice in the markets”. This prevailing situation is all the more surprising in the light of the litany of policies and schemes implemented over the years, including:

- National Accelerated Food Production Project (1970-1974)
- Green Revolution Program (1980)
- Directorate for Food, Roads, and Rural Infrastructure (1986)
- National Seed Service Programme
- The Federal Agricultural Cooperative and Rural Development Bank and
- The recently launched 200 billion commercial Agric Credit Scheme.

The impact of these various policy interventions have no doubt been negligible or could be considered outright failure at the implementational level. As Professor Bode Onimode observed, “it can be seen that Nigeria not only lost her relative world share for four of her
principal agricultural exports, but her export volume decline by over 50% in some cases for six of her seven main export crops”. Regardless of the levels of prices and earnings which fluctuated widely, “these low export volumes reflect falling gross output of the different crops and, therefore, declining agricultural performance45”. When compared with the situation in the 1960s when agriculture contributed about 80% of Nigeria’s foreign exchange earnings the current paralysis in this sector becomes even more glaring, thus warranting the stigmatization of “oil curse”. Again, as the former Minister of Finance Dr. Chu Okongwo observed this negative growth rate in the agricultural sector is “all the more disturbing when account is taken of the facts that: (a) its decline would be greater if we consider per capita terms; (b) it has adverse effects on the balance of trade, industrial costs and on the social framework; and (c) a primary goal of policy is food self-sufficiency46”.

Thus, as the development trajectories of both the industrialised and New Industrialising countries suggests, agrarian revolution must accompany any meaningful effort towards industrialization process in Nigeria if the structural bottleneck of import addiction is to be mitigated and urgent resources released for provision of capital infrastructures. In this regard, first, the problem of “unstable and inadequate funding” for agriculture needs to be frontally addressed. It is estimated that between 1980 and 2010, agriculture’s share of the national budget was less than 5 per cent (1.3 per cent in 1980 and 3.7 per cent in 2010). It is “a picture of a nation that lacks a clear focus or policy on food and agriculture47” Agriculture according to current CBN Governor, contributes 40% to the GDP and is the largest employer of labour and yet receives one per cent of lending” (“Nation, 18 January 2012:13”). Second, the targeting of the various subsidy schemes need to be reconsidered as it has so far failed to accomplish the policy goals they were intended to achieve: benefit small-scale farmers for increased crop yield”. Rather as critics have severally noted, the real beneficiaries have been “rent-seeking government officials, fertilizer merchants and agents”. As Bade Onimode once ruefully observed, “the fundamental flaw in the “green revolution” schemes is that they tried to mobilize everybody but the peasant producers themselves”47. The obvious reason is that unlike the intervention, policy direction in the United States or European Union and Japan which targets “output” by aiming at encouraging farmers to produce, the schemes in Nigeria targets “input” such as the 50 billion metric tones of fertilizer purchased in 2009 crop season. Conversely, America’s yearly subsidy of one billion dollars for instance, is committed to purchase from farmers at good prices and, in turn, sold to the global market distribution network.

It is in the context of this overall paralyzing failure in this sector that the Federal and State Governments need to take the “PUNCH Editorial (October, 2010) recommendation seriously: that: “Nigeria needs to emulate Brazil through organized and scientific farming. There is a need for improved and consistent funding. Farming can be made more profitable through output subsidy as is done in the United States. Government should create the right environment for investors in mechanized farming. State governments should compel their farm extension workers to educate farmers on improved seedlings, irrigation, storage and products marketing”. It is these critical areas of sensitization and “output” subsidy that the current initiative of Central Bank of Nigeria in collaboration with the Federal Ministry of Agriculture and Water Resources (the 200 billion naira Commercial Agriculture Credit Scheme) should address. Avoiding the implementational pitfalls of previous schemes is the only assurance that the core policy objectives of CAC will be realized: that is, helping to “shore up the rate of foreign exchange earnings and make available input to the manufacturing sector and processors”. According to the CBN Governor, Sanusi Lamido Sanusi, “One way of achieving this is by “collaborating with the banking system to fix the value chain problems in the agricultural sector, since economic development is about enhancing the productive capacity of an economy by using available resources to reduce risks, and remove impediments which, otherwise, could hinder investment”.

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CONCLUSION

It follows from the above considerations that rapid and sustainable development of Nigeria depends on the savings and commitment of significant earnings from crude oil to capital infrastructure and manufacturing industries. In the extant literature in resource diversification, this seems to be the most must plausible approach to intergenerational equity, as “reinvesting Hotelling rents” from non-renewable resources in man-made capital would ensure constancy of the capital stock”. In other words, as the “stock of the depletable resources runs down, the stock of man-made capital is built up in replacement”.

However, the critical question is why despite the multiple articulation of the rationale and development plans for resource diversification in the Third and Fourth National Development Plans (1976-1986) as well as the subsequent series of policy regimes (such as Vision 2010 and Vision 2020) the implementation process remains largely stalled and unfulfilled? There is a high level of consensus in the academic literature and the critical press that achieving these developmental objectives depends on and urgently requires addressing a range of contextual and convergent factors (the systemic context and crisis of governance) in Nigeria. Thus, Professor Anya O. Anya perceptively noted that:

It would seem that the condition for initiating an environment conducive to preparing the ground for participation in the new industrial revolution do not currently exist in Nigeria… However, if we were to re-engineer the Nigerian dream and stabilise the polity immediately, give ourselves a year or two to replan the economy, mobilize the population totally with a new work ethic, we could by the end of this decade restore hope and inspire sufficient confidence in ourselves and in our well-wishers in the international community to start the slow process of renewing our sustainable development as consistent with the imperatives of the 21st century.

These contextual factors as drivers of socio-economic change provide the necessary enabling environment for the reconstruction and transformation of peripheral formations such as Nigeria. This entails:

- dealing with the systemic crisis in the Nigerian state through “efficient and result-oriented governance”.
- Emergence of leadership “audacious enough to unleash social change” (Heilbroner).
- Restructuring of Nigeria federalism through constitutional provision which allow states the concurrent powers to develop the resources (especially, roads, electricity and solid minerals in their sphere of jurisdiction).
- Drastic reduction of cost of governance in which over 70 per cent of the GNP goes to the payment of salaries and emoluments at all levels of government. In 2010, the FGN overhead budget was N536.2 billion in a national budget of less than N4 trillion. In 2012 national budget, the sums allocated “to fund the (needs and wants) of “government people” has been described as “obscene in a society where the majority lives below poverty level” (Guardian Editorial, January, 2012).
- Drastic mitigation of “import addiction” such as the N1.3 trillion on food import and on N400 billion on car import in 2011.
- Policy measures that address key sector of the economy such as the reactivation of domestic refineries and an end to the “peripheral and parasitic black market” foreign exchange through the operation of the Wholesale Dutch Auction System (WDAS) and Bureau de Change (BDCs).

It could be argues that the critical factors in the emergence of efficient
and result-oriented governance is transformative and disciplined leadership that Prof. Anya, among others, considered inescapable prerequisite of “realistic chance of rejoining the race for development”. According to him, without an “educated, knowledgeable and experienced leadership, we cannot make a start and without discipline productivity cannot rise to stabilize the social space”. In the words of S. G. Ikoku:

Leadership inadequacy has been at the heart of the Nigerian political problem since independence. It has not been the failure of an individual or of a political party. It has been the failure of the political class in particular and the Nigerian elite in general.

Thus the collateral impact of efficient and disciplined leadership as could be inferred from the experiences of the Newly Industrialising Countries is a policy direction that ensures maximal savings through drastic reduction of cost of governance and “import addiction” and the commitment of these resources to capital infrastructure and manufacturing enterprises. In this regard, the Guardian Editorial (26 January, 2012) has trenchantly argued that “governance must reflect in words and in deeds, a nation in a hurry to develop and play in the big league. This should begin with the personal integrity of its leaders and anchored upon the transparency, commitment, efficiency and effectiveness of government…. if the immediate price they pay for this is loss of pecuniary benefits, so to be it. The country surely will be the better for it”. Foreign Intelligence and critics in the informed media have forewarned of the incalculable consequences of transiting from “failed” to “collapse” state in the light of emergence of violent anarchist movements such as Boko Haram arising from protracted social crisis of mass poverty, immiserisation, unemployment, stagflation, alienation and combustibility of excessive cost of governance. It is in this context that Bola Ayeni’s observation remains a constant reminder to the current generation of our policy elite: “that a genuine basis for the diversification of the Nigerian economy exists, given our rich endowment of human and physical resources. If we stumble from one misfortune to another, we should not put the blame on our monocultural economy, but on ourselves for not being able to put our rich natural resources into good use…. It is not because we lack a varied resource base to diversify our foreign exchange earnings. In the words of Abraham Lincoln, “The Challenge of the peaceful past is inadequate to the stormy present. Ladies and Gentlemen, lets disembowel ourselves”

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30. Ibid: 6


35. Ibid: 596.


37. Anya O. Anya op. cit.

38. Ibid: 279.


40. Chu Okongwu op. cit. p. 22.


42. Ibid: 15.


47. Onimode: 173


49. Ibid: 7
