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Sustainable Development and Unsustainable Popular Delusions

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This paper is the address presented by Dr Obadiah Mailafia as part of the *Sustainable Development Discourse Lecture Series* organised by CESDEV which held at the Trenchard Hall, University of Ibadan on Tuesday 12 June 2018

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Introduction

First of all, let me express how delighted I am to be in your midst today. I feel honoured to have been invited to deliver this year's Lecture within the framework of the Annual Sustainable Development Policy Discourse series. Judging by the calibre of the personalities who have preceded me on this platform, I feel proud as well as humbled.

I can reveal that this lecture has been postponed twice. It is an amazing coincidence that we are meeting today on the fateful day of Tuesday 12th of June. Let me use this opportunity to congratulate the Federal Government under President Muhammadu Buhari for honouring the memory of the late Chief Moshood Kashimawo Olawale Abiola by declaring 12 June as Democracy Day. I equally welcome the award of the country's highest national honour of Grand Commander of the Federal Republic (GCFR). Our lawyers have drawn our attention to the fact that such awards, strictly speaking, cannot be awarded posthumously. Be that as it may, we welcome the gesture and we hope that ways and means will be found to fully rehabilitate the memory of Chief Abiola as the Father of modern Nigerian democracy.

Since its humble beginnings in 1948, Ibadan has been a trailblazer and leader in education, training and research – a centre of excellence in fields as diverse as tropical medicine, African Studies and the historical sciences. Today, Great UI remains a city set on a hill – a light unto the nations. I urge you all – staff as well as students of this great national treasure -- to continue on this straight and narrow path of commitment to the time-tested virtues of excellence and universal values in a confused and illiberal age. I congratulate our distinguished Vice-Chancellor Professor Abel Olayinka Idowu FAS and the Council and regents of our premier University of Ibadan for the great work they are doing.

I must also register my thanks to Professor Lanre Olaniyan, Director of the Centre for Sustainable Development (CESDEV) and his team, for keeping the flag of these distinguished annual lectures flying. I note in particular the philosophy of CESDEV, which is to provide a dose of fresh air in the arid landscape of neoclassical economics; with its obsessions with mathematical applications and modelling so completely divorced from reality. This was not the original spirit of economics as was understood in the heydays of men such a John Maynard Keynes, his disciple Joan Robinson at Cambridge and their stepchildren Hezekiah Oluwasanmi, Pius Okigbo and Ojetunji Aboyade, to name but a few. The older tradition would insist that mathematical rigour be linked to approaching economics as a part of the moral sciences; with its commitment to expanding the possibility frontiers of collective welfare and human liberty.

In the letter of invitation to me, it was noted that, over the years, CESDEV has been committed to the philosophy of promoting a new vision of sustainable development within the constraints of planetary boundaries; based on a "compelling alternative to conventional approaches to development by emphasising participatory, holistic and inclusive processes that lead to positive concrete changes….enhancing governance, creating employment and reducing poverty".

The organisers were generous enough to allow me some latitude in choosing the topic of today's lecture, paying due attention to the general theme of, *"Megatrends that will Influence Sustainable Development by 2030"*. I have framed today's Address in terms of: *"Sustainable Growth and Unsustainable Popular Delusions"*.

My Address will be in four main parts: (1) in the first part we will consider the question of sustainable growth in the context of the internationally agreed targets for "Sustainable Development Goals (SDGs); (2) in the second, we undertake a brief overview of the Nigerian growth story; (3) thirdly, we shall discuss the global megatrends that are likely to impact on the prospects for realisation of the SDGs in Africa in general, and in Nigeria, in particular; and (4) finally, we examine what I term "the unsustainable popular delusions" in the contemporary Nigerian discourse on growth and development. We will then make some concluding observations.

1. Sustainable Development and Sustainable Growth

According to the Sustainable Development Commission, sustainable development refers to "development that meets the needs of the present, without compromising the ability of future generations to meet their own needs." In line with this definition, sustainable growth can be understood to mean a rate of growth in output that can be maintained over a sustained period of time without creating other significant challenges, particularly for future generations.

In our day and age, growth – the increase in quantitative output largely as measured by GDP --- is not synonymous with development. The latter is understood as structural transformation of the economy as it translates into livelihoods and higher quality of life and standards for the generality of the populace. Sustained growth levels are good for the economy because they put the national production system in full throttle, generating higher incomes and boosting aggregate demand. Lower levels of growth, on the other hand, can lead to goods deflation, industrial layoffs, labour surpluses and higher levels of unemployment, higher public sector debt and general feelings of hopelessness.

The LSE Growth Commission on British industrial growth, headed by the economist Philippe Aghion, defines economic growth with emphasis on its inclusive and distributive elements and its capacity to empower citizens: "Economic growth is the increase in a country's capacity to produce goods and services. We care about such gains because they lead to improvements in citizens' material wellbeing through higher consumption, greater leisure and/or improved public services. We prefer these fruits of growth to be as *inclusive* as possible rather than for them to be appropriated by a small, fortunate slice of society…. (All economies should) have mechanisms for distributing the fruits of growth more widely through taxes, benefits and the provision of public goods such as education. And equipping citizens with skills gives them the best chance of participating in the process of growth."[1]

Growth and development are, of course, intertwined. It is inconceivable that human development could be achieved without significant and sustained increases in output

[1] Philippe Aghion et. al, Investing for Prosperity: Skills, Infrastructure and Innovation, Report of the LSE Growth Commission, London 2013, p. 6.

growth. But this is not to say that growth will automatically usher in development. For example, many years ago, it used to be said in Brazil that "the economy is doing well but the people are not". An economy can very well in quantitative out growth even as the generality of the populace continue to lament worsening living conditions.

This phenomenon of growth without development is particularly pronounced in the case of Nigeria. Some years ago, the World Bank published a country report on Nigeria that characterised our development trajectory as one of "jobless growth".[2]Today, most of our economists are agreed that the economy is currently on the path of recovery from recession. Unfortunately, the misery index for Nigerians appears to be reaching despair levels. Growing insecurity across the country, deepening poverty, polarizing inequalities and rising unemployment, particularly among the youth, leaves most Nigerians unconvinced that their life-chances are improving.

In our day and age, sustainable growth must be seen as an inseparable part of human development. But it also has to be understood that the process is not automatic. Governments must make conscious and deliberate efforts to channel growth processes in a manner that serve the goals of sustainable human development. Policies must be built to ensure sustainable harnessing of natural resources through technology choices that protect the environment and optimise natural-resource utilisation for present and future generations. Issues of equity must also be taken into account.

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[2] Cf. Volker Treichel, Putting Nigeria to Work: A Strategy for Employment and Growth, Washington DC, The World Bank, 2010.

Thinking of equity in sustainable growth requires us to focus on three forms of equity. First, there is what we would term *vertical equity* – the relationship between rich and poor and across the various segments and classes of society. Equally important is what we would term *horizontal equity* – the relations between various groups and regions within a country. For example, in Nigeria there is a widening economic gap between the North and the South. In our country today, poverty wears a predominantly Northern *dashiki*. Lastly, we have the phenomenon of intergenerational equity. This refers to the obligation of present generations to utilise the country's national patrimony in a manner that leaves something for future generations. This is why countries such as Norway, Qatar and UAE have large sovereign wealth funds running into hundreds of billions of dollars. Nigeria's Sovereign Wealth Fund has a low asset-base of US$2.15 billion, which pales into insignificance when juxtaposed with that of its comparators.

The Commission on Growth and Development

The World Bank created the Commission on Growth headed by Nobel laureate Michael Spence to report on the nature, dynamics and sources of growth for developing countries and to suggest possible frameworks for driving successful growth strategies.[3]

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[3] Cf. Commission on Growth and Development, The Growth Report: Strategies for Sustained Growth and Inclusive Development, Washington DC: The World Bank, 2008.

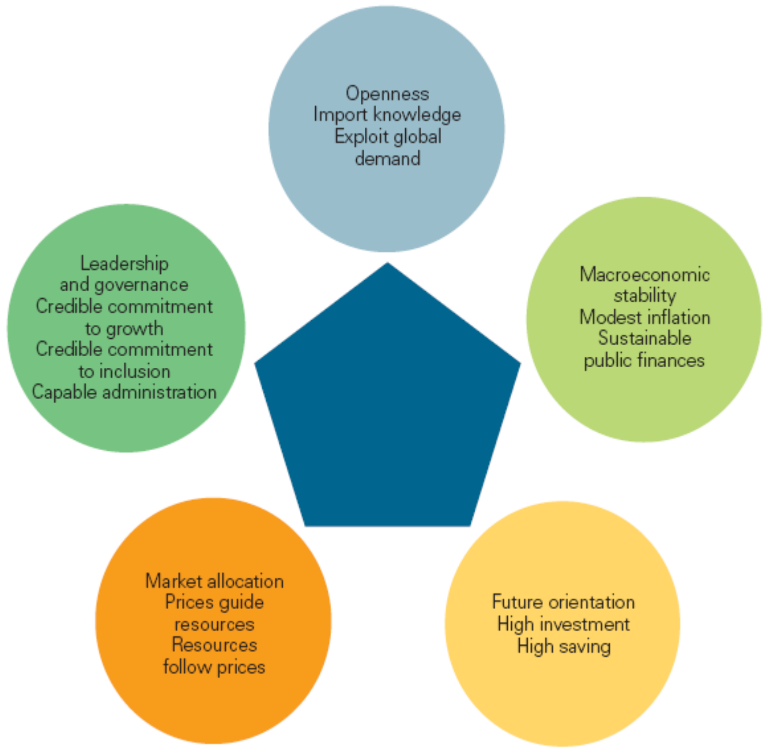

Figure 1: Elements of the Spence Growth Strategy Model

According to the Spence Report, the most successful countries with regard to sustained growth are countries that a hooked up to the global economy. Such countries also tap into the knowledge economy and are particularly strong on human capital. In addition, they enjoy macroeconomic stability. They tend to also possess a high level of savings while also being oriented towards heavy investments in terms of both public and private investments. Successful growth countries also implement effective strategies for rapid structural diversification and continuing structural transformation. Growth-driven countries also provide effective market incentives while maintaining flexible labour markets

Equally crucial is the quality of political leadership in their ability to make strategic choices while articulating a coherent growth strategy. They also have to be able to communicate the new vision so as to get buy-in from the citizenry, in view of the short-term sacrifices involved in high investment rates. Leaders of high growth countries also have to maintain a persistent, determined focus on the goal of inclusive long-term growth; build consensus among stakeholders; and create "pragmatic, effective and when needed, activist government over time".

Also important is the "understanding and respect for markets, price signals, decentralization, and private sector investment" as critical ingredients for spurring growth. The final element is fostering effective institutional development that are strong both on regulation, upholding norms and ensuring effective delivery within a transparent environment.

Ultimately, growth is about markets and private sector investment operating creatively in an environment created by effective government. In this context, inclusiveness is accorded the highest importance in driving the growth process. By inclusiveness they mean equity, equality of opportunities, and social protection in market and employment and wage-labour transitions. The authors of the Spence Report believe "in the strongest possible terms that inclusiveness is an essential ingredient of any successful growth strategy"; a necessary ingredient without which the entire process could derail.[4]

One of the most important insights from the Report is to confirm the correlation between growth and poverty reduction. There is empirically grounded evidence that growth is a necessary condition for poverty reduction in developing countries. The case is established that it is arithmetically improbable that poverty reduction could be effected in the poorest countries merely through redistributive strategies without commitment to high growth.

While these principles are apply universally, Spence cautions that countries such as those of Africa may be hampered by their small size, landlocked and isolated geographical location and long history of dependence on natural resources, ethnic divisions and weak states.

We agree with Dani Rodrik of the Harvard Kennedy School of Government when he asserts that those who wish to promote rapid growth in their countries have to give ultimate consideration to "first order principles". According to him, "first-order economic principles—protection of property rights, contract enforcement, market-based competition, appropriate incentives, sound money, debt sustainability....Good institutions are those that deliver these first-order principles effectively".[5] He also makes the

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[4] Michael Spence, The Growth Report Principal Findings and Recommendations, London, 2008, p. 18 (mimeo).
[5] Dani Rodrik, "Growth Strategies", John F. Kennedy School of Government, Cambridge, Ma: August 2004 (mimeo).

important point that igniting growth is not the same as sustaining it. Igniting a growth process requires a mix of reform policies while sustaining it requires institutionalisation of mechanisms that ensure the resilience of the economy in full awareness of local constraints and opportunities while driving economic dynamism and building capacity for resilience over the long-term.

The Sustainable Development Goals

The Sustainable Development Goals (SDGs) took effect from January 2016 as principles of collective development action agreed by the United Nations for the period leading up to 2030. It is a successor to the Millennium Development Goals (MDGs) that covered the period from 2005 to 2015. The SDGs comprised a series of internationally agreed targets focused on 17 Development Goals: Total elimination of poverty; zero hunger; health; quality education; gender equality; clean water and sanitation; renewable energy; good jobs and economic growth; industry, innovation and infrastructure; reduced inequalities; sustainable cities and communities; responsible consumption; climate action; life below water; life on land; peace and justice; and partnerships for the goals.

2. The Nigeria Growth Story in a Nutshell

The Nigerian growth story has been a topsy-turvy one. During the early years of independence, growth was moderately positive, averaging over 5 percent annually. The lowest was during the crisis years 1966-77 when growth went as low as -17 percent. The country emerged from the tragic civil war years with impressive growth results, reaching a peak of almost 30 percent in 1970. From the 1980s to the 1990s growth was a moderate annual average of 3.5

percent, undulating between negative and positive figures during that decade.

The years 2005 to 2014 were the most impressive in terms of consistent high growth, averaging 7 percent. However, as the World Bank described it, Nigerian growth was characterised as "jobless growth". It was hardly inclusive. It also did little to incorporate sustainability elements in the general upswing in output.

Source: The World Bank, Washington DC 2016.

The current APC-led administration was unlucky to have inherited a virtually empty treasury in May 2025, at a time when global oil prices had collapsed. But the recession was not entirely inevitable. The administration wasted considerable time in getting itself off the ground. These delays generated uncertainties that were quite negative for growth and investments. The economy was plunged into recession between 2015 and 2017. During 2016 overall economic output regressed by a factor of -1.8 percent, the worst since the height of our tragic civil war in 1968. External reserves dwindled to a dangerous $27 billion while the exchange rate nosedived to N493 to the US dollar on the BDC market. The public debt rose to an unprecedented high of 5% of GDP even as inflation rose to a prohibitive high of 18.9 percent.

Manufacturers were groaning under the weight of scarce foreign exchange, which compounded the problem of capacity under-utilisation. Layoffs have been going on quietly in the industrial sector as well as in banking and finance. There was a growing threat of hunger as food output was declining in the face of so-called farmers-herders' conflict in the Middle Belt, which is unarguably the bread basket of Nigeria. Across all tiers of government, public finances were in dire straits, as workers and pensioners were owed backlogs of payments going back months, if not years.

The incidence of poverty is reaching harrowing proportions. Unemployment is bordering on crisis proportions, with incidences of youth unemployment as high as 70 percent in the poorest regions of the North East and North West. Rural banditry has been on the increase, in addition to armed criminality and a looming nightmare of random, nihilistic, violence. There is social decay everywhere; and with it an all-pervading atmosphere of gloom and emptiness.

It is universally acknowledged that this recession was not precipitated by the current administration. It derives from decades of poor policy choices, irresponsible leadership and an unsustainable political economy anchored on collecting petro-dollar rents from treacherous multinational oil companies. Added to it is the grim reality of grand corruption. According to the London-based Chatham House, the national treasury was losing US$1 billion monthly from oil theft, known in our local parlance as “oil bunkering”.

Towards the electoral cycle of 2015, there were rumours of opposition politicians amassing military arsenals in readiness for Armageddon in the event that they did not win the elections. Investors took cover by offloading naira and stashing up dollars. The dollarization of the economy has become a nightmare that would not go away. The dollar became the currency of settlement in political horse-trading in smoke-filled chambers. Foreign investors took the cue and started selling up and squirreling their capital abroad. Local tycoons changed their savings into dollars and stashed them in domiciliary accounts while others sent theirs abroad. An estimated US$50 billion left our shores in what has become a fatal financial haemorrhage for the economy.

Whilst it is true that the APC-led administration inherited an economic crisis; the truth is that they went ahead to nail the coffin by bungling incompetence. It took several months before a cabinet could be constituted, thereby losing a lot of valuable time. And it took even longer to develop an economic blueprint that would provide a strategic framework for frontally tackling the economic recession. Failure of both government and parliament to expedite action on the annual budget has been a recurring problem over the years, with all the negative consequences on the economy.

Last year the government launched the national Economic Recovery and Growth Plan (ERGP), an economic blueprint that, if rigorously implemented, could turn around the fortunes of our economy. The priorities of the new plan – power and infrastructures, food security, good governance, employment, human development and industrialisation are unassailable. The plan also makes it clear that a sound macroeconomic environment and an efficient public sector are critical to long-term recovery and growth. I could not agree more. Where I have reservations relates to the nitty-gritty of implementation. The big elephant in the room is the public service, characterised as it is by Byzantinism, venality and sloth. It is self-evident that no matter how visionary an economic plan, you would have to rely on civil servants to implement it. The ERGP can only succeed if the right vehicle is structured for its rigorous implementation.

According to recent figures released by the NBS, the economy is now fully on the path to recovery and growth. In the first quarter of 2018, output growth was recorded as 1.95 percent. Forecasts for the year are likely to be in the region of 2.1 percent, according to the IMF. Equally impressive has been recovery in agriculture and manufacturing. Inflation has progressively gone downwards to about 14 percent. The external reserves have increased to a high of US$48 billion, thanks to the fact that global oil prices have risen to more than US$70 per barrel. Unfortunately, unemployment figures remain stubbornly high, averaging more than 14 percent and more than 40 percent for the youth segments of the populations.

3. Overview of Global Megatrends by 2030

Megatrends have been defined as, "overarching global forces that stem from the past, are shaped in the present, and will transform the future".[6] Megatrends are long-term ubiquitous, structural and often irreversible transformations that shape economies and societies. This also means that public policies that normally operate within short-term horizons need to be designed in terms of more long-term, systems-based approaches to cope with structural societal changes. In this sense, long-term perspective planning, including scenario analytics, are often better suited to managing these large-scale transformations than traditional linear-based public policy systems anchored on conceptualisation, implementation, evaluation and review will not be adequate.

One of the great megatrends leading up to 2030 is population. The world population has already attained the 7 billion mark. The coming decade will see a greater trend towards population in the developing world, while in the advanced industrial economies, the trend will be that of demographic decline. By 2030 the number of people older than 65 is set to double to about 1 billion. While today the population of those aged 65 and above is 8 percent of the global population, that figure will increase to 13 percent in the coming decade. A major factor in these population changes is the declining rate of fertility in the Asia Pacific and the advanced industrial countries. As current trends go, 90 percent of the youth population resides in the developing countries. This has profound implications for employment-

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[6] Singh, Nitish, et al. (2009), 'Global Megatrends and the Web: Convergence of Globalization, Networks and Innovation', *ACM SIGMIS Database*, 40 (4), pp. 14-27.

generation strategies in both rich and poor countries. For the countries with dwindling demographics, public pension systems will come increasingly under pressure while public healthcare spending is bound to increase. For countries with you bulges such as those of Africa, policies will have to adopted to accelerate human capital development and for strategies to boost industrial development and jobs.

In 2010 the world's middle-class population stood at 27 percent. By 2030 it is forecast to reach the 60 percent mark. Of this, 80 percent will reside in the developing countries, with all the implications for global business and world markets. These changing demographics will mean a considerable boost in global aggregate demand and significant expansion in wealth and economic opportunities. Ironically, expanding opportunities will also mean rising inequalities and deepening poverty in those pockets of the world where diminishing expectations are structurally embedded in path-dependent economic systems.

For Nigeria in particular, our population is set to dramatically increase from the current 198 million will increase to some 263 million in 2030. And according to the UN Department for Economic and Social Affairs, under current trends, by 2050 we would have become the third most populous nation in the world, behind India and China, with a population of more than 300 million people.

Linked to demographic changes is the trend of rapid urban agglomeration. One of the major megatrends by 2030 is rapid urbanisation. In 1950 some 30 percent of the world's population lived in urban cities. According to some forecasts, some 66 percent of the world's population will live in cities.[7] In the case of developing countries such as those of Africa, rapid urbanisation is the norm, but by 2030 urban dwellers are likely to constitute merely around 50 percent, up from the current average of 30 percent. In the advanced nations of Europe, the trend is likely to exceed 70 percent. A remarkable trend in the current urbanisation process is the phenomenon of megacities, defined as cities with more than 10 million people. This phenomenon is bound to increase in the coming decade. According to some forecasts by 2030 the population of some cities will rise substantially: Delhi (36 million), Shanghai (30 million), Mumbai (27.8 million), Tokyo (27 million), Karachi (24.8 million, Cairo (24.5 million), Lagos (24.2 million), Sao Paulo (23.8 million), Kinshasa (20 million). In fact, a new form of urban agglomeration is emerging, known as *gigacities*, i.e. super cities exceeding 50 million dwellers. For example, the Chinese government is said to be to have a plan to connect 5 cities into a massive urban conurbation, such that Greater Shanghai could exceed 170 million before the next 5 years.

One significant fact for global trade and investments is that megacities are vortices for business, money and capital. They will have a capacity to wield economic power well beyond their national frontiers. Several of those cities have a GDP higher than many countries. New York's economy stands above a US$1.5trillion while that of London is US$845 billion. At US$136 billion, the GDP of Lagos is significantly higher than that of Ghana at US$ 45 billion and Côte d'Ivoire at US$38.37 billion.

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[7] Allianz Risk Pulse, The Megacity State: The World's Biggest Cities Shaping the Future, November 2015.

According to a UN Global Report on Urbanisation: "As the world continues to urbanize, sustainable development challenges will be increasingly concentrated in cities, particularly in the lower-middle- income countries where the pace of urbanization is fastest."[8] The acceleration of urbanisation will push demand for greater infrastructure, housing and public social facilities such as education, health and public transport. The challenges of pollution, floods and other urban problems will also intensify. Governments will have to design urban management solutions that will enable the new megacities to flourish; otherwise, they will be dens of iniquity and strife, with all the implications for governance, security and social stability.

In the years ahead, where people live will be a major determinant of their life-chances and economic livelihoods. Again, to quote from the UN Report on Urbanisation: "Trends in urbanization present great opportunities for development, but at the same time give rise to formidable challenges to social equity, environmental sustainability and governance. Indeed, where people live is a powerful determinant of how they live with respect to employment, consumption patterns, access to basic services such as housing, water, sanitation, education and health care, as well as their environmental footprint and vulnerability to natural hazards."[9]

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[8] According to this same report, the global urban population is projected to grow by 2.5 billion urban dwellers between 2014 and 2050, with nearly 90 per cent of the increase concentrated in Asia and Africa. Cf. United Nations, World Urbanisation Prospects, Department for Social and Economic Affairs (DESA), New York, 2015, p. xxi.

[9] United Nations, World Urbanisation Prospects, p. 2.

The new thinking about urbanisation centres on creation of "smart cities" that are innovative and creative. Drones will be used to carry messages from one part of town to another. Waste disposal networks by way of tubes will carry wastes from building to building into recycling plants for production of biogas. Driverless cars and buses will gain increasing acceptability while maglev subways will become one of the popular means of transport. But there will be substantial differences in the demographic mix of the megacities. In Asia, the population of over 60 will outnumber the young while in Africa it will be the opposite.

Another major megatrend relates to technology changes. By 2030 the global information revolution would have reached the mature stage of consolidation. The so-called "digital divide" would have been increasingly in retreat. Rudimentary technologies such as robotics, nanotechnology and sustainable energy systems would have begun to flower. Intercontinental maglev trends traversing oceans should be possible. Supersonic flights will be back after the disappearance of the French Concorde. Electric cars would have become more dominant even as hydrocarbon fuelled vehicles would be in their way out. The Age of Big Data would reign supreme, including use of blockchain in business, finance and public communications. Unless governmental authorities take measures to curtail it, electronic money will threaten the survival of some national currencies.

Linked to this would be expansion of the worldwide web and the global information highway. According to one report: "The exponential growth in the volume and speed of access to information and communication has numerous effects. It can generate new markets and challenge existing institutions. Unlike some other trends, there are no clear indications of enabling technologies shaping the future of government more so in one region than another. While developed countries may have greater access to many of these technologies at present, many technological innovations provide 'leapfrog' opportunities for less developed countries to capitalize on new and changing markets. For example, regions with no previous dense telecommunications networks, such as Africa, have benefited more than those countries which already had fixed-line telecommunications."[10]

The technologies of the future will shape transport, communication and energy systems. Manufacturing will also be greatly influenced by robotics, with all the implications for labour and employment. Increasing sophistication in financial technology will increase risks for cyber security particularly in the banking and investment world. There will be further advances in biotechnology by way of manipulation of DNA to produce new organisms will novel features. There will also be production of artificial tissue and advanced nanotechnology for surgery and remote monitoring of patients.

Governments that care about their people will accelerate policies to manage the demands and expectations of youth. Prudent policies to care for the elderly and for pensioners will also have to be designed. Creative and effective delivery solutions will have to be structured to ensure that the needs

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[10] KPMG International, Future State 2030: The Global Megatrends Shaping Governments, MOWAT Centre, 2014.

of the youth, the middle class and the elderly are effectively addressed.

More vigilance will have to be paid to cyber-security to ensure that banking systems are safe and technology-based digital money transfers are secure. Just as new jobs will emerge in technology and communications, many more will be lost. Governments must therefore invest in human capital and skills while updating the technical competencies of young people to ensure that they are well placed to enjoy gainful employment in the emerging new industries.

Another observable megatrend is globalisation and deepening interconnectedness. It has become a virtual cliché that our world has truly become a "global neighbourhood. The current administration of Donald Trump has taken measures that look like a retreat from globalisation, notably the revocation of the Atlantic Trade Agreement with Asia and Europe. The Brexit misadventure in terms Britain's withdrawal from Europe is another test-case of where European integration and the tendency towards regionalism will survive. But we believe that the forces of globalisation will survive. This is because global capital will always need access to bigger markets and global finance will always be attracted to areas outside its borders that bring the highest returns on investments. Technology also plays its own overwhelming role in bringing people together across regions and oceans. Global interconnectedness, thanks to technology, is likely to deepen in the years ahead. More recently the bulk of African countries have signed up to the African Continental Free Trade Area. Although Nigeria has not signed up to the new Treaty, it seems to me inevitable that we would eventually have to sign up.

The reality of our interconnected world has its good as well as negative fallouts. Global interconnectedness brings different human communities closer together while opening up opportunities for new ideas as well as new networks and opportunities. It will hasten the further reduction of trade barriers while encouraging increasingly sophisticated cross-border investment instruments.

But globalisation and interconnectedness also portend risks. Just as in the past globalisation has pushed some sections of the world into greater poverty and inequality, nations that fail to realign their national systems to hook on to networks of economic opportunity will regress while the life-chances of their people will diminish. In addition, financial and banking contagion effects will become more difficult to contain in future. Radical terrorists, for example, can recruit followers using social media and other forms of electronic communications. Policing borders, patrolling cyber criminals and keeping out radical extremist ideas will become a nightmare for national regulators and governments alike.

What these changes will also portend is more choice for *"prosumers"* in terms of lifestyles, entertainment and consumption. The primacy of the individual in mass consumer society will become even more pronounced.

What all this calls for is for developing countries such as ours to craft new development strategies anchored on a diversified economy, economic institutions that align with global norms and resilient financial and banking systems that will be practically immune to the forces of global financial contagion. We will also have to be strong on cyberwarfare and cyber-security to ensure that radical extremist ideas are frozen out and cyber criminals are easily detected, thwarted and prosecuted.

Another megatrend that cannot easily be ignored is the rising global public debt. The average net ratio of public debt to GDP of the advanced industrial economies currently stands at 78 percent. By 2030 it is forecast to be 95 percent. Some conjectures project a rise to 213 percent for the USA and a whopping 386 percent for Japan by 2035. This trend is complicated by the demographics which will require an average spending of 4.4 percent of the total incomes of developed countries on pension and healthcare for their aging populations. Africa has a huge advantage in this regard, because its overall public debt figures are lower than the global average. African countries also traditionally spend little or nothing in social security while public pensions are rudimentary.

The intermixture of debt and public pensions will mean that the fiscal space to manoeuvre for developed economies will reduce. The future of the dollar as a world reserve currency may increasingly come under questioning. This is simply because the Asians hold considerable volumes of American treasury bills. China alone holds over US$2 trillion of such assets. It seems to be in their mutual interest that nobody rocks the boat. If China demands cash back for its treasury bills, the dollar may experience a precipitate fall. This in turn will jeopardise a huge chunk of China's export markets. At the same time, if Donald Trump throws up enough tantrums to trigger a trade war between the two economic powerhouses, what I call *"Chimerica"* – the interconnection of American and Chinese business, trade and investments – may precipitate a global debt crisis.

Going forward, developed countries will need to drastically rationalise their social security systems to ensure a healthier balance sheet for their public finances. There is need for a new generation of leaders who have a better understanding of public finance and will help design fiscal and budgeting systems that ensure more prudent spending, cutting down on profligacy and pay sensitivity to intergenerational imperatives in fiscal policy.

One of the megatrends that will define our future is economic power shift. Some economic historians believe that long cycles of world power have been defined by the emergence of regional poles. In the first millennium of our Christian Era, world power was dominated by the Mediterranean powers, notably Venice, Spain, and Portugal. Power then shifted to the Atlantic powers from the 1750s to the end of the twentieth century. Power passed from power trading states such as Holland and Sweden to France and then England. Britain, being the mother of both democracy and the industrial revolution acquired mastery of the world through conquest of the seas and acquisition of colonies. The rise of the American republic and the toll of two world wars brought Britain to her knees.

Our twentieth century, as Walter Lippmann described it, has been "the American Century". From Woodrow Wilson to Truman, American statesmen crafted the economic and political institutions for global economic governance. Without American assistance through the Marshall Plan, Europe would not have risen Phoenix-like from the ashes of war. For better or worse, my generation grew up in the shadows of the American Imperium – in the frosty atmosphere of the Cold War and the prospects of thermonuclear war. With the benefit of hindsight, the "balance of terror" which the Cold War represented was not such a bad thing. It ensured a balance of power that guaranteed the international equilibrium. Since the collapse of the Berlin War and the disintegration of the Soviet War, the ending of the Cold War has led to the emergence as a unilateral global power. Unilateralism has led to the emergence of a less stable international order. [11] It is a truism that the centre of world gravity over the last 30 years has gradually been shifting towards the East. It was Napoleon Bonaparte who wisely counselled that we should let China sleep, because, when she wakes up, the world will tremble.

The rise of China is one of the defining features of our twenty-first century. For millennia, the Chinese saw themselves as the Middle Kingdom – essentially the centre of the universe. That worldview embodied both strength as well as fatal weakness. It was strength in the sense that it bolstered a cultural self-confidence their stature as a race and a civilisation. But it was equally weakness in the sense they became frozen in their own self-sufficiency – unable to learn from others and unable to engage in that cultural and civilisational miscegenation that goes into the making of great nations.[12]

[11] Cf. Henry A. Kissinger, World Order: Reflections on the Character of Nations and the Course of History, New York: Penguin 2014.

[12] Henry A. Kissinger, On China, New York: Penguin, 2011. Cf. Orville Schell & John Delury, Wealth and Power: China's Long March to the Twentieth Century, Random House, 2013; See also Martin Jacques, When China Rules the World, Penguin Books, 2012.

In terms of nominal GDP, the United States outstrips China by a considerable order of magnitude, with US$20.252 trillion as against China's US$13.093. However, if we base the comparisons strictly on purchasing power parity (PPP) terms, we could say the two are already at par. It is interesting that the Chinese themselves are uncomfortable with such comparisons. They strictly prefer not to see themselves as Number One. Rather, they want to continue to pursue their quiet policy of "peaceful development" without drawing too much attention from the world powers.[13]

At nominal GDP the combined wealth of the BRICS (Brazil, Russia, India, China and South Africa) currently stands at US$21.28 billion, which is way ahead of the United. India has one of the world's most rapid growth rates, averaging 7.5 percent in the last couple of years. That of China is slightly lower at 6.9 percent. Those growth trends are considerably ahead of the United States average of 2.3% and the EU average of 2.4 percent. This is to say, at current growth trends, the world centre of economic gravity would have all but shifted to Asia and the emerging economies by 2030. All considered, by 2030, developing countries will account for a total of 57 percent of world GDP. China and India will both account for 35 percent of world population and 25 percent of world GDP.

What is emerging is a multi-polar world order in which the "global South" becomes the engine and locomotive of global

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[13] China's grand strategy aims to carve out a global co-prosperity sphere covering much of central Asia, the Middle East, Africa and the Southern Mediterranean. Cf. Peter Frankopan, The Silk Roads: A New History of the World, Bloomsbury, 2015.

growth. The bourgeoning middle class and new urban agglomeration in the emerging and developing world will constitute much sought-after markets as well as destinations of choice for investors.

Going from the lessons of history, a change in the global economic equilibrium has never been peace and no upstart power has ever risen to the top unchallenged. This has certainly been the case since the rise of what the Germans call the *machstaaten* – the system of power states – from the Treaty of Westphalia 1548 to the Congress of Vienna 1815; and from the balance-of-power system of associated with classical European diplomats such as Metternich of Austria and Castlereagh in Britain.[14]

We face not only a geopolitical shift in power, but also shifting power from national governments increasingly to diffusion of power to smaller players such businesses and corporations, including rogue players such as armed guerrilla group and extremist terror organisations.[15] The rise of Salafi Islam will lead to even greater radicalism in Europe, North America and the world at large. It will force democracies to resort to "undemocratic measures" to control terrorist groups. The moral-constitutional foundations of the international liberal order will come increasingly under tension. Societies that are not strong will cave in under the pressure.

Given the climatic changes that have occurred in the last half-century, we would expect climate change to remain one

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[14] Henry A. Kissinger, A World Restored: Metternich, Castlereagh and the Problems of Peace 1812-1822, New York: Houghton Mifflin, 1957.

[15] Cf. Joseph Nye, The Future of Power, New York: Public Affairs, 2011.

of the great megatrends of our future. Those who continue to insist that climate change is an illusion orchestrated by a few misguided scientists and globalist conspirators are simply playing the proverbial ostrich. Climate change is one of the catastrophic realities of our world. For the first time since homo sapiens began to work on both feet on this planet, we have entered the Anthropocene Age.[16] By this we mean the age in which humanity by its own independent action is able to alter the biosphere and eco-system of the earth as a planetary body. In the inimitable language of the London-based economist newspaper: "The Earth is a big thing; if you divided it up evenly among its 7 billion inhabitants, they would get almost 1 trillion tonnes each. To think that the workings of so vast an entity could be lastingly changed by a species that has been scampering across its surface for less than 1% of 1% of its history seems, on the face of it, absurd. But it is not. Humans have become a force of nature reshaping the planet on a geological scale—but at a far-faster-than-geological speed…. we are already living in the Anthropocene: the age of man."[17]

According to some observers, $CO2$ emission levels are already 14% higher than estimated emission levels required to meet 2020 global targets. By 2050, according to some estimates, the cost of extreme weather could cost as much as US$720 billion, amounting to 1% of global GDP in 2012

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[16] Cf. Al Gore, The Future: Six Drivers of Global Change, Random House, 2013.

[17] The Economist, "The Geology of the Planet: Welcome to the Anthropocene," London, 26 March 2011. See also Nakicenovic, N. et. al., Global Commons in the Anthropocene: World Development on a Stable and Resilient Planet, International Institute for Applied Systems Analysis, IIASA Working Paper WP-16-019, Laxenburg, Austria, October 2016.

dollars. Some of the dangers humanity faces in the coming decades is the prospect that the Amazon rainforest could dry up; irreversible melting of the Greenland ice sheet could occur; while between 20-50 % of endangered species could stand the risk of extinction. And as a result of rising sea levels, some 200 million people run the risk of displacement while entire island nations such as Tuvalu, Solomon Islands, Kiribati, Palau and the Maldives run face the grim prospect of disappearing under the sea if rising sea levels continue unchecked. Climate change is exacerbating the problem of resource stress, particularly fresh water, food systems and competition for metals and minerals. In the coming decade, global warming and CO2 emissions may continue to worsen due to due to the Trump administration's retreat from multilateralism and reluctance to lead the world when it matters most for the environment.

In Nigeria we face the challenge of desertification which has been encroaching ferociously into our country while in the south we face the challenge of erosion and massive oil pollution in the creeks of the Niger Delta. Climate change is partly responsible for the Boko Haram insurgency as well for the violence and conflict associated with the militia herdsmen in the Middle Belt region.

These challenges call for greater coordinated global action. This may prove particularly difficult in light of the Trump administration's retreat from multilateralism. At regional levels, governments should also work together on projects for mitigation as well as adaptation, while agreeing common norms for responsible action with regard to climate change and utilisation of natural resources.

4. Popular Delusions About Growth and Development in Nigeria

During the economic recession of the 1980s the late distinguished economist Pius Nwabufo Okigbo delivered his famous lecture at the National Institute for Policy and Strategic Studies, with the strange title, "Sorcerers, Astrologers and Nigerian Economic Recovery".[18] I was among the audience during that steamy summer afternoon in Kuru. His delivery was a magisterial tour de force that has remained deeply ingrained in my memory to this day. Okigbo gave that dramatic title to his erudite lecture to drive home the point about how bereft we are in terms of serious critical thinking about the economy. Instead of basing economic decision-making on hard-headed analysis, profound historical knowledge, awareness of institutional dynamics, statistical research and data analytics, most of the time we seem content to hide behind abstract modelling, woolly thinking, guesswork, wishful thinking and a shot in the dark. What was true of the Nigeria of the eighties is, unfortunately, still true of the Nigeria of today.[19]

Some of my readers may also recall the famous essay by the Scottish poet and journalist Charles MacKay, *Memoirs of Extraordinary Popular Delusions and the Madness of Crowds*.[20] It is a book on the mass psychology and hysteria that can overtake masses of people in the investment world; when

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[18] Pius N. C. Okigbo, Sorcerers, Astrologers and Nigerian Economic Recovery, National Institute for Policy and Strategic Studies (NIPSS), Kuru, Distinguished Lecture Series, 1986.

[19] Cf. Frederick Hayek, "The Use of Knowledge in Society," American Economic Review, xxxv (4) September 1945 pp. 519-30.

[20] Charles MacKay, Memoirs of Extraordinary Popular Delusions and the Madness of Crowds

emotions such as fear and greed drive them into magic, Babalawos, Mallams, prophecy and voodoo instead of serious logical reasoning.[21]

Whilst it may be true that there aren't that many sorcerers and astrologers anymore in the economics profession, I daresay that there are still some who suffer from profound popular delusions. These delusions are particularly true regarding the underpinning paradigm that shapes the way we think and act in economic management. They derive from this false notion that we can easily transpose models that work in Chicago and apply them directly to our situation in Nigeria. While I believe that economics is a universal science, I am also of the persuasion that economics research and analysis must be grounded in the unique conditions that we face on our continent. The economists of Africa need to imitate what the economists of Japan and those of France and China doing – develop their own paradigms and intellectual-analytical traditions in conformity with their global worldview and world-historic ambitions. At present, we lack originality. Our feelings of inferiority make us to take refuge on imported paradigms and research agendas that have nothing to do with the real human condition on our continent.[22]

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[21] MacKay focused his work on three episodes that showed people at their most fickle-minded when mania, panic and greed take over in their quest to make money. The three episodes were: the South Sea Company, the Mississippi Company and the Dutch Tulip Mania.

[22] I would be the first to admit that this problem is also partly that of finance. The international agencies that sponsor economics research in Africa have a way of imposing their own paradigms as a way of forcing African scholars to think in only one particular way about the economy.

With your permission, I shall discuss five of those popular delusions or intellectual blind spots that seem prevalent in Nigerian economic thinking today.

The first popular delusion is the belief that development planning is bad and that all we need are so-called "rolling plans" and mid-term expenditure frameworks. The history of planning in Nigeria goes back to colonial times. Before independence, the departing British brought in economists from the World Bank and the United States to assist in designing Nigeria's first five-year economic development covering the years 1962-68. The distinguished American economist Wolfgang Stolper was one of the architects of our first national plan, about which he wrote with such nostalgia in his memoirs.[23] Nigeria has had altogether 4 national plans since independence, the other 3 being: The Second National Development Plan 1970-74; the Third National Development Plan 1975-1980; and the Fourth National Development Plan 1981-85. In addition, there has been the National Economic Empowerment and Development Strategy (NEEDS), which, *stricto sensu* is not an economic plan but a general overview of economic goals and principles.[24]

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[23] Cf. Wolfgang F. Stolper, Planning Without Facts: Lessons in Resource Allocation from Nigeria's Development, With an Input–Output Analysis of the Nigerian Economy, 1959–60, Cambridge, Ma: Harvard University Press, 1966.

[24] There is also Vision 2020, which was a general long-term perspective document with the target of increasing the national GDP to be among the top 20 by the year 2020. On an overview of the NEEDS document, see Ademola Ariyo, Ayo Odusola & Folasade Ayonrinde (eds.), NEEDS: Nigeria's Sustainable Development, Centre for Public-Private Cooperation, Ibadan, 2006. For a comprehensive history of economic planning in Nigeria, see Pius N. C. Okigbo, National Development Planning in Nigeria, James Currey, 1989.

Experts will continue to debate which, if any, among those plans was successful. It is generally agreed that the Second National Development Plan was among the most successful. It was successful because it was masterminded and implemented by great men such as Obafemi Awolowo and Professor Adebayo Adedeji, with help of technocrats such as Allison Ayida and Phillip Asiodu who were eminent economists in their own right.

In 1985 the Ibrahim Babangida military administration were persuaded by the Bretton Woods institutions to jettison planning altogether. Many of our so-called economists who bought into the fraud were in no position to know that works such as those by Naomi Caiden and Aaron Wildavsky, Planning and Budgeting in Poor Countries were really sponsored stratagems to ultimately ridicule planning in developing countries.[25]
This is not to say we should by any means idealise planning. Economic development planning cannot be a panacea to solve all economic ills. But I see it as a discipline and tool for resource and political mobilisation that enabled leaders and the nation's economic managers to focus on their long-term policy choices. Economic planning also helps to minimise

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[25] Naomi Caiden and Aaron Wildavsky, Planning and Budgeting in Poor Countries, Transaction publishers, 1980. Western intelligence services have been known to sponsor major research projects and book publications as intellectual weapons in their ideological struggle to wean Africa and other developing countries away from socialist sympathies. An example of such as work is Walt W. Rostow's Stages of Growth: A Non-Communist Manifesto, Cambridge University Press, 1990. It is part of the tragedy of the intellectual poverty of our intelligentsia that that they would tend to read such works uncritically and quote them as the most valid authorities on Africa's economic development.

the rampant policy inconsistencies and instability that accompanies regime changes.

Contrary to what many suppose, the emerging countries that have enjoyed accelerated growth and structural transformation have precisely those countries that never jettisoned economic development plans. These include: China, India, South Korea, Malaysia, Singapore and Indonesia. Those countries have persisted with economic development in disregard to pressure from foreign powers. And the results have been salutary.

Many of the megatrends and long-term challenges that we face today are precisely problems that require long-term thinking, not just mid-term expenditure plans. We in Nigeria would be well advised to go back to the traditions of economic planning. But we must do so devoid of ideological dogmatism. We should revitalise the National Planning Commission to be an autonomous professional organisation; centre of excellence attracting the best economists in the country. Regional and urban planning should also be integrated into the new planning framework. We should plan not only for accelerated sustainable growth; we should also plan for our cities and regions while adopting a comprehensive, strategic approach to the overall planning process.

The second popular delusion that I would like to bring to your attention is the widespread assumption that we can focus on quantitative growth with total indifference to the arduous task of nation building. On the contrary, I believe that the lessons of world development over the past half-century make it abundantly clear that those countries that have enjoyed rapid growth have also been those where the power elites were united behind certain national historic ideals. This is particularly true of an ethnically diverse country such as Singapore, where Lee Kwan Yew made it a deliberate policy to forge a new Singapore identity.[26] In countries as diverse as South Korea, Indonesia, Malaysia and India, a broad national consensus was a necessary foundation for national economic progress.

The Swiss historian Jacob Burckhardt, in his remarkable studies of the emergence of the political state in renaissance Italy famously described the state as "a work of art".[27] It is a work of art in the sense that it does not happen by chance. A state is built by creative men and women working arduously in the manner as Michelangelo painted the Sistine Chapel or as Leonardo da Vinci painted the immortal Mona Lisa. Nations are built by visionaries. They are a labour of love created with vision, courage, creativity and panache. Nations are invented traditions. The fusion of diverse peoples into a single nation with a common sense of destiny requires statesmanship of the highest order. Nation building projects need to be incorporated into our various youth policies and social development interventions.

For societies that have undergone or are undergoing violence and conflict, the nation building can take one of two forms. It could be approached from the viewpoint of *co-option* or *deconstruction*. Under a policy of co-option,

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[26] Lee Kuan Yew, From Third World to First: The Singapore Success Story 1965-2000, New York: Harper, 2003. See also Lee Kuan Yew, The Singapore Story: The Memoirs of Lee Kuan Yew, Pearson Asia, 1998.

[27] Jacob Burckhardt, The Civilisation of the Renaissance in Italy, Penguin Classics, 1990.

intervening authorities instigate reforms working within existing institutions in dealing impartially with all social forces and power centres; channelling the ongoing competition for power and wealth into peaceful channels. The alternative, deconstruction, is based on the idea of dismantling an existing state apparatus and creating a new one while consciously disempowering recalcitrant elements while empowering others.[28]

From the experience of nation building in post-conflict countries, particularly Iraq and the Middle East, the American diplomat James Dobbins and his colleagues at the Rand Corporation have distilled the essential elements of every credible nation building programme. Such efforts, according to them, have to prioritise the following: security of lives and property, including law enforcement, rule of law and security sector reform; humanitarian relief for victims of violence and conflict, including return and reintegration of refugees, practical responses to potential epidemics, hunger and lack of shelter; governance programmes to restore public services and the public administration; economic stabilisation by way of ensuring a stable currency and providing legal-regulatory framework in which local and international commerce will flourish; and human development programmes to foster economic growth, poverty alleviation and improvements in physical infrastructures.

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[28] James Dobbins, Seth G. Jones, Keith Crane, Beth Cole DeGrasse, The Beginner's Guide to Nation Building, Rand Corporation, 2007, p. xx.

In the Nigerian context, nation building entails mobilising all the youth and people of this country – men and women, rich and poor; building a new coalition of Nigerians who genuinely believe in democracy and social justice. Nation building entails symbolic as well as substantive commitments to ensuring that the country is governed in a fair and responsible manner. The government and leadership must reflect our diversity while the task of economic development must embrace every region and every section of our country; giving people a sense of belonging and hope.

The National Youth Service Scheme (NYSC) was originally conceived by former Head of State General Yakubu Gowon as a nation building tool to forge in the minds of our young graduates as sense of nationalism and patriotism before they embark on their life-time careers. I am not sure that scheme is still serving its original purpose. I would counsel that we transform the scheme into a system of military service as obtains in several countries. Among the countries that have a tradition of compulsory military service are: Austria, Finland, Cape Verde, Mauritania, Singapore, Burundi, Mali and Israel. We could borrow a leaf from the Israeli model where every young man and woman of 18 is called up to active military service.[29] Those crucial years of military service give these young people a sense of patriotism, loyalty and commitment to service. When they enter university, nobody can deceive them to join a cult. And they would also tend to be more focused in their studies. Friendships formed during military service are often carried

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[29] For boys it is two years while the girls have the option of serving for only a year.

into the marketplace where they often partner to set up ICT companies. This is partly why Israel has a worldwide reputation as the "Start-up Nation".[30]

The third popular delusion that we must debunk, which is linked to the preceding, is assumption that we can achieve sustainable growth without carrying the youth along. Throughout our continent of Africa, the youth are the majority. They are our future. It is my deepest conviction that a society that forgets its youth is quite literally digging its own grave.

The youth of Nigeria face enormous challenges. For one thing, our system offers them little hope and virtually no opportunities. The youth, by definition, are endowed with tremendous energy. That energy, psychologists tell us, must find an outlet one way or the other. If it cannot find outlet in creativity, it will find it in destructiveness. But find an outlet, it must.

This is the crux of the problem. Our youths of today feel little or no pride for their country. Most are scheming on how to leave for so-called "greener pastures". They have been brainwashed into believing that the streets of Europe and North America are paved with gold. Those of us who have lived abroad never tell them the other side of the story – the story of racism, fascism, Nazism and violent discrimination in the advanced industrial nations. We shield the fact of Global Apartheid from their consciousness.

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[30] CF. Dan Senor and Saul Singer, Start-Up Nation: The Story of Israel's Economic Miracle, New York: Council on Foreign Relations, 2009.

Another challenge afflicting our youth is drugs and narcotics addiction. It is estimated that up to 30 percent of our youth nationwide are into one form of substance abuse or the other. Over 20 percent of northern youth, for example, are into codeine, Benylin, Emzolyn, Drohpnoyl, Tramadol and other drugs. A few weeks ago, a BBC documentary by Ruona Meyer, titled, 'Secrets of Nigeria's illicit codeine trade revealed', brought the Nigerian epidemic to the forefront of world attention. It is a national tragedy. In the northern part of our country, it is affecting young families and undermining the moral and spiritual fabric of society. Drugs and narcotics often go hand-in-hand with other societal vices such as crime, cultism, prostitution, fraud and other forms of deviant behaviour. Until recently, cultism was rife on our campuses. The problem remains a nightmare that refuses to go away. The ideals that inspire the youth of long ago are no longer the ideals that inspire the youth of today.

Nigerian youth are probably the most creative anywhere. When the founder/chairman of Facebook, Mark Zuckerberg, expressed how impressed he was with what our youth are doing in the new technology sector. Most of our creative industries are driven by youths. I was astonished to find that in the Caribbean, South Africa, Kenya, Uganda, and even as far as the islands of the southern seas, people are wild about Nollywood and Nigerian music. Stars such as Omotola Jelade, Genevieve Nnaji, Tiwa Savage and Tu-Face are a form of soft power for Nigeria. They have boosted our external image as a creative and can-do nation. We must do more to enhance that spirit of creativity.

A major challenge facing our young people is, of course, unemployment. Much of this derives from low educational opportunities and the mismatch between jobs and educational curricula. I have heard that some of our "graduates" have difficulty filling the relevant forms for the NYSC scheme. There is so much rot in our universities these days, unfortunately. I have been told of one institution where a registered student can matriculate, drop some considerable sums with the dean and return four years later to collect his degree certificate. They do not have to sit in any lectures. When such "graduates" leave the university and complete their obligatory national service, they are thrown into a job market with no skills and the barest literacy and numeracy competencies imaginable.

Going forward, we need a national development and growth strategy that integrates the youth into the development process and ensures that we nurture a new generation of well-educated leaders, civil servants, professors, bankers and informed citizens.

The fourth popular delusion that affects our growth and development thinking is the notion that if we could only focus on power and physical infrastructures, everything else will fall into place. Of course, power and energy are vital for our industrial take off. So are physical infrastructures. But they are not enough. A missing ingredient is human capital development. When billionaire philanthropist Bill Gates recently warned that we were getting our priorities wrong, there were howls of protest. Our leaders became unnecessarily defensive. But, come to think of it, Gates was right.

Sir Winston Churchill once prophesied that "the empires of the future will be the empires of the mind". The great British wartime Prime Minister was prescient enough to foresee the knowledge revolution of our twenty-first century. In our day and age, natural resources alone are no longer a guarantee of wealth. In fact, they can prove to be more of a curse than a blessing. The nations that prosper today are those that deploy knowledge in harnessing and adding value to their natural resources for domestic as well as global markets. The greatest wealth of a nation is therefore its people. It is in investing in knowledge, education and skills that the foundation of national wealth and power is built.

The combined lessons of economic science and world development make it abundantly clear that human capital is the driver of the new wealth of nations. The new endogenous growth theories pioneered by economists such as Robert Lucas at Chicago and his student Paul Romer – both of them Nobel laureates – place emphasis on human capital, technology, innovation, knowledge and creativity as the critical factor in creating the society of abundance. The Paris-based OECD defines human capital as, *"knowledge, skills, competencies and attributes embodied in individuals that facilitate the creation of personal, social and economic wellbeing"*.[31] It has to do with the quality of the workforce, knowledge, intellectual skills and the institutional interrelations that reinforce innovation and creativity.

In the first decade after independence our pioneer universities were world-class. The Oxford chemist and Nobel laureate Dorothy Hodgkin once told us that the University of Lagos was one of the world centres of

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[31] OECD, Human Capital: How What You Know Shapes Your Life, Paris, February, 2007.

expertise in her field of crystallography. In the seventies, Ahmadu Bello University Zaria had the first world class computer centre on the continent. The University Ife also had a notable pool of expertise in nuclear physics. Our premier University of Ibadan was one of the leading centres of excellence in tropical medicine. We are told that the Saudi Royal family used to frequent Ibadan for medical treatment. Today, unfortunately, the glory has departed. According to the Times Higher Education Rankings of World Universities for 2017, the University of Cape Town stands atop the African pantheon. It is the only institution that ranks among the top 200 worldwide. Uganda's Makerere also ranks among the top 500. Our premier university of Ibadan ranks 11th in Africa and 801 worldwide. Of the top 10 on the continent, 7 are from South Africa: Cape Town, Witwatersrand, Stellenbosch, KwaZulu-Natal, Johannesburg, Pretoria and Western Cape. Most of our universities are a mere shadow of their former glory.

According to a recent report, Federal and State governments had a cumulative expenditure of N43.5 trillion during the three years covering 2016 -- 2018, with only N3.34 trillion earmarked for education. And during 2018, the two tiers of government budgeted a total of N17.5 trillion, with only some N1.32 trillion (7.5 percent) devoted to education. The bulk of the expenditure in the education sector is directed mainly at recurrent costs -- salaries, general administration and overheads. Although date on sectoral spending is uncertain, it is clear that capital expenditure for education remains considerably low. Outside the formal education system, very little goes for adult literacy and for skills acquisition. As a consequence, the gains that were made in the past are being lost. Nigeria's adult literacy rate currently stands at 59.6 percent. We are faced by a situation of some 76 million of our countrymen and women who are locked in the dark night of ignorance and illiteracy.

Instead of getting so worked up with what Bill Gates said, I think we should have just humbled ourselves to learn from a man who has built up a US$700 billion empire, with a net worth of US$90 billion by nurturing talents and investing in the creativity of his workforce.

Investing in people is ultimately about creating an eco-system where talents flourish. Our policymakers will need to reframe the paradigm underpinning all our national development efforts to focus on peoples, skills, intellectual capital and the knowledge economy. Education and health are the key to human capital development. An educated populace is also a healthy one. Research has shown that educated mothers are more likely to bring up healthy children who survive infancy. Maternal mortality is also less prevalent among literate women. Health is wealth. An educated and healthy workforce is ultimately the *sine qua non* of national prosperity.

Finally, the fifth popular delusion that must be debunked is the heresy that we can make economic progress in this country without reforming the public sector. The capacity of the state to deliver on its primary mandate -- economic as well as political – is among the pillars of political wisdom in our time.[32] No matter how ambitious and visionary the

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[32] State capacity is not a problem that confronts only developing countries or emerging economies; the advanced industrial democracies face similar challenges. Two authors, John Micklethwait & Adrian Wooldridge have called

programmes of political leaders, they will need the civil service to translate them into actionable programmes and projects. State capability involves the capacity of a government to raise revenues and spend them effectively on behalf of citizens; ability to manage and resolve conflict, deliver on basic social services and public goods; and ability to uphold the rule of law and ensure accountability of rulers to the governed.[33]

Those countries that have been particularly successful in fostering growth have also been those that operate merit-based, highly professionalised bureaucracies. It is, in my view, inconceivable that rapid economic growth could be achieved with a bloated and Byzantine bureaucracy; in the current atmosphere of lawlessness and insecurity as prevails in Nigeria in Nigeria today. Unfortunately, we are not hearing much of the conversation on this topic. Addressing these problems will require, in my humble opinion, re-visiting the role of the civil service and the public sector as a whole, including the workings of government and policies to enhance state capacity and governmental effectiveness.

Never before have the Nigerian people been as divided as they are today. The Boko Haram insurgency and the rampaging Fulani militias – most of them from foreign countries – have wrecked havoc on our sense of unity and

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for what they term "the fourth revolution" in the reform of government in democratic societies to make them more effective in delivering welfare, the good life and democratic freedoms and accountability to their citizens. See their book, The Fourth Revolution: The Global Race to Reinvent the State, Penguin Books 2014.

[33] See Michel Azulai et. al., State Effectiveness, Growth and Development, The International Growth Centre, London, 28 February, 2014.

collective identity as a nation. During the past decade alone, there has been a proliferation of prophecies – both at home and abroad – that Nigeria faces the grim prospects of eventual disintegration as a corporate political community. Not too long ago a foreign policy think tank prophesied that our country will disintegrate by 2015. For several years now, the American Air University has been doing war games on how to deal with the fallouts when Nigeria disintegrates by the year 2030.[34]

We may not be the failed state that many have described but it is evident that suffer from the symptoms. I group the syndrome under what the Harvard political scientist Samuel Huntington describes as 'political decay'.[35] This situation arises when national institutions lack the capacity to maintain political order; when government lacks legitimacy and when the avenues for political participation are closed while poverty and chaos takes over.

According to two experts in the field of state-building, Ashraf Ghani and Clare Lockart, "Our international system is premised upon states that are capable of fulfilling a range of international and domestic responsibilities. As the locus of political authority in a country, the state's decisions are simply assumed to have the capacity to implement those decisions, project its authority throughout the territory,

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[34] See, Christopher J. Kinnan et. al., Failed State 2030: Nigeria – a Case Study, Occasional Paper No. 67, Centre for Strategy and Technology, Air University, Maxwell Air Force Base, Alabama, February 2011.

[35] Samuel P. Huntington, "Political Development and Political Decay," World Politics, 17 (3), April 1965, pp. 386-430. Cf. Samuel P. Huntington, Political Order in Changing Societies, New Haven & London, Yale University Press, 1968.

possess a domestic resource base to meet its spending obligations, and have a legitimate monopoly on the physical means by which it can guarantee its citizens' security".[36]

The key functions of the state as understood in our twenty-first century requires the following critical elements: the rule of law; monopoly of the use of violence; effective administrative control; sound management of public finances; massive investment in human capital, including education, health, knowledge, training and skills; enhancement of citizenship rights through expanded opportunities for participation and ensuring reciprocal rights and obligations to all citizens; development of a competitive and forward-looking market economy.

The effective exercise of state authority in a manner that promotes economic growth while ensuring political stability requires not only high-quality visionary leadership; it requires a sound and professionalized bureaucracy. Public policies must be suffused with social justice, inclusive growth and what the philosopher John Rawls termed 'public reason'.[37]

In contemporary development economics discourse, when scholars use the term 'the developmental state', they are generally referring to a country where the government has assumed the driver's seat in propelling the course of economic growth and social transformation. According to the American scholar Peter Lewis, developmental states are

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[36] Ashraf Ghani & Clare Lockhart, Fixing Failed States: A Framework for Rebuilding a Fractured World, Oxford University Press, 2008.
[37] John Rawls, Political Liberalism, New York: Columbia University, 1993.

those that have "successfully provided the collective goods for high growth and competitiveness".[38]

The developmental state makes 'development' its topmost national priority, encouraging citizens with the right mix of incentives to forego current consumption so as to maximize long-term economic returns. Historically, such states have tended to be rather authoritarian, with the degree of authoritarianism varying from one to the other, depending on regime type, the nature of national conditions and the specificity of security challenges. In Latin America and Asia, authoritarianism was almost always an inevitable characteristic of developmental states.[39] Another feature of the developmental state is commitment to property rights, strong markets and the sanctity of contracts. This provides clear signals for foreign investors who also enjoy tax holidays and other incentives.

Typically, a developmental state exhibits a set of interrelated characteristics: (i) Growth-oriented leadership; (ii) Capable economic bureaucracies; (iii) Selective enforcement capabilities; (iv) Broad consultation among public officials and private sector elites; (v) Effectiveness in conflict-

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[38] Peter M. Lewis, Growing Apart: Oil, Politics and Economic Change in Indonesia and Nigeria, Ann Arbor: University of Michigan Press, 2007.

[39] The North African country of Tunisia, a country where I lived and worked for several years as an official of the African Development, is a good example of a developmental state where authoritarianism was legitimised as a vehicle for achieving accelerated growth under the regime of the erstwhile Zine Abidine Ben Ali. The regime collapsed in what became known as the 'Arab Spring' because of massive corruption, absence of accountability and an intolerably high youth unemployment crisis.

resolution and coordination; (iv) Administrative regime that provide clear guidance to market activity; and (vii) Alignment of expectations between state and market actors.

Most developmental states have also undertaken land reforms. Beginning from President Park in South Korea in the 1950s, most Asia Pacific nations that have achieved rapid growth and structural transformation have also been those that have implemented courageous land reforms. Their leaderships have also mobilised enough support to defeat resistance by landed oligarchies. The failure of the Philippines to join the ranks of the Asian Tigers, for example, has been partly attributable to the failure of its leaders to undertake land reforms. They invested heavily in human capital development. This was done by giving priority to ensuring universal compulsory education, expansion of higher education, especially in technical and engineering fields, and in the training and acquisition of industrial skills by its workers.

Developmental states also typically insulate their technocratic elites from societal pressures by giving them the autonomy to develop and implement policies for rapid growth and structural transformation. They have done this through reform of the civil service and the creation of a merit-based bureaucracy, with functionaries that are well-paid and possess a vision of national purpose and destiny. The technocrats enjoy the power to issue orders to guide markets, impose discipline on the private sector, with strict controls over investment flows. More recently, the concept of the “entrepreneurial” state is gaining increasing currency as the wave of the future. The focus is on the role of the state in supporting technological innovation and building the eco-system and support infrastructures for new technology industries.[40]

Concluding Observations

Global megatrends are inevitable. They are part of the existential realities of a rapidly changing world. The coming years, with rising pressures of population, urbanisation and global competition will test the adaptive capacity of our national system. As we did observe, the Nigerian growth story has been full of ups and downs. We have pursued a growth trajectory that has left millions of our people, particularly the youth, outside the mainstream of national development.

We need a new approach to growth that is not only inclusive but also equitable – one that generates jobs for millions of our people. We have discussed many of the popular delusions that hamper a more sustainable approach to growth. We need to overcome these tragic delusions and embrace a new philosophy of growth and development that puts people at the heart of the development process.

Of course, without peace and harmony, nothing meaningful can happen. Nigerians have become more divided than ever before, thanks to the private agendas of our population who put private interests before the welfare of the people. We need a coalition of Nigerians who believe not only in peace and justice but who can also be trusted to work hard to deliver solid outcomes in terms of the greatest good for the greatest number. We therefore need forge a new national

[40] See Mariana Mazuccato, The Entrepreneurial State: Debunking Public vs. Public Sector Myths, Anthem, 2013.

consensus on the goals and objectives of sustainable growth and national transformation.

Bold action is also needed in strengthening governance and institutional reforms. The current administration's commitment to anti-corruption is in the right direction. But we must also understand that fighting corruption is not a substitute for economic policy. There is a risk that we may be going off tangent by chasing thieves instead of focusing on the arduous imperatives of governance and rigorous implementation of economic policy. We must of course recover all our stolen patrimony, but this must be part of a framework for re-booting our economy and re-engineering growth and long-term sustainable development. We must also leave no one in doubt that the whole effort is partisan and one-sided.

Equally important is placing priority on the private sector as driver of growth. The notion that government knows everything and is best placed to tackle our national development challenges is part of the old thinking that we need to jettison. We need to reinvent government as a smart entrepreneurial state that focuses on areas in which it has the highest comparative advantage: infrastructures, education, health, security and other public goods, while reforming the civil service to make it more professionalised and effective. We must allow the private sector to become the engine and locomotive of growth while building an enabling environment for foreign investors and local businesspeople, especially SMEs.

Diversification of the economy away from oil dependence has to one of the fundamental pillars of economic policy, going forward. Structural diversification of the economy has to be founded on seven solid pillars: first, enhancing the quality of governance, leadership and core public institutions, including reform of the civil service; secondly, fixing the energy deficit and the parlous physical infrastructures; placing the private sector at the heart of the economy as the engine and locomotive of growth; thirdly, harnessing our best talents in the service of scientific research, technology and innovation, with strong linkages to industry for production of high value-added products for domestic and world markets; and fourth, upscaling our education system, skills and training, with strong emphasis on science, technology, engineering and mathematics (STEM) instead of the current egregious dominance of humanities and social sciences.

It goes without saying that social order and harmony constitute the fundamental bedrock of economic progress. This goes hand-in-hand with macroeconomic stability and improvement of economic fundamentals such as moderate interest rates, a stable naira that is progressively a semi-convertible international trading currency, progressive industrial and trade policies, and forging bold regional and international trading partnerships that hook us into the integrated global marketplace.

I am inclined to believe with Nobel laureate Amartya Sen, that development is about freedom and about extending the frontiers of human capabilities. Democracy and development must therefore be seen as two sides of the same coin. Without food and without welfare, human dignity is imperilled; but without freedom, prosperity is meaningless.

Nations and civilisations have risen and fallen. Nigeria's future, like that of any other nation on earth, cannot be guaranteed eternally. Nigeria will survive and flourish if we do the right things and make the right policy choices that advance our manifest destiny as a progressive and prosperous democracy. We as a people must take responsibility for our development and our future. A good dose of economic nationalism will not do us any harm. We should be proud of our past, our culture and the civilisational heritage – and all the land and resources that the Almighty has endowed us. and we must teach our youth to take pride in their country while building opportunities that engage their energy and creativity.

We also need a new ethos of leadership anchored on democracy, social justice and the rule of law. This will not happen automatically. Civil society and mass publics must begin to demand accountability for performance by our leaders. The Great Recession of the recent has exposed the fallacies of the free-market prescriptions that were forced down our throats not too long ago. To be sure, markets will continue to be paramount. But they would have to be complimented by intervention of 'smart states' in those critical areas that would rejuvenate growth and ensure long-term structural transformation. The future is what we make of it.

Centre for Sustainable Development

ABOUT CENTRE FOR SUSTAINABLE DEVELOPMENT (CESDEV)

The Centre for Sustainable Development (CESDEV) was established by the University of Ibadan through Senate paper 5386 in May 2010 as a demonstration of the University's commitment to Sustainable Development. It was based on the need to provide intellectual platform for identification of issues germane to sustainable development, critically analyse them, and provide leadership in finding enduring solutions that will enhance sustainable development.

The establishment of CESDEV was sequel to series of events, paramount among which was the winning of a USD 900,000 grant from the MacArthur Foundation to establish the Master's in Development Practice (MDP) Programme. The University of Ibadan was one of the ten original Universities that won the grant in a global competition involving over 70 Universities. Further brainstorming led to defining the composition of the emerging Centre beyond the MDP Programme. It was resolved that a number of development programmes that were "hanging in the balance" be moved to the Centre. The **Centre for Sustainable Development** (CESDEV) thus became a Teaching and Research Centre with a mandate in multi- and inter-disciplinary approach to Sustainability issues affecting not just our continent but the whole universe. The Centre is designed to be a Teaching, Research and Development unit in the University. Presently, CESDEV has the following academic and outreach programmes:

- Development Practice Programme (DPP)
- Tourism and Development Programme (TODEP)
- Indigenous Knowledge and Development Programme (IKAD)
- Sustainable Integrated Rural Development in Africa Programme (SIRDA)
- Climate and Society Programme (CSP)
- Environmental Protection and Natural Resources Programme (EPNARP)
- Leadership and Governance Programme (LGP)
- Annual Ibadan Sustainable Development Summit (ISDS)

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