Can NIGERIA Be

The China of Africa?

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I. Introduction

I am delighted to be invited to deliver the Founders' Day Lecture of the University of Benin, and I thank the Governing Council, Vice-Chancellor and Management of this institution for the honour. I understand that this University was initially founded in 1970– the watershed year in Nigeria's history, being the end of the civil war and the regeneration of hope in a united Nigeria. The University was taken over by the Federal Government in 1975. That year was the peak of the first oil boom and the consequent construction / reconstruction boost; hence the University was built on hope and optimism for Nigeria. The University of Benin, as a child of hope, was established to cement and propel that hope, and our chequered history so far in the fulfilment of that hope is well-known to all of us.

The occasion of the Founders' Day should present an opportunity for deeper reflection on the dreams and aspirations of the founders of the institution, a self-assessment of the journey so far and outlook for the future. In broad terms, that is what I intend to do. The University was established to, among other things, help to think Nigeria out of its under-development. I want to focus on the journey so far in that regard. In doing so, I have chosen China as a metaphor – to frame the issue of the challenges ahead for Nigeria.

Why China?, some might ask. Is it not wishful thinking to be benchmarking to China?, others might ask. My quick response would be: "Why Not?" Imitation of, or benchmarking to, 'best practices' has become a prime management technique. This is the realistic way to constantly remind yourself of the gap between where you are and where you need to be, and hence determine the efforts required to narrow or eliminate the gap. As the saying goes, "If you want to land on the Iroko tree, you must aim at the moon". In any case, since this lecture is in a University, there is no better place to aspire or dream for the best or ideal. That is the essence of a University!

As we will show in this lecture, using China as a metaphor for Nigeria may not altogether be a dream. There are as many parallels as differences between the two countries. China is the most populous country in the world, while Nigeria is the most populous in Africa, and indeed, the most populous black nation in the world. Thirty years ago, no one gave China a chance. Nigeria, up until recently, was in a similar situation.

In recent years, China has become the toast of the world economy, and seemingly unstoppable in becoming the largest economy in this century. In a series of studies by Goldman Sachs Economic Research, China is projected to be second largest economy in 2025 and the largest economy in the world by 2050 (see Global Economic Paper Nos. 99, 134 and 149). Nigeria, on the other hand, is projected to be the 20th largest economy in 2025 (ahead of Egypt, Bangladesh and others), but could become the 12th largest economy in the world by 2050, ahead of Korea, Italy, Canada, etc. Projections on Nigeria are based on conservative statistics of its initial conditions (GDP, Growth Environments Score). Many analysts were certainly surprised to see Nigeria in the group of the "Next-11" countries after the BRIC–countries (Brazil, Russia, India and China) in terms of the new sets of economies to emerge and influence the global economy in the next few decades. Nigeria's prospects are rated higher than those of other African countries, including South Africa and Egypt.

Here lies the motivation for this lecture. China's emergence as the potential largest economy (despite doing all the 'wrong things' according to the Washington Consensus and having a 'Communist' regime – not western- style democracy) has come to many people as a "surprise". China could emerge ahead of all the Asian Tigers – Japan, Korea, etc. The question is whether Nigeria is going to be the "Next Surprise" in the global economic growth story; to emerge from a near basket case to become not only the largest economy in Africa, but also the 12th largest in the world by 2050, ahead of Korea, Italy, Canada, etc? In the case of Nigeria, the Goldman Sachs Paper (2005: 11) observes that "Nigeria's standing, in particular, highlights the large amount of work that will be needed if it is to have a serious claim in achieving the potential growth outlined in the new 2050 projections". The issue, therefore, is not whether Nigeria has the potentials to be the 'next surprise' as China, but whether it can do what is necessary to achieve that status. Put differently, Nigeria seems destined for greatness, but whether and when it achieves it remains an open question. In the remaining part of this presentation, I intend to provoke debate on the road ahead rather than provide all the answers. My focus is not to bore you with detailed historical analysis of the similarities and differences between Nigeria and China. Of course, no two countries are alike, but despite the differences, many countries are converging in terms of economic development. My aim is to challenge you all – the egg heads and statesmen and women – to take seriously the dreams of the University's founding fathers and help to think Nigeria through the emerging renaissance.

The rest of this lecture is organised as follows. Section II briefly sketches the Chinese recent experiences with reforms. In Section III, we present an overview of Nigeria's recent reforms, outcomes and matters arising. Section IV provokes debate on the new thinking that must underpin the road to Nigeria becoming the 'next surprise', while Section V concludes the presentation.

> *"This is remarkable: that in a few years, the pessimism about Nigeria is giving way to optimism about joining the league of emerging and industrial countries. Nigerians share the optimism, if only the current programme of reforms can be sustained."*

II. The Emergence of China as the World's Economic 'Surprise'

China is one of the oldest countries in the world, with a long, chequered history. For several centuries, it has remained the dominant civilisation in East Asia. Several Dynasties ruled over the country from the Xia Dynasty in 2070 BC to the Qing Dynasty that ended with the emergence of a Republic in 1911. The Republic of China existed till the victory of the Communists over the Kuomintang (Capitalist) group in 1949. From the 16th Century when the Portuguese took over Macau, a Chinese territory, until 1949, China was wracked by violence, civil wars, invasions and activities of war lords. From 1949 until it embarked on the 'gradualist' reforms to a market economy in 1979, China experimented with different models within the communist mode of production and distribution. There is no consensus among economists about the role of that era in the outcomes observed today: while some believe that the 'foundation' for the recent performance was laid during the communist era, others see those decades as lost years for China. This debate will occupy economic historians for a long time.

With a population of 1.3 billion or 20% of world's total population, China is the most populous country in the world, adding about 12 million to its population annually even with first, the 'late marriage' policy and lately, the 'one child per family' policy. It has deliberately reduced its population growth rate from 6.2% in the 1950s to 1.7% in 2005. Over 90% of its population are Chinese, but it has over 50 other nationalities. By 1949, only 20% of China was literate. The Communist government established universal public education, and set up 'winter schools' to enable the largely farming populace go to school during the non-farming period. By 2005, the literacy rate had risen to 87.3%.

Until recently, China was a largely agrarian economy. It made a conscious effort to create a manufacturing base for its growing population. Up till now, the Chinese society is largely rural with slightly over 60% living in the rural areas.

Per capita consumption of primary products, power, food and so on, is growing faster than the rate of growth of the economy. The boost to the middle class is at a very high rate. This makes China one of the fastest growing markets for primary commodity exports.

It must be noted that the Communist era until 1979 was marked by series of experimentations to improve the system of production, reduce waste and spur development with varying levels of successes. In 1978, the regime adopted a plan to address the systematic imbalances in the economy. The kind of reforms adopted reflected the initial conditions of China. First, GDP growth was about 12.3% that year and hence did not give an impression of a total failure of the socialist regime. It started off reforms in a rather gradualist mode, still admiring the socialist model and without any clearly-spelt plan to quickly transit to a market economy. Its path to reforms was rather adaptive than deliberate as it went through a lengthy path of adjusting reform objectives: from 'a planned economy with some market adjustment', to 'a combination of plan and market' to 'a socialist market economy'. The 'dual-track' approach started with a reform of the urban cities and experimentation with reforming the non-State sectors. Pragmatism, rather than any deliberate plan, guided the process. It was a regime of "no encouragement, no ban".

Some markets were liberalised and permitted to sell output at market prices but sell to state firms at administered prices. Qian (2003) has tried to show that there was some method to the seemingly haphazard reforms. For example, he argued that an important logic underlying the approach was that reforms were needed to improve efficiency but at the same time had to be compatible with important interests of the ruling class. According to him, "the first implication of the dual-track approach is political: it represents a mechanism for the implementation of a reform without creating losers. The introduction of the market track provides the opportunity for economic agents who participate in it to be better off, whereas the maintenance of the plan track provides implicit transfers to compensate potential losers from the market liberalisation by protecting the status quo rents under the pre-existing plan".

However, the successes recorded by the non-State sectors raised public sentiments for more reforms towards the market. In other words, it is fair to argue that China embraced the market economy reforms not out of deliberate plans but learnt through experience that it had no better alternative. Privatisation of State enterprises followed. Salaries were freed up. Foreign investment was encouraged. Beginning in 1990, six Special Economic Zones were set up to attract foreign investments. One of them was the Shanghai Pudong Economic Zone. In agriculture, the Contract Responsibilities System was introduced through which the farmers were authorised to sell their surplus produce in the market for profit. More importantly, great emphasis was placed on education and skill development. The period of compulsory education was raised to 10 years. Between 1978 and 1998, China tripled the number of its higher institutions from 598 to 1,984. Its transition to a market economy has intensified with each success, and its aggressive export-orientation culminated in accession to the WTO in 2001.

The outcomes of the reforms in China have been impressive. The country has indeed transformed from the disastrous Cultural Revolution. Prior to the reforms, China was a poor country, overpopulated, short of human and natural resources and constrained by an ideology that was hostile to markets. Today, the story is different. In 1988, China was less than half of Russia in GDP terms, but ten years after, Russia was less than half of China. China has transformed from an under-developed country to a middle-income emerging market status. It met its food needs by the 1980s, and is now the world's sixth largest economy with GDP of over US$1.7 trillion; accounting for about 6% of world trade.

China has the highest level of FDI funding in emerging markets. It stood at US$52.7 billion in 2002. From the period 1997 to 2002, China accounted for an average of 32.5% of total developing world's FDI and 55.5% of that of the whole of Asia. In 2003, about 45% of China's exports were funded by foreign funds and capital. It is the third largest trading bloc after the United States of America and Europe. Its market accounted for more than 20% of increase in world trade in 2004.

Certainly, China is on the rise and seems unstoppable. It should be noted however that despite the enormous progress, there are still many challenges. These challenges lead many to question the sustainability of China's transformation. For example, Yueh (2003: 14) articulates the lingering challenges to include: the reform of State-owned enterprises, the high levels of growing and persistent unemployment, increasing corporate governance issues, and treatment of non-State enterprises. Related to financial liberalisation, the concerns are continuing reform of the banking sector, insurance and financial sectors, exchange rates, interest rates, and credit availability. To make trade liberalisation feasible and sustainable, there will be need for the adoption of effective laws in accordance with international practices to address growing trade relationships and new economic arrangements. Further issues remain relating to rural and urban poverty as well as income inequality associated with China's comparative advantage shifting away from agriculture.

In summary, the lingering challenges can be outlined as follows:

- Factor price reform, including labour markets, interest rates and prices of raw materials.
- Ownership reform of State-owned enterprises, including banks.
- Governmental reform, including the fiscal system and monetary policy.
- Unemployment, surplus labour, immobility.
- Rural-urban migration, rural-urban income divide.
- Lack of social safety nets, including health, pensions, housing, unemployment.
- Poor implementation of laws, incomplete legal system especially enforcement.
- Large amounts of non-performing loans (NPLs), credit constraints for SMEs.
- Environmental degradation.
- AIDS incidence, etc.

In some ways, many Nigerians may think that these challenges are referring to Nigeria. This may demonstrate that significant progress is possible, even with many daunting challenges. Development, after all, is a process, not an end.

III. Nigeria's Reforms, Outcomes and Unfinished Business

As we all know, Nigeria has been a country of paradoxes. It is a country abundantly blessed with natural and human resources but in the first four decades of its independence, the potentials remained largely untapped and even mismanaged.

With a population estimated at about 140 million, Nigeria is the largest country in Africa and one-sixth of the black population in the world. It is the 8th largest oil producer and has the 6th largest deposit of natural gas in the world. There are abundant solid mineral deposits that remain largely untapped. Currently, barely 40 per cent of its arable land is under cultivation. With over 100 tertiary institutions producing more than 200,000 graduates per annum, the basic human capital for progress is there. It is estimated that about 17 million Nigerians live outside the country, with tens of thousands as world class medical doctors and other professionals. In the midst of these resources, Nigeria (on the average) stagnated over the period up to 1999. The poverty situation worsened consistently such that by 1999, the incidence of poverty was estimated at 70 per cent.

A classic example to underscore the scope of our misfortunes is to compare Nigeria with Indonesia and even Malaysia. By 1972, before Nigeria and Indonesia had the first oil boom, both countries were comparable in almost all counts: agrarian societies, multi-ethnic and religious societies, with comparable size of GDP, etc. Both experienced oil boom in 1973 and thereafter, but took different policy choices. The outcomes of the differences in policy regimes are such that today, while manufactures as percentage of total exports is about 40 per cent in Indonesia, it is less than one per cent in Nigeria -- where we were in the 1970s. We hear of how Malaysia got their first palm seedlings from Nigeria in the early 1960s when oil palm produce was already a major export of Nigeria. In the 1990s, it was said that Malaysia's export of palm oil produce earned it more than Nigeria earned from oil exports.

What a tragedy! In contrast, two brand names emerged in the international community to define Nigeria: Advance Fee Frauds [aka 419] and corruption as Transparency International consistently ranked the it either number one or two most corrupt country. In international relations, Nigeria was literally a pariah State. In economic terms, the decade of the 1990s witnessed an average GDP growth rate of 2.8 per cent -- just about the rate of growth of the population (2.83 per cent). This means that on a per capita basis, growth was zero during the decade of the 1990s and no wonder poverty incidence worsened to 70%. The entire basic infrastructure was in a state of crisis, with barely 1700MWH of electricity being generated for a country that needed at least 50,000.

Needless to recount there were the dilapidated transportation infrastructure and the nascent, albeit fragile financial system that was ill-suited to the demands of socio-economic transformation. Unemployment and poverty were the twin faces of the economy. Real wages declined precipitously since the 1970s until the wage increases in 2000 and the trend began to be reversed but not yet recovered to the mid-1970s levels in real terms. The educational system was down and out as the University system was characterised more by the days of strike rather than the days in classrooms. Lawlessness prevailed at all levels, and a culture of impunity occasioned by decades of militarization of all aspects of governance and society dominated our psyche.

It was indeed an environment of 'anything goes'. The people became atrophied by cynicism and mistrust for government and people in government — a result of several years of seeing government systematically lying to its people. As the late Pius Okigbo once argued, the socio-economic environment was one beckoning for a social revolution rather than being ready for an industrial revolution. This was our past, and it is important in any analysis for the future, to keep a perspective on where we are coming from.

Since the new democratic dispensation in 1999, and more fundamentally since 2003, efforts have been in top gear (at the Federal Government level) to reverse the trend and lay the foundation for Nigeria to realise its potentials and join the first world economy. My sense is that not many people in Nigeria, including those in government, fully appreciated the extent of system collapse. In many instances, it has been akin to rebuilding a society from the scratch. Make no mistake about it: in the old order, some people (especially rent-seekers) made a lot of money and profited from the disorder. To make progress, this class either has to be uprooted, displaced or compensated to give way. Either way, they were not going to give up without a fight. Currently, there is a persisting clash of the old and new orders, with the entrenched 'business as usual' school fighting with two hands to get back the institutions of the State and society as a mechanism to return to what, for them, amounts to the 'good old days'. Nigeria is not peculiar: every society at a similar place in history has faced similar challenges.

In a nascent democracy such as ours, especially one bereft of clear ideological orientations, individuals make a lot of difference. The quality and characteristics of the leadership that emerges define the trajectory of society. Over time, however, it is institutions that would sustain the changes. The person, beliefs, and commitment of President Olusegun Obasanjo to the Nigerian Project have been critical in defining a leadership path, and leading a successful campaign to lay the foundation for Nigeria's socio-economic transformation.

The national crusade for a new economy is embodied in President Obasanjo's socio-economic transformation agenda entitled "National Economic Empowerment and Development Strategy" (NEEDS), with a focus on four key objectives — poverty reduction, employment generation, wealth creation and value re-orientation. The Federal Government has also assisted the States to develop the State Economic Empowerment and Development Strategy [SEEDS] and every State in Nigeria has its own reform programme. The difference in outcomes so far between the Federal programmes and those of some of the States lies in effective implementation. The experience under NEEDS demonstrates that where you have a robust programme and implementation is effective, you have the desired outcomes.

Space and time would not permit me to exhaustively discuss the progress made so far, which is laying a solid foundation for the continuing transformation. First, several of the key institutions of the State are being re-built. The army is once more being transformed (to rid it of politicians) and to focus on its key mandate. Several corrupt judges have lost their jobs and the judiciary is gradually undergoing reforms.

The establishment of the Economic and Financial Crimes Commission (EFCC), Independent Corrupt Practices & Other Related Offences Commission (ICPC) and their activities have sent a sharp signal that it is not business as usual. The National Assembly has enacted some landmark legislations that are fundamentally changing the course of our economic history on Energy Reform, Anti-Money Laundering, Public-Private Partnership [PPP] in infrastructure provision, Pension Reform, Debt Management Office, Privatization, etc. There are also several other important Bills pending at the National Assembly, including those of Procurement, CBN/BOFIA, Mining Reform, Fiscal Responsibility. The federal public service is undergoing reforms, and the introduction and enforcement of the 'Due Process' in public procurement has saved government over N100 billion to date.

There is an on-going effort aimed at National Law reforms as most of the legal-institutional infrastructure need reforms. The ports and customs are also undergoing reforms, even as the maritime sector has been strengthened.

Several landmark successes that have fundamentally changed the dynamics of the economy include: the banking sector and telecommunications revolutions; the debt relief (which wiped off $30 billion of Nigeria's external debt); the sound macro-economic environment; the privatization programme; deregulation of the down-stream oil sector; fundamental sectoral reforms in agriculture and health; stable exchange rate regime and increasing external reserves (from US$4.9 b in 1999 to about US$41 billion today, after paying US$12.4 b to the Paris Club of Creditors). Nigeria has been de-listed from the FATF list and even the rating on corruption has significantly improved despite the long lags in perception. Our sovereign credit risk rating (first-ever rating for Nigeria) is a BB minus -- same rating for Brazil. End period inflation has remained at around 10% for three years, and down to a single digit for some months so far this year. Contrary to the growth rate of the 1990s (at 2.8%), the average growth rate since 2003 has been 7.4%, and the target is to raise and sustain it at 10% or more.

The latest household survey by the National Bureau of Statistics indicates that the incidence of poverty has significantly dropped from 70% in 1999 to 54% as at 2004. As at 1998, FDI in the non-oil sector was negative as foreigners divested from Nigeria. Today, such FDI runs into billions of Dollars per annum.

In 2005 alone, about $650 million was invested in the banking sector alone. The message is that the Nigerian economy is changing in fundamental ways and the rest of the world is taking notice. From a perception of Nigeria as a hopeless case, the growing view now is that Nigeria is the preferred destination.

Massive investment in infrastructure has begun to show modest results. For the first time in over twenty years, there is now a huge and sustained investment in power (with national generation more than doubling relative to the level in 1999). Private investors as well as State governments are also participating in building power plants. There is a plan for rehabilitation of the rail system and the roads are not spared either.

The rapid successes and solid foundation already laid in the past few years have led many analysts (including Goldman Sachs) to predict that Nigeria is likely to be among the 20 largest economies in a few decades. President Obasanjo has articulated a vision that in 2020, Nigeria should be among the 20 largest economies in the world. This is remarkable: that in a few years, the pessimism about Nigeria is giving way to optimism about joining the league of emerging and industrial countries. Nigerians share the optimism, if only the current programme of reforms can be sustained.

But the challenges ahead are huge. Overcoming the decay of four decades and joining the elite club of advanced economies will task the energies of all Nigerians and our development partners. We still have huge infrastructure deficiencies to fix; insecurity of lives and property to be solved; deal with huge urban unemployment emanating from the demographic structure and failure of development at the lower levels of government; provide housing and mortgage system; address the educational crisis and scale up rapidly on science and technology; continue to upgrade our capacity in agriculture; promote trade and integration with the rest of the world; drastically reduce the cost of doing business and build competitive advantages. More fundamentally, we need to build a socio-economic and political system that guarantees equal opportunity and voice to all— a competitive and equitable system where each individual has every chance of success in life. We still have challenges of ethnicity and religion to deal with, as well as agitations of ethnic militia groups. These challenges cannot be dealt with in one day: it will take concerted efforts for several years to build that African superpower.

IV. Breaking the Barriers: The Road to Becoming the Next China

The history of economic transformation of societies is full of 'surprises'. Empires and civilizations had risen in many unexpected places. As recently as the early 1950s, Asia including Korea, Singapore and Malaysia, was written-off by economists as a basket case, and Africa was predicted to develop much faster because of the natural resource endowment. The rest of what actually happened is now history. The rise and fall of nations or empires has been a subject of curiosity to many researchers. In many instances, analysts have never been able to predict ahead of time (say a few decades) which nations would emerge and which ones would perish. Usually, success stories are documented after the facts and whatever they did or did not do become celebrated as the "success factors". The recent debate on explaining the ascendancy of the East Asian Tigers (between those who argue that they followed the typical Washington Consensus-type policies and those who insist that they prospered because they did the opposite) is a classic case. China is a current example. Blanchard and Fischer (1993) ask why China has grown so fast 'when the conditions thought to be necessary for growth were absent'.

In our standard way of thinking as economists, the proximate determinants of growth are labour, physical capital, human capital and productivity. Factor accumulation and productivity changes are endogenous, depending on improvement in technology, allocative efficiency, and incentives which can themselves be shaped by institutions. Economists seem to believe that once they explain the factors underlying factor accumulation and the institutional dynamics that underpin it, bingo: they can pontificate on growth. In recent years, such 'right institutions' are believed to hover around democratization, rule of law and secure property rights. I must confess as an economist that our predictions have not proved to be very accurate in several cases and China remains puzzling in many ways. A striking lesson from the transformation of China, according to Qian Yingyi (2003: 331) is that "unconventional solutions applicable to developing and transition economies usually come from the people who have a stake in the economy and have information about its own initial conditions and history".

This lesson may sum up the recent experiences of most successful transition and emerging market economies— in Asia, Latin America, and Europe. No standard set of policies have worked with the same set of outcomes in these economies. This does not mean however that there is no received wisdom about the minimum set of conditions that could spur and sustain growth. Put differently, it does not mean that sustained growth can be achieved under any circumstance. The point is that for individual countries, while economists can explain growth based upon some fundamentals, there often remains a large 'unexplained' RESIDUAL in the regression equation summarizing a coterie of factors – tangible and intangible such as technology, shocks, luck, institutions, quality of leadership, culture, etc. And many of these factors are qualitative and difficult to measure and predict by economists. This may explain why several growth episodes in recent history have appeared to economists as "surprise"— occurring in places and times they are least expected. In other words, the issue may not be that analysts fail to see these important RESIDUALS as they occur, but often they cannot appropriately account for their impact on growth dynamics, and hence the 'surprise'. Our thesis here is that Nigeria is about to become such a 'surprise', and the rest of this section provokes the debate.

Can Nigeria Surpass the Growth Projections by Goldman Sachs?: Accounting for Possible Growth Reserves

A careful reading of the Goldman Sachs studies and projections show that they are based on conservative statistics regarding Nigeria's initial conditions. For example, the growth projections assumed aggregate GDP of US$94 billion for Nigeria in 2005 whereas the actual GDP for 2005 according to the National Bureau of Statistics (NBS) was US$113 billion, and while the study assumed an average growth rate of 5.1%, the average growth rate for the period 2003 - 2005 was 7.4%, and the non-oil sector growth rate averaged over 8%. So, clearly the outcomes of the projections would have been better if the actual initial statistics were used.

> *"...it is evident that Nigeria has several growth reserves which, when spurred, could catapult the growth rate to 10% or more for a sustained period as China has experienced in the last two decades."*

Furthermore, it is evident that Nigeria has several growth reserves which, when spurred, could catapult the growth rate to 10% or more for a sustained period as China has experienced in the last two decades. For example, a substantial part of Nigeria's productive resources remains idle–waiting to be mobilised. Only 40 per cent of the arable land is under cultivation, with 60% lying fallow. A sizeable percentage of the able and qualified labour force is unemployed or underemployed. Much of the natural resources – oil, gas, bitumen, limestone, iron ore, columbite, gold, coal, gypsum, etc., remain untapped. To remind us, Nigeria has the 6th largest deposit of natural gas in the world, and in the next few years, income from gas will surpass earnings from oil. There is still a large doze of inefficiencies in the economy, with significant capacity under-utilisation in industry as well as waste of public spending. Especially at the lower tiers of government (state and local government), the value-for-money of public spending is estimated to be low in many states, thus raising the prospects of higher growth impact if such inefficiencies are reduced or eliminated. All these idle capacities demonstrate that with further basic reforms that provide basic infrastructure, finance, and legal- institutional infrastructure, the growth momentum can surprise everyone.

Another growth reserve that could catalyze Nigeria's growth process is its reserve of resourceful, youthful population. More than 50 per cent of Nigeria's population are under 18 years of age, and the annual growth rate is about 2.8 per cent. This is in contrast to China's ageing population, and declining population growth rate especially since the one child per family policy. For Nigeria, its youthful population provides the potential of a sound bridge to the future. With the right education for all the citizens, the large and expanding youthful population could provide the continuing growth dynamite, and even export labour to the ageing Western world. The demographics also provide potentials for the creation of a large and vibrant mid-aged, middle class whose consumption and skills would help to fuel and sustain the growth momentum. Related to the population and labour potentials is the issue of Nigerians in Diaspora and Nigeria's wealth stashed abroad waiting for opportunities to return. It is estimated that about 17 million Nigerians are in Diaspora, and currently remit about US$4 billion in remittances per annum. It is also estimated that there are tens of billions of dollars of Nigerians' wealth abroad. If we recall that about 50 per cent of the FDI inflows into China in the last two decades was actually from ethnic Chinese in Diaspora, it could be appreciated what the potentials hold for Nigeria. The stock of Nigerian skills abroad is also a huge potential for growth. It is estimated that there are over 26,000 Nigerian medical doctors in the United States alone. The nurses are more in number. With the reforms gaining momentum and the enabling environment strengthening, it is only a matter of time before the huge brain drain of the 1980s and 1990s turns into a massive 'brain gain', with the successive sets of returnees contributing to the pool of skills to accelerate the momentum of growth. Already many Nigerian professionals are returning home and this trend is likely to intensify in years to come.

To summarise, the point of the preceding analysis is to stress that Nigeria has the potentials to be great. Indeed, if the above growth reserves are effectively mobilized in the next few years, Nigeria may well outperform China's growth performance.

What Must Be Done to Mobilise the Growth Potentials?

Mobilizing Nigeria's productive potentials and surpassing the growth projections by Goldman Sachs is a doable project. Many countries have done it. China is the kid on the block now. Singapore remains a clear example of a nation that moved from hopelessness to an example of modernity. How did Singapore do it? According to the leader that laid the foundation for the modern Singapore, the success of Singapore can be summarized as follows:

"A united and determined group of leaders, backed by a practical and hardworking people who trusted them, made it possible. Did I expect an independent Singapore, with a GDP of S$3 billion in 1965, to grow 15 times to S$46 billion in 1997 at 1965 dollars and to have the 8th highest per capita GNP in the world in 1997 according to the World Bank? I have often been asked this question. The answer is 'no'. How could I have foreseen that science and technology, especially breakthroughs in transportation, telecommunications, and production methods, would shrink the world? The story of Singapore's progress is a reflection of the advances of the industrial countries—their inventions, technology, enterprise, and drive..... With each technological advance, Singapore advanced—containers, air travel and air freight, satellite communications, intercontinental fibre optic cables. Information technology, computers, and communications and their manifold uses, the revolution in microbiology, gene therapy, cloning, and organ reproduction will transform people's lives. Singaporeans will have to be nimble in adopting and adapting these new discoveries to play a role in disseminating their benefits.... The future is as full of promise as it is fraught with uncertainty. The industrial society is giving way to one based on knowledge. The new divide in the world will be between those with the knowledge and those without. We must learn to be part of the knowledge-based world. That we have succeeded in the last three decades does not ensure our doing so in the future. However, we stand a better chance of not failing if we abide by the basic principles that have helped us progress: social cohesion through sharing the benefits of progress, equal opportunities for all, and meritocracy, with the best man or woman for the job, especially as leaders in government" (Lee Kuan Yew, 2000: 689- 91)

From the experience of Singapore and Nigeria since 1999, there are few lessons:

- The first lesson is that basic economic theory works well in all climes. Demand curve does not slope upwards and supply curve downwards in any country. Economic agents in Nigeria also respond to incentives and sanctions -- where enforcement is effective.
- The secret of success lies in being focused on selected major ideas; do them right and keep doing them right for a sustained period of time. In the book entitled Can Africa Claim the 21st Century?, those few right things for Africa to do include: improving governance and resolving conflict; investing in people; increasing competitiveness and diversifying economies; and reducing aid dependence and debt and strengthening partnerships.
- No failure is final, and no success is permanent: empires and nation states

also have cycles of boom and burst. Those that have endured have got a few fundamentals right and kept them right. Slippages or reversals are costly. Indeed, according to the new President of Togo in a recent public lecture in Benin City, every one year of bad leadership retards the progress of a country by ten years.

- There is no need to reinvent the wheel in several aspects of what is required to move the society forward: it only requires careful adoption and adaptation. Singapore plugged into the inventions and technology of the West and created institutions that ensured sustained prosperity.
- Institutions – the way the society is organised, including its rules, laws and enforcement processes – matter greatly.
- What has also emerged is the new 'Can Do' spirit of Nigerians. There is nothing inherently inadequate about Nigerians. The Nigerian spirit is one that is determined to excel in all circumstances. The challenge is to channel that spirit into positive directions.

Evidently, the first thing to do is to keep doing the right things we are doing right. Continue with the reforms under the NEEDS framework. Build upon the current momentum of reforms, sustain them and even take them to the next higher levels. In the next few years, the name of the game will continue to be REFORMS, REFORMS!

Need for Comprehensive Long-Term Strategic Plans: FSS 2020, NEEDS and Long Term Sectoral Plans

A vision without planned actions is a mere dream, but actions without a vision produce a chaos. As stated above, the NEEDS agenda as a plan, complemented by various State Economic Empowerment and Development Strategies (SEEDS) will underpin our march to prosperity. NEEDS is a living document. The action plans for the implementation of the current NEEDS program end in 2007. We are launching the preparation of NEEDS II for the period 2007 - 2011. In a federation like Nigeria, states need to complement the Federal Government's plans with SEEDS. We would need a more aggressive implementation and monitoring regime to ensure better delivery. Currently, we are also working on a long-term strategic plan for the financial system called the Financial System Strategy 2020. This is to ensure a comprehensive, systematic and internally consistent set of reforms of the entire financial system (banking, insurance, capital market, and other financial institutions). Our goal is to ensure that Nigeria becomes the financial hub of Africa, and to actively develop a financial system that would propel the Nigerian economy to become one of the 20 largest economies in the year 2020. All these will be complemented by long term strategic sectoral plans.

The other specifics of the agenda would include:

a) Sound Macro-Economic Framework

In the 1980s and 1990s, Nigeria was rated among the 10 most volatile macroeconomic environments among a set of 110 developing countries. Exchange rate volatility, high and variable inflation, interest rates and growth were the key determinants. The standard deviation on exchange rate was as high as 64— among the top five worst in the world. Not anymore! Relative macro stability has returned, especially since 2003, and from 2004 the exchange rate has not only remained stable but has started to appreciate--- thus reversing a twenty year old spiral of depreciation. Furthermore, for the first time in 20 years, there is a convergence between the parallel and official exchange rates. Inflation in 2006 has been at single digit for some months, and interest rates have started falling. The challenge is to sustain the momentum.

To sustain macroeconomic stability, we need to keep price inflation at single digit, and keep exchange rate competitive but stable. Nigeria has accepted the IMF Article VIII. We are working towards open capital account and currency convertibility. Monetary policy will continue to be non-accommodating, and with the eventual passage of the Fiscal Responsibility Bill into law, fiscal prudence will be institutionalized. Hopefully, the Section of the Constitution dealing with the Federation Account allocation and fiscal federalism will be amended to ensure greater fiscal responsibility and accountability. The pattern of expenditure by the states and local governments indicate that they spend more than 70 percent of their Federation Account allocations on recurrent expenditure. Hence, there is no sound basis for the argument that sharing the extra revenue— 'excess crude' will lead to high infrastructure investment. In some fundamental ways, extra income from the Federation Account goes to subsidize the inefficiencies and waste at the lower levels of government where institutions for accountability, transparency and effective utilization of resources are very weak. In the meantime, we will need to develop general principles and guidelines for the management of the 'Excess Crude account' so that all claimants to the account know their shares as well as the basis for withdrawals from the account.

The growing external reserves (now at about US$41 billion) provide a buffer for macro stability. In addition, if the provisions on reserve management in the proposed amendment of the CBN Act are passed by the National Assembly, about 5 percent of the external reserves could be lent to development finance institutions for on-lending towards infrastructure development.

b) Breaking the Natural Resource Curse

It is estimated by the World Bank that Nigeria's wealth (which on a per capita basis is one of the lowest in Africa) is based mostly on natural resources, and not much on produced or intangible wealth. Intangible capital is defined as human and social capital and institutions. Whereas the intangible wealth constitutes about 80 percent of the national wealth of Mauritius, South Africa and Ghana, it contributes a negative 71 percent for Nigeria. The negative contribution of the intangible wealth means that investment is inefficient. With an inefficient investment, it means that we are depleting and consuming our natural resources without savings or investing it well enough to produce capacities in the future. While the methodology for the computations by the World Bank may be debatable, it is nevertheless a wake up call for us to reflect on a number of issues related to our natural resource endowments. Are we getting adequate value for our resources, and are we spending the earnings well enough such that the natural resources augment and accelerate the growth of other sectors? Are we saving enough of the earnings to ensure future streams of income even when the resources are gone?

These are difficult questions. This is more so because growth that is temporarily driven by natural resource extraction could be a phony growth– more extractions leading to higher income (GDP), but unless the income is invested well to create other capacities in the economy, the growth may not be sustainable. That is why many resource dependent countries are susceptible to the boom and burst cycles in the growth process. If the resources are invested well, the country could actually be getting poorer: first the oil wealth once extracted from the ground is gone; second, environmental degradation occurs leaving communities worse-off; and third, the struggle for the oil rents could spur conflicts and armed struggles, thereby worsening the insecurity of lives and property and threatening investment in other sectors.

There is also the threat that the country may not be getting the best value for its resources. Stiglitz (2006: 150) argues that "the major responsibility for getting as much value as possible from their natural resources and using it well resides with the countries themselves. The first priority should be to set up institutions that will reduce the scope for corruption and ensure that the money derived from oil and other natural resources is invested, and invested well. It may be desirable to have some hard and fast rules for that investment -- a certain fraction devoted to expenditures on health, a certain fraction to education, a certain fraction to infrastructure. Procedures need to be put into place for independent evaluations of the returns on investments. Stabilization funds are essential …". A lot of work is needed in this area. It will call for a re-examination of the fiscal federalism and constitutional provisions that mandates the automatic sharing of the revenues and each tier of government armed with the statutory right to spend irrespective of the size, mix and efficiency of the spending. This would need to be addressed for Nigeria is to escape the natural resource bind.

Luckily as Stiglitz argues, "natural resource curse is not fate; it is choice". Nigeria has made progress in recent years in addressing the curse. The contracts with oil companies have been reviewed to ensure greater value for Nigeria. Local content policy in the oil sector is being implemented. Nigeria is also the first country to effectively embrace the Extractive Industries Transparency Initiative (EITI). These measures ensure greater transparency in the sector, and also better value for money. The pollution and environmental damages are being controlled, and the problem of militia groups in the Niger Delta is also being solved. In the future, it will be a healthy debate for Nigerians to brainstorm on the most effective ways to spend the earnings from oil and other natural resources. To what extent should we adhere to Stiglitz's advice?

c) Security of Lives and Property and Addressing Infrastructure Deficiency.

These are self-evident, and require no further elaboration. There is a broad consensus that we need these as part of the building blocks for the new Nigeria. The challenge, however, is 'How?' In spite of the trebling of the police force since 1999, increased expenditure and reforms, Nigerians still rank insecurity as one of their highest concerns. Infrastructure deficiency is still a big challenge. The huge investment in power is expected to yield 10,000 MW of electricity by end of 2007— still a far cry from what we need. Analysts believe we need about 50,000 MW to ensure uninterrupted power supply. Given the growing population and urbanization, the challenge of infrastructure is likely to intensify.

The good news is that this has been recognized and being addressed subject to the financing constraints. Recall that for about 20 years (1979 - 99) Nigeria did not make any investment in power. With the huge investment by government and several independent power plants being constructed, it is only a matter of time before Nigeria conquers the problem of poor power supply. On security, Nigerians need to brainstorm on alternative and complementary models for policing Nigeria. What other reforms of the force are needed, and can the Federal Government fund the effective policing of Nigeria? Can the principle of subsidiarity in policing work in Nigeria? These are issues that need to be resolved.

d) Trade, Technology and Exploiting Networks and Partnerships: Are we losing the Diaspora?

To spur and sustain the momentum of growth, Nigeria would need the partnership of the rest of the world, and very importantly, its Diaspora population. First, Nigeria needs to fully exploit all the opportunities presented by the world trading system. In the past, Nigeria never fully exploited the gamut of preferences granted to it and many other developing countries under the WTO; various LOME conventions and recently the Cotonou agreement; the US-AGOA; etc. As a small, open economy, aggressive export-orientation must be a key strategy for sustained prosperity. To create jobs at home, Nigeria's productive sector must produce more than can be consumed domestically and then export. Nigeria may consider some radical approaches to trade policy. For example, the ports and customs reforms could be fast-tracked and a benchmark set that all goods into the country must be cleared within 24 hours. Norway is said to clear customs in 15 minutes, and many countries now target two hours.

The efficiency from this reform is huge for the productive sector. Furthermore, a healthy debate could commence on the possibility of negotiating a Free Trade Arrangement with the United States and the European Union. By Nigeria's current GDP of $113 billion, it is about 80 percent of ECOWAS, and as a potential economic tiger, it will be a great proposal to both the EU and the US. This agreement could also send a powerful signal to the rest of the world and the second scramble for Africa— this time a scramble by foreign investors for a piece of the pie in Nigeria — could be jump started. The EU is billed to negotiate an Economic Partnership Agreement with ECOWAS as a succession programme to the Cotonou agreement. It is an opportunity for Nigeria to negotiate itself into a self-sustaining growth spiral.

Related to trade is the issue of plugging into the global technology pool. As Lee Kuan Yew noted in the case of Singapore, one of the critical success factors in today's world is for a country to be at the cutting edge of technological adaptation. Nigeria is reaping the productivity gains of the telecommunications revolution (from 400,000 telephone lines in 1999 to over 22 million today--- the fastest growing in Africa and one of the fastest in the world). Most people now agree with Lester Thurow (former Dean of MIT's Sloan School of Management) that in the 21st Century, there will be historic movement in wealth away from nations with natural resources and capital. According to him, “In the twenty-first century, brainpower and imagination, invention, and organization of new technologies are the key strategic ingredients”. Many nations which are richly endowed with natural resources will find their wealth greatly diminished because, in the market place of the future, commodities will be cheap, trade will be global, and markets will be linked electronically. On the contrary, many nations which are barren of natural resources will flourish because they placed a premium on those technologies which can give them a competitive edge in the global marketplace. As Thurow asserts, “Today, knowledge and skills now stand alone as the only source of comparative advantage”.

In 1990, Japan’s Ministry of International Trade and Industry listed the key technologies that will serve as engine of growth in the 21st Century to include: microelectronics, biotechnology, the new material science industries, telecommunications, civilian aircraft manufacturing, machine tools and robots, computers (hardware and software). Michio Kaku argues convincingly that without exception, every one of the technologies to lead the 21st Century is deeply rooted in the Quantum, computer, and DNA revolutions. According to him,

“The point is that these three scientific revolutions are not only the key to scientific breakthroughs ... they are also the dynamic engines of wealth and prosperity. Nations may rise and fall in their ability to master these three revolutions. In any activity, there are winners and losers. The winners will likely be those nations which fully grasp the vital importance of these three scientific revolutions. Those who would scoff at the power of these revolutions may find themselves marginalised in the global marketplace of the twenty-first century”.

Nigeria needs to revolutionalise its science and technology infrastructure. Dependence on natural resources for growth is not sustainable, and since science and technology hold the key to the future, the time to lay the foundation is now. India is reaping the growth spiral from an industrial complex based on information technology. Nigeria's future depends on what we do in this area now.

> *“Nigeria needs to revolutionalise its science and technology infrastructure. Dependence on natural resources for growth is not sustainable, and since science and technology hold the key to the future, the time to lay the foundation is now.”*

The third key area of emphasis is building and exploiting the networks of the Nigerian and African Diaspora. The reality of the world, despite globalization, is that there is still the ethnicity of capital. A careful disaggregation of the ethnic origins of FDI flows might show that Asians -- Japanese, Chinese, etc – still invest mostly in Asian countries, while Americans and Europeans mostly invest among themselves. The transition economies of former Soviet Republics receive much of their FDI from their European brothers and sisters in Europe and America. It is not surprising that African countries receive much less FDI than would be predicted by the fundamentals of their economy, whereas other countries in other regions receive much more even when they reform less. It is estimated that about 50 percent of the FDI into China in recent decades came mostly from the ethnic Chinese in Diaspora. The same is for India. Israel is said to receive most of its FDI and assistance from Jews all over the world. The ethnic Diaspora not only remit money– remittances and FDI, but also provide a veritable source of skilled manpower and technology transfer. They also provide the ready networks for opening markets for trade abroad.

Africa and Nigeria suffer from two kinds of outflows. First, a sizeable proportion of the private sector wealth is held abroad. Collier and others had estimated that about 40 percent of the non-land private African wealth is held outside of Africa. In addition, it may not be inappropriate to also surmise that at least 40 percent of Africa's most talented and skilled manpower reside outside of the region– the brain drain. Nigeria alone is said to have about 17 million 'Diasporans' of which over 10,000 medical doctors live in the USA.

The real tragedy is that Africa runs the risk of being perhaps the only region of the world that may not benefit (over time) from the continued growth and development impact of the Diaspora. This is because of what, for want of a better terminology, I describe as the bleaching syndrome. This is a phenomenon whereby Africans, and particularly some ethnic Nigerian groups are in a haste to deny who they are, and distance themselves from their roots. The bleaching process starts with their names as many are willing to adapt their names to suit the preferences of the Westerners.

The second symptom of bleaching and perhaps the most serious is that they start losing their language, and fail/refuse to teach their children their native language in the mistaken belief that the further away they are from their language, the more 'civilized' they have become. This contrasts with other ethnicities. For example, wherever you go, ethnic Indians, Chinese, Mexicans, Latin Americans, still speak their native language even after several generations of settlement in the place. Indeed, the Mexican immigrants have forced America to literally adopt Spanish language as its second language. In the case of Africa, the pressure to adapt and be 'accepted' in the West forces them into extreme forms of self- rejection or bleaching.

The impact of this phenomenon is that the children and perhaps future generations of the current generation of Diaspora would not be able to speak the language of their parents, would not know much about the culture and traditions, and hence would never have any attachments to Nigeria. An old wisdom has it that once you take away one's language and culture, you have uprooted him/her from that environment. In other words, most of the children of the Diaspora are uprooted from the Nigerian environment and are, in a sense, lost. These children may, if ever, only see Nigeria as being of tourist interest. Having been totally disconnected, these future generations could not be expected to send remittances to Nigeria, or to one day dream of 'returning' to contribute to her development. The tragedy of this self rejection is that it is manifesting in a second phase— the first phase happened during slavery. It is little wonder that the black Americans and others cannot trace their roots just as Americans can still trace their origins to Greece, Ireland, Germany, France, etc even after hundreds of years of settling in America. This crisis of self rejection will hurt Nigeria badly in the future, because if not addressed, Nigeria will lose a portent growth dynamite— the future contributions of its growing Diaspora.

e) Agriculture: Conquering Nature and Exploiting Technology

In the near future, agriculture will continue to hold the key to growth, employment and poverty reduction. A revolution in this sector is already on, especially in the context of several Presidential initiatives on agriculture. Agriculture has been growing at about 7 percent per annum in the last three years and has been driving the non-oil growth. The revolution needs to be taken to higher levels, taking cognizance of the continuing advances in biotechnology. Our agriculture must transform from being dependent on rains. The irrigation programs need to be scaled up massively, especially of the critical food belts of Nigeria to ensure all year round cultivation. Nigeria has the potentials to feed much of Africa as well as India and China. The 60 percent of the arable land lying fallow can be turned into the world's food valley. We also need to invest in improved seedlings, breeds, and fertilizer. New technologies in food processing, marketing and storage must be exploited. Ultimately, there will be a transformation whereby the proportion of the labour force engaged in agriculture falls drastically while output rises.

f) Revolution in Education

In the knowledge driven 21st century, education must be the key driver of socio-economic transformation. If there is one thing most Nigerians agree on, it is the fact that our educational system is in a crisis. The system is creating dynasties of poverty whereby the children of the poor have a likelihood of remaining poor. Our system has created three classes of Nigerians – a minority that is well educated, a majority that is either mis-educated or poorly educated and those without any education at all. Socially and economically, this is not sustainable. Beside education as a tool to break the social boundaries, it is the key to the competitiveness of the economy and sustenance of growth in the years ahead.

Narrowing the gaps between us and the advances in other emerging market economies requires extraordinary efforts. Science and technology is the master key in today's economy. Major reforms have begun in the sector. There is still room for continuing brainstorming on the next reforms and revolutions in the sector that holds the key to our future.

g) Urban Renewal Programmes

Nigerian cities are mostly in a state of chaos. The way and manner most of them seem to be organized gives the impression of cities without plans. With an urbanization rate averaging 5.3 per cent per annum, it will not take a longer time before the cities hit major crisis. The starting point is to dust up the master plans of each urban city and update them. Alternatively, new plans should be drawn up where none existed. A critical issue here is that the master plans should be enforced. An important lesson needs to be learnt from the urban renewal programme of the Federal Capital Territory, Abuja. Lagos, as Nigeria's economic capital, needs radical reforms. It is the gateway into the Nigerian economy and its financial capital. Reclaiming Lagos will require concerted efforts of the Federal, State and Local Governments, as well as the private sector. Lagos and Abuja must be remodelled as examples, and State governments should be encouraged to follow.

h) Amendments to the Constitution: Imperative for Effective Governance and Economic Management

A market economy framework requires a different legal-institutional system than a non-market economy. From a legal-institutional perspective, the supreme institution of a country is the Constitution, which is supplemented by the other enactments of the legislature and pronouncements of the courts. The Constitution among other things spells out the allocative powers in terms of who allocates economic resources in a society— the state or the market. It should also spell out the economic relations embodied in property rights and rule of law. As the supreme institution, the Constitution in many cases prescribes the procedural aspects in terms of how law is promulgated and enforced and includes the functioning of the necessary legal and administrative institutions.

The content and context of these institutional provisions and their enforcement make a fundamental difference in the speed and character of transformation of an economy. The system evolved by the framers of the American constitution based upon 'rule of law rather than rule of men' and unlocking human potentials by fashioning a society based on individual freedoms, competition, and private enterprise helped to unleash the progress of that society. On the contrary, the system of maximum controls by men over others as practiced in the communist countries showed in an experimental manner what the outcomes could be depending on the different systems of laws. With the experiments under communism and capitalism at the global scale, or even the systems of feudalism and republicanism in different parts of Nigeria and the outcomes for poverty and wealth creation, one can hypothesize that institutional arrangements make all the difference. Institutions drive human progress, and while some unleash, others inhibit human progress. As a layman, it is evident

> *For Nigeria to make rapid progress in the quest to become the China of Africa, it has to run at extraordinary speed in the creation, adaptation and enforcement of relevant institutions*

from all over the world that wherever the rule of law prevails and property rights and contract enforcements are more effective, progress has been faster than otherwise.

For Nigeria to make rapid progress in the quest to become the China of Africa, it has to run at extraordinary speed in the creation, adaptation and enforcement of relevant institutions. To start with, it needs to re-examine and possibly reconstruct the basic institutions of the state (political- legal and administrative arrangements as embodied in the Constitution) to enhance allocative and operational efficiency of the state. While no Constitution is perfect, it is important to recognize the myriad defects in the current 1999 Constitution which may retard our quest for rapid economic transformation. For example, one of the biggest drags on the economy is the sluggish mortgage market. There is a housing deficit of more than 15 million houses estimated to cost more than five trillion Naira. But we have trillions of Naira locked in what can be described as dormant or dead capital in the real estate. Unleashing the potentials of the real estate/mortgage industry has capacity to create millions of jobs and scale up the speed of economic development. But this won't happen until we address the land use law, titling of land and administration of mortgages. The second example pertains to the timely enforcement of commercial contract rights. Property right is the foundation of a capitalist economy. Without a system that ensures timely and effective enforcement of contracts, a market economy cannot prosper on a sustained basis. We need a system of specialized courts like the Commercial Courts enshrined in our constitution.

There are many more of such urgent amendments/additions in the constitution. The National Political Reform Conference recognized many of these defects as embodied in its Report, and many of the Clauses proposed for amendment by the National Assembly underscore the point. Several aspects of the

Constitution require serious re-examination. Many aspects pertaining to land use, operations of the federation account, etc need urgent attention. The national law reform efforts should complement the constitutional review. The point here is that the next session of the National Assembly, to be inaugurated in 2007 must take constitutional amendment as its first priority so as to provide a sound legal- institutional foundation for Nigeria to prosper.

The list of many more specific reforms to ensure prosperity is long, and I cannot possibly hope to be exhaustive in this lecture. I have not touched on tourism and cultural renewal; environmental issues; water; social security system; etc. I do not intend to pre-empt what should be contained in the NEEDS II document. What I have presented above is just to arouse your curiosity and provoke you to make your own contributions to the debate.

> *"Nigeria alone is said to have about 17 million 'Diasporans' of which over 10,000 medical doctors live in the USA."*

V. Conclusions

In concluding this lecture, I must again ask the question I started with: "Can Nigeria be the China of Africa?". It is a question designed to provoke us to dream dreams. Oliver Wendell Holmes once said that "Once a mind has been stretched by a new idea, it never returns to its original shape". It is in the same vein that the English publisher, Lady Catherine argued that "Nothing ever built rose to touch the sky unless some men dreamt that it should; some men believed that it would, and some men willed that it must".

What I have shown in this presentation is that Nigeria not only has the potentials to be the next 'surprise' or next China, but can actually do much better in terms of global ranking. In my estimation, there is no reason why Nigeria should not be among the 10 largest economies in the world by 2050. While we are even better endowed than China in terms of natural resources, we must work hard to break the natural resource curse and build new competitive advantages based on knowledge and skills. To overtake others, we must run faster than they are doing today. Long-term strategic visioning and planning will be critical to our success if we are to continually be running that race.

I believe that Nigeria holds the key to Africa's progress as the most populous black nation in the world. There must be a divine reason for binding us together into a country called Nigeria. I don't believe it was an 'accident'. Apparently, it seems that the only thing holding us back from realizing God's purpose of leading the black race and the world is ourselves. The good news is that we seem to have finally broken the yoke of bondage and a new Nigeria is in the making. I am convinced that Nigeria will surprise the rest of the world soon as the next China, and I will work hard every day of my remaining life to make it happen. What about you?

> *"We must work hard to break the natural resource curse and build new competitive advantages based on knowledge and skills"*

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