

## Self-Reliance and Sectoral Complementarity: Recipes for Nigeria's Economic Transformation

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### Abstract

Nigeria currently operates a disjointed economic system, with an outward orientation. Consequently the nation's economy is helplessly dependent on offshore technology, capital, markets, and control. This is in addition to the reliance on the production and exportation of crude oil; a commodity highly prone to price volatility in the world market. The economy is badly disarticulated to the extent that what happens in one sector of the economy does not have any bearing on other sectors of the same economy. In the light of the above observations, this study locates the genesis of the disarticulation of the Nigerian economy and examines the possibility of national economic transformation in the face of such fundamental fetters. The study's objective is to provoke a comprehensive redirection of development policy in Nigeria in such a manner that guarantees national economic transformation. Using secondary data sources, the study examines traditional economic forms in Nigeria, and observes that the country adopted a highly diversified, highly complementary productive base; one that drew its capital, technology, and markets locally. The study observes further that disarticulation of the economy and lack of sectoral complementarity began with contact with the West, and the institutionalization of western political and economic hegemony. Finally, the study observes that post-independence economic management has attempted to engineer economic transformation without first addressing the fundamental flaws in the economy; and this explains the failure of all post-independence economic management strategies. Consequently the study recommends economic management strategy anchored on sectoral complementarity and self-reliance.

### Keywords:

Self Reliance,  
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Complementarity,  
Economic  
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## **Background to the Study**

The quest for economic transformation constitutes the substructure on which post-independence public policies in Nigeria have been anchored. Meeting developmental aspirations of the citizenry has propelled successive administrations, both civil and military, since independence, to conceptualize and execute myriad of policies. Such policies include: Nigerianization or indigenization of the economy; development of a local iron and steel sector; encouragement of agriculture; development of solid minerals; liberalization of the economy to attract foreign investments; integrated rural development as a means to improve living conditions in rural communities; skills acquisition for the younger segment of the population; adoption of an Bretton Woods Institutions inspired Structural Adjustment Programme; the list is inexhaustible. Religious pursuit of these economic schemes exhibits as an outcome, an unmitigated failure. The objectives of economic emancipation, improved standard of living, eradication of unemployment and poverty remain elusive and a mirage. The Nigerian economy is characterized by dwindling industrial capacity, reliance on food and raw materials importation, foreign exchange shortages, retrenchments, no value addition to agricultural or mineral resources, monoculture, and so on.

Against the above background, this study intends to attempt an explanation for this state of affairs. Why is it that the implementation of development policy in Nigeria has not yielded the anticipated dividends? Where is the nation getting it wrong? Is there a way out of this quagmire? The objective in view is to identify the fundamental pitfalls in Nigeria's economic management, and to proffer remedies that will transcend the fetters to Nigerian economic development. The central thesis canvassed here is that Nigeria's economic transformation will receive the needed impetus when development policies are conceived and executed within a framework of self reliance and sectoral complementarity. Monoculture and policies that have outside orientation or an offshore nucleus constitute fetters to national economic transformation. In pursuit of its objective, and to advance its arguments, the study explores historical sources of data; and the data subjected to objective descriptive analysis. Furthermore, political economy constitutes the framework for analysis because data of diverse backgrounds were employed.

## **Definition of Concepts**

- i. **Self Reliance:** describes an economy which uses indigenous initiatives, capital, human, agricultural and mineral resources to effectively and efficiently address developmental challenges.
- ii. **Sectoral Complementarity:** refers to an economy whose various elements constitute a harmonious and mutually dependent whole.
- iii. **Economic Transformation:** describes desired changes in an economy which enhance standard of living of the citizens now and in the foreseeable future.

## **Indigenous Forms of Economic Management in Nigeria**

Institutionalization of British hegemony in Nigeria did not only forge a union out of hitherto unrelated polities, it also amalgamated economies of diverse backgrounds. Though those economies exhibited some differences, they undoubtedly shared some common features, viz:

self reliance and sectoral complementarities. Ajayi and Alagoa (1980v) show that indigenous Nigerian society moved from gathering of wild crops to cultivation of such crops as their immediate environments permitted. As early as the late Stone Age Nigerians moved from gathering of wild crops to the domestication, production, and cultivation of crops, using technology evolved by them. Crops cultivation went side by side with the development and production of iron and bronze products. Gavin and Oyemakinde (1980,p.482) argue convincingly that at the beginning of the 19<sup>th</sup> Century, and even much earlier, the Nigerian economy went beyond subsistence production; observing that , “within each community and beyond, the products of the soil were stored and exchanged against other products or against men's labour”. The economy described above displayed certain unquestionable features: agriculture gained its tools and implements from the local foundries. These implements, perhaps crude, unsophisticated by today's standards, enabled agriculture to (i) feed the local population engaged in agriculture, (ii) feed the local population of iron and bronze workers, as well as religious and medicine practitioners. Individual communities had surplus which they sold to neighbouring communities after meeting the various levels of local consumption.

Omer-Cooper, Ayandele, Gavin and Afigbo (1968,p.113) show that West African states, including Nigeria, were able to cultivate a variety of crops, mine a wide range of solid minerals, and using these products, participated in the trans Sahara trade. The Portuguese, enjoying the benefits of being the first Europeans in the area, traded in “natural produce, such as gold, ivory, and pepper”, with the people. There is no reliable data to the effect that the production of the aforementioned items depended on European manpower, technology, or capital. European knowledge of the interior was very poor, largely based on inaccurate accounts of armchair geographers. They were therefore in no position to determine economic outcomes in Nigerian communities. King (1998,p.19) explains that Nigerian communities cultivated several crops and minerals. Food and cash crops produced included “maize, beans, citrus, fruits, coconuts, yams and millet... cocoa, coffee, oil-palm and tobacco. Marble and tin are major mineral resources... and there are also large deposits of iron ore and limestone”. Indigenous economic forms were not limited to the agricultural and mining sectors, some form of manufacturing actually took place. Azaiki (2007) discusses what he termed secondary occupations, identifying local gin making in several Niger Delta communities, textiles manufacturing among the Ijaw of Bonny, Urhobo and Ika-Ibo, amongst others. He also identifies boat carving, a common product of manufacturing among coastal and river bank communities in Nigeria. These industries pre-date contact with Europeans and totally relied on local technology and capital. The advent of European trade and foreign political domination spelt doom for most of these local industries, forcing them into extinction or into perpetual state of comatose. Unable to match the quality of locally produced gin, British colonial authorities produced a series of anti-local gin legislations. The local gin was tagged illicit gin, while the imported one became the legitimate gin.

The dependence on local technology and capital clearly demonstrates self reliance: and high premium placed on agriculture, mining and manufacturing at the same time shows economic diversification. In addition, the reliance of agriculture and mining on the manufacturing sector for their tools and implements strongly demonstrates sectoral complementarity.

### **Economic Disarticulation**

The Portuguese merchants were the first set of Europeans on the Nigerian coast, landing in Lagos in about 1470 and reaching the Edo city of Benin about two years later. Northern Nigerians interacted indirectly with Europeans and Arabs through the people of Maghreb Africa. Contact with Europeans changed the political economy of the country. Though initially these Europeans exchanged their goods with Nigerian commodities, the trade in the course of time degenerated into commodification of Nigerians. The slave trade uprooted Nigerians on which the economic edifice described above rested and transplanted them in the Americas. This singular act disrupted indigenous economic forms and also ignited the disarticulation of the economy.

In the Niger Delta region, Cooley (1974) posits that from the Sixteenth Century onwards the region's participation in the international capitalist system merely involved the capture, purchase and stealing of human beings and selling same to the Europeans. Eremie (2004,p.22) summarizes the effects of the trade in humans to include depopulation of parts of the country, enactment of the Hobbesian state of war, and "distortion of the dynamics of social, political and economic advancement". Agriculture, mining and manufacturing were disrupted, as people generally went into hiding to escape capture and commodification. The end of the slave trade and the coming into being of the legitimate trade consolidated economic disarticulation in Nigeria. International political economy dictated the production of certain crops demanded in Europe. Regionalization of the economy began as various parts of the country engaged in the cultivation of crops assigned to them by international capital. Crops produced in one region were not traded in other regions but were rather exported to Europe. Gradually but steadily the technology and capital needed were provided by offshore sources. Disarticulation of the Nigerian economy garnered momentum with the discovery of crude oil. The exploration and exploitation of oil rest squarely on offshore sources, in terms of technology, capital, market, and storage. Ascendancy of oil translates into scooping up the commodity from the bowels of the earth, and exporting it to Asia, Europe and America, without the necessity of adding value. It made available tones of cheap and ready money.

However, the level and quantity of oil produced has no direct bearing on local conditions, unlike what happened in the past; oil relied on imported tools therefore no link between it and local manufacturing sector has been made.

Public policy also abandoned the solid mineral sub-sector, as well as encouraging the massive importation of food. Oil presently constitutes the most significant and relevant source of foreign exchange, yet its contribution to employment is insignificant. It has also failed to effect any reasonable degree of backward and forward integration, rather leaving in its trail environmental degradation, violence and inter-communal crisis. Okigbo (1986,p.6), after x-raying the Nigerian economy, laments thus: "The development of the economy for sometime in the future will thus depend precariously on a single resource". Nigeria has, within this faulty framework, attempted a plethora of economic theories and models, each of which had failed. New efforts at economic management will fail unless there is a conscious paradigm shift.

### **Paradigm Shift: The Inevitability of Sectoral Complementarity**

Nigeria emerged from a self-inflicted civil war in 1970 and found out that the international economy was in high demand for oil. Nigeria quickly went into harvesting her huge oil and gas resources and sold them to ready and willing international buyers. Huge petro-dollars rained in, and a national culture of monoculture or mono-cultivation quickly set in, characterized by abandonment of agriculture and solid minerals, disarticulation of the national economy and massive importation of food and consumer goods using the huge revenues from the petroleum sector. International oil market is usually defined by periods of boom and bust; whereas the boom brings in money, the opposite brings loss of money and suffering. Western response to the Arab use of oil as a political weapon was the exploration of alternative sources of oil and development of alternatives to oil. Added to this is the economic truism that boom encourages new entrants in to the market while existing participants undertake capacity expansion. The net effect of the above factors was over supply of the oil market and a sudden sharp drop in prices in the 1980s.

Nigeria suffered a paralyzing economic stroke: foreign exchange reserves were wiped out over night; financial obligations to local and international partners could no longer be met; factories began to shut down with the attendant rise in unemployment; basic food and consumer goods went off the shelves; and the country crashed violently to her knees. Shehu Shagari, President of Nigeria (1979-1983), was forced to adopt economic stabilization measures as a means of tackling the harsh effects of monoculture and mono-cropping. State of the economy was one reason advanced by Major General Muhammadu Buhari for toppling the Shagari administration in December, 1983. He too, just like Shagari before him and General Ibrahim Babangida after him, adopted a Bretton Woods Institutions inspired Structural Adjustment Programmes in a desperate attempt to salvage Nigeria. Nigerians suffered the pains of adjustment but never gained the promised revival. It was in this setting of economic crises that national leadership, scholars and commentators began talking about economic diversification. Surprisingly all such talks are forgotten whenever oil prices rebound and the windfall comes again. What does diversification entail in the Nigerian context? An examination of this question shows that diversification is incapable of generating economic transformation in the Nigerian sense of the word.

Alapiki and Odondiri (1996,p.41) explain that Nigerian governments appreciated the desirability of diversification and therefore adopted tripod approach to bring it about – “invest heavily in agriculture, petro-chemicals and iron and steel as the leading sectors”. The idea usually expressed is that such three prong approach will diversify the revenue base of the country in such a manner that if one sector experiences a revenue shortfall, earnings in the other sectors would provide a soft landing for the economy. Coleman (1986,p.67) gives a graphic presentation of this kind of diversification, using agricultural produce. He identified four agricultural produces, insisting that drop in price for one of the crops did not cripple the economy because the others acted as safeguard. He explains that such diversification accounted “in part why there was comparatively little suffering or nationalist protest when the value of Nigerian exports dropped 50 percent immediately after World War 1 and again in the early 1930's”. Diversification along this line is what the government also pursues. For instance,

General Sani Abacha, military Head of State (1993-1998), states that “to attain economic growth and development, it is necessary to squarely face the problems of the so-called oil economy syndrome and excessive dependence on oil. Agricultural production must be enhanced while we strengthen our industrial base”(Abacha,1997). Abacha's positions the typical official line in the country.

The strategy fails because it is fundamentally flawed. To begin with, this is not an enduring economic framework. It is usually an adhoc strategy adopted whenever oil revenues witness sharp drop. The strategy is usually poorly conceived, poorly implemented, and quickly abandoned as soon as oil revenues improve. Secondly, the sectors of the economy that are scaffolded into the revenue structure are managed in the same way the oil sector is managed. Commodities are simply harvested and exported without any value addition. Activities in one sector therefore produce negative impact on other sectors of the economy. Impetus for the given economic activity is almost solely driven by external forces: tools are imported, and demand from abroad is usually the only demand considered. There is inadequate government coordination of the different sectors of the economy.

All government is interested in is to earn revenue from those other sources to reduce the pains caused by shortfall in oil revenue. The clamor for diversification in Nigeria can be likened to what a roadside retailer does. On a small table the retailer displays a number of items. Poor sales in one item are compensated for by better sales in other items. This ensures a diversified revenue base, but has no regard for sectoral complementarity. The latter is much more complex, and much more rewarding in the long run.

Sectoral complementarity requires knitting together various economic activities in such a way that the different activities adopt a single heart, a single head, a single pair of hands, a single set of legs, and so on. The national economy operates as a single body, with each sector or sub-sector acting as a part of the whole, reinforcing mutual interdependence. Each unit serves as a link in a well oiled chain. What this translates into in practical terms is something like this, using the oil sector as an example. Gas from oil fields could be used to generate and supply electricity to nearby communities. This would bring in its wake small and medium scale industries: such as preservation of fresh fruits, vegetables, meat and fish; hair dressing, sports viewing centers and drinking joints and so on. The oil sector could give birth to refineries and petro-chemical plants. Refineries will not only make petroleum products available locally, but would add value to the oil before it is exported thereby fetching more money. Petrochemical plants will come up with petroleum by- products that would benefit agriculture, plastic industry, textiles sector, and a host of other industries. The presence of such a huge oil and gas sector would encourage the establishment of an oil tools factory, trucks factory, oil storage equipment plants, and things along such lines. There would be millions of jobs, government tax revenue would shoot skywards. Local demand for goods and services would increase, and there would be a wide variety of goods to export. This is what sectoral complementarity implies, and this is what Nigeria needs for economic transformation. Once this system is put in place it would become a self regulating organism which would hardly be destroyed by even the most determined sadist or the most irresponsible political leadership.

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