



Federal Republic of Nigeria

2005 DEMOCRACY DAY
Lecture

**The Political Economy of
Sustainable Democracy
in Nigeria**

By
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Governor, Central Bank of Nigeria

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Welcome Address

by Professor Jerry Gana,
Political Adviser to the President

I have the honour to welcome you to this year's *Democracy Day Lecture*, to be delivered by Prof. Charles Soludo, Governor of the Central Bank of Nigeria. Since you, our distinguished guest speaker, will be properly introduced shortly, I need not say much about you at this stage, but only to thank you immensely for accepting our invitation at very short notice to deliver this year's *Democracy Day Lecture* and for taking the time to prepare it. I know that you are going to challenge us to think about the issues relating to economic transformation in order to sustain our fledgling democracy. The topic of this year's Lecture, as you all know, is: *The Political Economy of a Sustainable Democracy in Nigeria* or, to put it in my own words, "The Economics of Democratic Governance and How We Can Ensure that the Economy Would Be Robust and Productive Enough to Sustain Our Democracy Over the Years."

Your Excellencies, distinguished guests, ladies and gentlemen, if democracy is to be sustainable in Nigeria, I believe we must transform its economy. We are already on the way to transforming it, as you will soon hear from our guest speaker. The reason why we are placing so much emphasis on the economy is that, if the economy does not grow, create wealth, and generate jobs; if the economy is not making the lives of Nigerians qualitatively better, democracy itself would gradually lose its credibility. Therefore, there is a very strong linkage between our economic performance and the health of democracy in Nigeria. We are, therefore, looking very much forward to this Lecture because we know that the challenge of transforming the economy is one challenge that Mr President is taking very seriously, indeed. As you may hear from the Lecturer, the policies being advocated under the National Economic Empowerment and Development Strategy (NEEDS) will be subjected to much scrutiny. On our part, we shall continue to ask such pertinent questions as the following: How do we massively create wealth so as to significantly reduce poverty in Nigeria? How do we rapidly create more jobs so as to

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remove unemployment, or at least drastically reduce it? Having identified the private sector as the engine of growth of our economic strategy, how do we get our financial institutions to massively support the real sector, particularly Agriculture and Manufacturing? In other words, how do we mobilize substantial capital for our engine of growth, the private sector?

Many Nigerians may not fully appreciate where we are coming from and, especially, that with great effort, this Administration has made tremendous progress since 1999 in many areas. We have made remarkable progress; indeed, the nation has experienced a revolution in the area of telecommunications: the GSM has become a household term within a couple of years. We have made great strides in the repair and rehabilitation of our infrastructure, particularly roads. We have also recorded significant improvements in the area of water supply. In the last six years, we certainly have contributed to national stability, and Nigeria's image abroad has improved appreciably. Indeed, we have given Nigeria a new name, a new positive reputation. And, a positive reputation, as you know, is a huge resource! We have also made serious efforts to improve the sector that is very vital to the economy, the sector of power supply. However, since the impact of these efforts will necessarily take time to become manifest, Nigerians are still asking, quite rightly, I believe, why it has become so difficult to discern improvements in our power supply services in particular. Since a positive image is a major factor in the development process, we remain open to suggestions about what more has to be done to ensure that we can, indeed, assure Nigerians of adequate and regular power supply.

Nigerians are also asking that if democracy involves consultation and dialogue, why has Government not utilized such democratic processes, through the Minister of Abuja, in resolving the challenges of reshaping Abuja and redeeming its image, including the demolishing of houses? Nigerians wish to know if demolishing houses is a necessary part of redeeming the image of Abuja and creating a beautiful environment for the Federal Capital Territory. They are asking if there are no viable alternatives to the unpleasant goings-on in Abuja. They are asking: Why can't Government find some way in which it can act in partnership with the people? Government has tried to give Nigerians appropriate answers to such



questions since we know that part of the political economy of democracy is to really find a way of carrying the people along in all government programmes. We, therefore, hope that the Lecturer, in addition to his expected counsel on the economy, will also give us useful guidelines on how to carry Nigerians along in the ongoing process of transforming the Nigerian economy.

Your Excellencies, distinguished guests, ladies and gentlemen, my task is simply to welcome you! But in the process, I have taken the liberty of "downloading" some of the questions being asked by the Nigerian public so that we might feel a little lighter in welcoming you very warmly to this Lecture. Please enjoy it, ask questions, and encourage the Lecturer, in whichever manner you can, by drawing up a list of issues you would like to take up with him so that Nigeria can be a better country.

As part of efforts to enrich this year's Lecture, we have introduced a **Democracy Essay Competition**, involving students of Nigeria's tertiary institutions and secondary schools in all States of the Federation and the FCT. This is to further inculcate in young Nigerians the genuine culture, the credible principles, and the excellent values and virtues of democracy. It is a measure we believe would go a long way in deepening and sustaining the democratic process and consciousness in Nigerians. The award of prizes to winners of the Democracy Essay Competition will be performed here today.

The Essay Competition is in three categories as follows:

- (i) **Category A:** Undergraduates in tertiary institutions
*Topic: **Generating Fresh Visions of Democracy for Nigeria;***
- (ii) **Category B:** Senior secondary school students (SSS 1-3)
*Topic: **Six Years of Democracy in Nigeria: Reconciling the Reality with Expectations;** and*
- (iii) **Category C:** Junior secondary school students (JSS 1-3)
*Topic: **The Role of the Youth in Sustaining Democracy in Nigeria.***

The essays have been well written by participants from many parts of Nigeria. A total of 486 entries were received by the deadline of 30th April, 2005, with the following composition of entries:

• Tertiary institutions	51	entries
• Senior secondary schools	253	"
• Junior secondary schools	182	"
Total	486	"

I like to take this opportunity to thank those who have graciously given us prizes for distribution to the winners. We very much appreciate the generosity of the donors because they have been extremely helpful in encouraging us to round off the competition in a nice way. I, therefore, wish to take the opportunity of delivering this welcome address to thank *ZINOX Technologies Ltd* for donating sets of computers for those who have won the First Prize in each category. We also like to thank *Microsoft Nigeria* for donating some software for running the computers.

Prof. Charles Soludo will soon be treating you to some of his brilliant ideas. He is going to entice you and at some stage, perhaps, even confuse you! But at the end of it all, I have no doubt at all that you would be convinced that it has been worthwhile coming here today.

Thank you very much for coming.

The Political Economy of Sustainable Democracy in Nigeria

Introduction

It is, indeed, a great honour for me to be asked to deliver this year's Democracy Day lecture and, fortuitously, today also marks my one-year in office as Governor of the Central Bank of Nigeria. When I received the invitation about 16 days ago, I realized that my schedule would not permit me to present a well-written paper. I apologized to Prof. Jerry Gana for my inability to prepare a formal lecture and he permitted me to speak extempore, with skeletal notes, and that is what I intend to do.

Before I proceed, I wish to pay special tribute to Nigeria's founding fathers who fought for the liberation of Nigeria from colonial rule; those who paid dearly in the struggle for democracy, especially those who paid the supreme sacrifice (May their gentle souls rest in perfect peace); the immediate past Head of State, Gen. Abdulsalam Abubakar who made May 29th a reality; and, finally, our President and Commander-in-Chief of the Armed Forces, Chief Olusegun Obasanjo, GCFR, and all our patriots and statesmen who have worked hard to preserve and celebrate this date as a watershed in Nigeria's history. Let me also pay tribute to all the earlier Democracy Day lecturers: your shoes are certainly too large for me to wear. I give credit to the organizers of this Lecture Series for their thoughtfulness in designing it as a day for deep reflection and brainstorming, the natural hallmarks of a lecture.

I am not sure why the organizers chose me to deliver this lecture and have assigned me a very difficult topic. I am an econometrician, a macro/monetary economist, and a development economist. I have very little training in political economy. If the goal is for me to expose my utter ignorance on the subject matter, you will surely achieve your goal. Perhaps, the organizers agree with Alejandro Foxley, the Chilean Minister of Finance, who once said that:

Economists must not only know their economic models, but also understand politics, interests, conflicts, passions the essence of collective life. For a brief period of time you could make changes by decree; but to let them persist, you have to build coalitions and bring people around. You have to be a politician.

Even with this admonition by Foxley, economists are still grappling with the best way to integrate the sub-discipline of political economy into modern economic theory. Douglas North (1993: 61- 68) elaborated the economists' dilemma when he observed that:

The polity and the economy are inextricably linked in any understanding of the performance of an economy; we must therefore develop a true political economy discipline. A set of institutional constraints and consequent organizations define the exchange relationships between the two and therefore determine the way a political-economic system works. Not only do polities specify and enforce property rights that shape the basic incentive structure of an economy; in the modern world, the share of gross national product going through government- and the ubiquitous and ever-changing regulations imposed by it- are the keys to economic performance. ... All but the most myopic economists agree that institutions are important. What is missing is a way to integrate institutional analysis into economic theory.

For me, the missing link is even greater. I am still a new student of the subject and, as the saying goes, it is often better to keep silent and be thought to be a fool than to open one's mouth and confirm it. I guess I have no choice now but to advertise my ignorance.

Let me, therefore, start with a disclaimer: The views that I express in this lecture do not necessarily represent those of the Board and Management of the Central Bank of Nigeria, nor should they be construed to represent the views of the Federal Government. They are my personal views as an ordinary Nigerian! They are essentially to provoke debate.

In this lecture, I look more to the promise of the future rather than the disappointments of the past. Consequently, I wish to dedicate this lecture to four groups of people. First, I dedicate it to Nigerian children (who constitute over 50% of our population and who are helplessly looking up to us not to waste



their future) and whose day was just two days ago (May 27th). Second, to the Nigerian youth who, together with the children, constitute Nigeria's bridge to the future. And, third, the poor and the vulnerable groups in Nigeria whose welfare remains the ultimate goal of public policy and the litmus test of our progress. Finally, I dedicate this lecture to all those who believe in, and are committed to, the New Nigeria that is emerging.

In the remainder of this Introduction, I will first clarify what I mean by 'Sustainable Democracy' and the 'Political Economy of change management.' In Section II, I will briefly review the challenges of Nigeria's project of democratization and economic development by basically illuminating some of the reasons why the previous attempts at democracy had not endured. Section III examines the current landscape to show that the prospects in the current 4th Republic are brighter but challenging, nevertheless. In Section IV, we summarize some of the key pillars as bridges to the future, while Section V concludes the lecture.

First, let us be clear what we mean by the concepts.

A: Sustainable democracy

Democracy has several definitions and meanings. Here, we adopt an operational interpretation, to wit: "Democracy as a form of civilian-led governance in which all citizens have fundamentally equal rights, votes, and privileges; where citizens enjoy liberty and freedom; where the ultimate legitimacy of actions, choices, appropriations and decisions rests with the citizens' supreme power, or through their legitimate representatives elected by fair ballot." In simple terms, it is about the right of every citizen to his/her voice and participation in the governance process. 'Sustainable democracy' is one that stands the test and effusion of time; grows in basic legitimacy and acceptability irrespective of the political party in power; and yields dynamic dividends of justice and equity, good governance, peace and basic freedoms, rapid economic development; and promotes and protects private enterprise and property rights. In essence, there is a dialectical relationship between democracy and economic development. Although democracy has some other intrinsic values, such as liberty, freedom, having a voice and participating in governance, they mean very little for the woman who has no food to eat or place to sleep. There is, therefore, a two-

way causal relationship between the economy and sustainable democracy: the state of the economy is the determinant of enduring democracy, but democracy is a key pre-requisite for sustainable economic transformation. The message is this: broad-based economic prosperity sustains democracy whereas widespread poverty and ignorance undermine it. To mimic Bill Clinton when he was running for President in 1992, "It is the economy, full stop!"

B: Political economy of change management

Political economy is about the art and management of socio-political claims on the production, distribution and consumption of societal resources and output. Inevitably, there are winners and losers in the process. The challenge of political economy in Nigeria today is to enlarge the pool of winners to create sufficient stakeholders in both the Democracy and the Nigerian Projects and minimize the losers, or compensate them. Given the extent of the social and economic decay that preceded the 4th Republic, and given the need for transformation from a rent-driven, cake-sharing arrangement to a production-driven, cake-baking model of society, the organized elite that had benefited from the old order would lose heavily and might not give up without a fight. The challenge for leadership is to mobilize the generality of Nigerians to shift expected benefits from governance from medium to long term. This is a real challenge in a society atrophied by cynicism, resulting from decades of failed promises by Government leading to widespread distrust of Government. A winning strategy is the combination of short-term, broad-based Quick-Wins, and a strategic, bold transformation agenda for the medium and longer terms. For sustainable democracy, fundamental changes are required in the Constitution, the electoral system, the fiscal federalism, as well as a gamut of legal-institutional reforms that are developmental and capable of promoting private enterprise and competition.

II. Nigerian Economy and Governance in Historical Context:

Why Did Earlier Attempts at Democracy Fail?

Nigeria has all it takes to be a great country. It has a population now estimated at about 140 million

(clearly one of the most populous 10 countries in the world), one-quarter of sub-Saharan Africans, and one-sixth of the black race. Given its abundant human and natural resources, Nigeria is potentially Africa's largest economy. Every year, the country produces over 200,000 graduates of tertiary institutions (including 65 universities); has the 6th largest gas reserves in the world; 8th largest oil producer; with abundant but largely untapped natural resources comprising gold, columbite, bitumen, iron ore, coal, limestone, etc; and with 60 percent of its arable land lying fallow. Nigeria has also millions of its citizens in Diaspora (with an estimated 100,000 Nigerian medical doctors and scientists abroad). Given Nigeria's size and its strategic importance in Africa, if it fails to develop, Africa will continue to lag behind other regions of the world.

Unfortunately, the country was not lucky in the first 40 years of its independence with sustained good political governance. It needs to be underscored, however, that Nigeria is unique in the world as probably the only country with about 350 ethno-linguistic nationalities. The political leaders need also to be given due credit for successfully keeping the country together and trying to weave a nation out of the diverse ethnic nationalities. Many other countries in the world have not been so successful. In spite of this caveat, most Nigerians believe that the country could have done much better, and have expressed serious disappointment with performance in the first four decades. Most socio-economic indicators showed failures (see Obasanjo's *Economic Direction, 1999-2003* for a detailed summary of the state of social and economic conditions as at 1999).

An uncharitable author, has summarized Nigeria's failures before the 4th Republic in a book entitled, *This House Has Fallen*. Many Nigerians have also begun to believe such verdicts, and some have become atrophied with cynicism. We don't blame them. Governments in the past have lied repeatedly to Nigerians to the extent that the man in the street believes that politics and governance mean lying. When someone lies in a village meeting and it is so obvious to everyone that he has lied, someone would quickly remind the audience that the liar is a politician, or someone would rebuke him by saying: 'when did you become a politician'? This illustrates the depth of the decay, and why people generally disbelieve

almost everything coming from government. More particularly, democratic experiments have had a chequered history, with democratic governance lasting roughly 11 out of the first 40 years of independence. The stop-go approach to democracy in Nigeria and the long military rule have left many wondering whether the current experiment would endure. I bet it would.

Why did previous experiments with democracy fail?

This is the million-dollar question, and to which every Nigerian has got his own explanation. There are, therefore, myriad reasons for our fractured history, and I do not intend to rehearse them here. Listening to all the broadcasts by coup plotters in Nigeria, their reasons for aborting the civilian regimes can be summarized in three key words: *economy, governance, and corruption*. I will elaborate a few below.

The first reason why democracy has not endured in Nigeria is that *the economic numbers did not Add up*. Democracy and, indeed, any form of governance must deliver tangible economic benefits to the generality of the citizens to be credible and sustainable. In a seminal article on "What Makes Democracy Endure", Prezeworski, *et al* (1996) found the empirical evidence that:

Once a country has a democratic regime, its level of economic development has a very strong effect on the probability that democracy will survive... Democracy can be expected to last an average of about 8.5 years in a country with per capita income under \$1000 per annum; 16 years in one with income between \$1000 \$2000; 33 years between \$2000 \$4000 and 100 years between \$4000 \$6000... Above \$6000 democracies are impregnable and can be expected to live forever. No democratic system has fallen in a country where per capita income exceeds \$6055.

This is the historical evidence, and I want to underscore the operative words, "on the average". It does not mean that such numbers constitute destiny and will always apply in each and every case. Can this explain Nigeria's failed democratic experiments? Certainly Nigeria's *per capita* income has been below the \$1000 mark. That, according to the study, poses a threat. In addition, the periods of democratic experiments have coincided with very poor economic performance, as Table 1 suggests.

Table 1: Democratic Experiments and Economic Performance in Nigeria, 1960-2004

Period	GDP Growth Rate (%)	Population Growth Rate (%)	Growth rate of per capital income (%)
1960-1966	2.9	3.5	-0.6
1980-1983	-6.75	3.0	-9.75
1993	1.3	3.0	-1.7
Contrast with the 4th Republic (1999 to date) below			
2000-2004	5.96	2.8	3.16

In most poor countries, sustaining democracy remains a serious challenge. The weight to be attached to the 'poor economy' variable as the reason for aborting democracy in Nigeria is an empirical question. Suffice it to note, however, that coup broadcasts have consistently cited economic mismanagement as one of the prime reasons. Even in rich, industrial countries, the state of the economy is, almost always, the most important determinant of the electoral fortunes of candidates or political parties.

The second reason is the so-called *natural resource curse: oil and the politics of cake-sharing*. Nigeria is not alone in this; all poor, natural resource-dependent economies suffer a similar fate. There are very few countries in the world with a heavy dependence on natural resources, such as oil, whose politics has not been adversely tainted by them. According to a recent study:

Politics affects economics - how oil rents are collected, allocated and used, including often to sustain a poor policy regime. But oil affects politics also - a large, concentrated rent source in national income can mould the social and political institutions of a producing country, into what some have termed the 'rentier state' (Gelb, et al, 2002).

In Nigeria's case, the excessive dependence on oil was compounded by the concentration of the

commanding heights of the economy in the hands of Government. Government then became the fastest and cheapest means of making quick money. A rentier state emerged, intensifying the politics of 'sharing' rather than 'production'. This created a horde of 'rent-entrepreneurs', that is, 'Big Men' without any productive source of livelihood except proximity to state power. Part of our unfortunate heritage today is that there is a large army of such people who do not know any other way of making a living other than from government patronage. In turn, the 'Big Men' have hordes of dependents. It is, therefore, understandable that for such people, once such government patronage dwindles, the government must be doing badly, and the 'masses' (their dependents) must be 'suffering'. The consequence was that since 'sharing' was the dominant framework and you didn't need any specialized skills or competence to know how to share, little attention was paid to merit. Just about anybody could be appointed to head any institution because there were no standards of performance and accountability.

The value system got distorted; government grew unsustainably as the major source of productive employment and the citizens expected government as the 'giver' to provide everything FREE for them. It did not matter if we didn't pay our taxes. Since government revenues came mostly from the 'Federation Account' sharing, the generality of Nigerian citizens did not see the direct link between their taxes and government spending, and there was also little pressure to demand for accountability. The umbilical cord that ties government and the private sector in most economies also got broken: governments everywhere in the world are generally under pressure to provide an enabling environment for businesses to thrive because businesses in turn provide employment and generate revenue for government. Because of oil, Governments in Nigeria did not need the private sector for revenue, and because of Government's expansive nature, it depended very little on the private sector for job-creation. Beyond rhetoric, therefore, there was, indeed, little incentive to urgently provide an enabling environment for the private sector to thrive in Nigeria.

Let me admit that the above characterization was not peculiar to the Nigerian state. Indeed, most post-colonial African states mimicked variants of the features described above. Adebayo Olukoshi in "The Elusive Prince of Denmark: Structural Adjustment and the Crisis of Governance in Africa" (1998: 8) has

graphically summarized the situation as follows:

...The post-colonial African state, by its very nature and, therefore, by definition, is at the heart of the economic governance crisis pervading the continent. This state, stripped of the most basic checks and balances of the (late) colonial period, has failed woefully in its developmental mission on account of various inter-related factors: its 'excessive' and 'counterproductive' intervention in domestic economic processes to the detriment of market forces and the private sector; its over-bureaucratization and bloated size; the domination of its apparatuses by clientelist networks and an 'urban coalition' that orients it against the rural (productive) sector and 'rational' macro-economic policies; its submission to 'rampant/macro populism' as it panders to a vociferous 'urban coalition'; its monopolization of the main economic levers in society with the resultant proliferation of rent-generating/ -seeking niches/ activities; and its over-centralization of development which has discouraged local (private) initiative.

As Government became the dominant economic agent and the environment for private enterprise worsened, the contestations for power and control over state resources became a life- and death-struggle. The Head of State wielded enormous economic powers as he could appoint about 5000 Board members of government agencies and parastatals, and everyone wanted to be a 'Board member'. It did not matter that 60 percent of our arable land is lying fallow: not many people wanted to soil their hands with agriculture or other productive engagements. In the struggle for power, no tactic was considered indecent, including arson, murder, election-rigging, etc. Fanning the embers of ethnicity and religion was a convenient and easy tactic of mobilizing support. Ethnicity was politicized and used as a convenient organizing framework in the struggle for state power. In return, the 'Big Men' dispensed patronage by openly demonstrating that they had cornered their share of the national cake for their people. The citizens condoned and openly celebrated corruption in so far as the 'son of the soil' brought home and shared the loots from the public treasury. People were literally ostracized by their communities for going into Government and returning with 'an empty hand.' At the federal level, whenever a section of the elite lost out in the 'cake-sharing' business, it cried marginalization and raised the ethnic card. At the state level, the struggle for state-creation and more local governments was ostensibly as a basis for sharing, not as

productive units. Today we are saddled with 36 states and 774 LGAs, with a huge avoidable waste in funding needless and duplicative bureaucracies. So far, we spend a greater percentage of our oil revenues on consumption rather than investment. Most state governments spend more than 80% of their Federation Account allocations on recurrent expenditure. It is not an accident that we have very little to spend on basic infrastructure to grow the private sector.

Of course, the inevitable consequence of the foregoing scenario was waste, weak institutions, corruption and the failure of public policies. Informal, inter-personal networks and relationships replaced formal institutions and rules of procedure. Where institutionalized rules did not dominate, arbitrariness and private interests did. Endemic corruption and underdevelopment are the inevitable consequences. For many people who may be wondering why public policies had failed in the past, they may wish to give some thought to Joe Garba's (1995) interpretation as follows:

In a country like Nigeria where the prizes are so few, and the stakes so high, the fight for booty or 'national cake' is fierce and often vicious. It has at times led to a debilitating corruption in the arena of public policy making and implementation. 'Who gains, who loses in these federal, state and local policy arenas is rarely an accident. More often than not, the distributional consequences of public policies are the intended result of the private interests which have been instrumental in their design, passage and implementation'. For the entire country, the manipulation of public policy for private purposes comprises yet another disjunction in our fractured history. Not every public policy fails; and not every public programme or project is redundant. But when once in a while a policy succeeds, it is often not because of government per se, but in spite of it (p.237).

Moving away from informality and personal power to the institutionalization of state power would be difficult but inevitable. Some of the 'Big Men' of our political system would have to lose heavily. As Patrick Chabal, et al (1999: 15) in *Africa Works* has argued:

Institutionalization of the state power would obviate the need to continuously have to display the substance of one's power. People would have to accept both the supremacy of institutions over

individuals and the temporary nature of their political eminence. Such is the price of institutionalized legitimacy.

This loss of personal power will be difficult for many Nigerians to swallow.

To summarize, Nigeria's earlier attempts at democracy did not work because the economy did not work for the majority of Nigerians; although the politics made sense at the micro-sociological level, it was destructive rather than constructive of the national pie; and the legal-institutional infrastructure was ill-suited to the tasks at hand. Speaking as an economist, the incentive framework was misguided, and the sanctions regime was weak or non-existent.

III. Why is the 4th Republic Different?

As stated earlier, cynicism has become second nature for many Nigerians. For many analysts and critics, not much has happened to inspire hope. Ethnicity is still with us; corruption is not dead; the rule of law and democratic principles are still being nurtured; unemployment, poverty, ignorance and disease are still part of our national life. They were never expected to disappear overnight. Also, our per capita income has not reached the magical \$1000. There are still the challenges of rapid urbanization, a high population growth rate with the dominance of children and the HIV/AIDS pandemic, de-forestation, desertification, global warming; etc.

Obviously, certain things have not changed much, but without doubt a lot of things have changed and are changing dramatically. *It is also important to always remember where we are coming from, and how far we have gone. In terms of economic growth, Nigeria certainly ranks among the ten fastest growing economies in the world in the last two years. (Check out the numbers!).* With every sense of modesty, I think as a people, we Nigerians should sometimes find some reasons to celebrate ourselves, despite the enormous challenges we must face.

Two key factors mark out the 4th Republic and enhance the prospects of sustainability:

First, is the current state of the international community, especially the post-September 11 world. Military dictatorship is evidently a very dirty word in the new international order. Even within Africa, the response to recent political events in Togo clearly sent the message that Africa had learned some hard lessons. The second factor is the lesson of Nigeria's recent history with military rule, as well as the reform agenda under Obasanjo's presidency. I like to illustrate the point with seven specific examples as follows:

- i. It is fair to infer that Nigerians are unanimous in saying 'Never Again' to military rule. They have seen the worst of military regimes and its pretence. The struggle for June 12 under NADECO helped to galvanize the pro-democracy groups and civil society. We have probably reached the stage at which many Nigerians would believe that the worst civilian regime is better than the best military regime. Nigerians deserve and demand for democracy to endure. Even under the military in 1989, a national survey showed that Nigerians voted overwhelmingly (84%) for democracy. Our experience so far shows that military dictatorship (with its command and control structure) in a pluralist society like Nigeria is no solution: indeed, it complicates the problem and serves to retard growth and development.
- ii. Nigerians agree that we have lingering problems which will take time to solve, and are determined to confront such problems. The ongoing political reform conference holds some promise.
- iii. At this transitional period of democracy in Nigeria, the country certainly needs a strong, focused and committed leadership. A patriot and nationalist in the person of the President, Chief Olusegun Obasanjo, has demonstrated such leadership. The role of strong leadership in a nascent democracy, such as Nigeria's can never be underestimated.
- iv. Also, the current reforms under the National Economic Empowerment and Development Strategy (NEEDS) get to the heart of Nigeria's fractured history. By systematically diminishing the size and scope of Government's control of economic resources and simultaneously

enlarging the domain of the private sector, Nigerian politics will change fundamentally in the future. Hopefully, with the successful privatization of key public parastatals, such as NEPA, NITEL, ALSCON, and Ajaokuta Steel; the concessioning of the ports and railways; Nigerian Security Printing and Minting Company (NSPM) Plc the Mint; etc, and the continued growth of the private sector, the character of governance and politics would change. Hopefully, the current political reform conference would address the issue of fiscal federalism and bring back the principle of competition among the federating units of Nigeria.

- v. More fundamentally, the results for the economy since 2000, and especially under the NEEDS agenda, have been better than under any other regime in our history. Of course, in Nigeria everyone is a mobile National Statistical Office. The following are the facts of Nigerian life today:
- For five consecutive years (2000- 2004) Nigeria has had positive per capita income growth rates, and on the aggregate, this is the only time it has happened during a democratic regime in Nigeria (see Table 1).
 - This is also the first time that a household survey would show a decline in the incidence of poverty during a democracy, from 70% in 1999 to 54% in 2004.
 - For the first time also, politicians have realized that although we have different states and local governments, we have only one economy. Consequently, the state Governors have collaborated with the Federal Government to save the excess earnings from crude oil export (and saved about \$5.9 billion in 2004). It is a sign that we are prepared to do things differently. This has helped to restore macro stability, in spite of the huge oil receipts. It also indicates that politicians and policy-makers now understand the tenets of fiscal sustainability. It is a major foundation for building Nigeria's future.
 - For the first time also, we have drawn up a plan, the NEEDS, and are faithfully implementing it,

and the first year results have either met or exceeded all targets on the following variables: GDP growth, non-oil growth rate, inflation rate, target external reserves, money supply (M_2), and a gamut of institutional and structural reforms. Non-oil output has exceeded oil growth rate during an oil boom. We are also exporting cassava and grains to the rest of the world.

- The National Assembly is also rising up to the occasion by enacting landmark legislations to move and sustain the economy, such as EFCC, Anti-Money laundering, ICPC, Energy reform, Pensions reform, DMO, etc, and, hopefully will soon enact the *Fiscal Responsibility Act*.
- vi. The anti-corruption crusade is demonstrating that there is increasingly nowhere to hide for the corrupt, and Nigerians applaud the efforts. When we are through with the banking sector reforms, with Financial Intelligence Unit (FIU) and the nature of the international economy, there will be nowhere to hide corruption money other than to invest it at home and Nigeria would be ultimate winners!
- vii. Finally, the pillars of a sustainable market economy are being laid: liberalization and deregulation, a banking sector revolution, the enforcement of the rule of law and property rights, infrastructure development, etc.

IV. Towards the Consolidation of Democracy

Evidently, the 4th Republic is different from our previous experiences. Where do we go from here? The lesson of experience from other countries is that their so-called miraculous transformation came about because they got a few things right and continued to do them right for an extended period of time. The challenge of continuity is real, and we must not take it for granted. A solid foundation is being laid, but as the saying goes, the prize of liberty is eternal vigilance. Sustaining democracy in Nigeria requires mass mobilization and collective effort. Here, I propose a tripod for the sustainability of Democracy:

of forging the numbers. For example, everybody believed and quoted the incidence of poverty as 70% in the mid-1990s to early 2000. But when the same FOS conducted a fresh household survey (even with World Bank and UK-DFID assistance) and certified that the poverty incidence had dropped to 54%, many chose to disbelieve it. It is a mindset. We agree that the FOS needs fundamental restructuring, but it has been collecting the statistics over the years with the same methodology: if the FOS has been wrong, it has been consistently wrong. No other agency has offices in 36 states plus Abuja to collect national statistics as the FOS.

A: Continue with the economic reform agenda under NEEDS and its revised version, NEEDS II, in 2007

"It is the economy, full stop" and, for the foreseeable future, NEEDS would be the end of history! The four long-term goals of NEEDS - wealth creation, poverty reduction, employment generation, and value re-orientation - will remain the principal focus of public policy for many years to come. We will continuously tinker with the specific instruments - that's why policy-makers are there - but I can't see fundamental changes in terms of focus. The four legs of the NEEDS table will continue to be central, namely, a sound medium-term macroeconomic framework; reforming government and its institutions; growing the private sector; and a social charter. Although NEEDS is not the Holy Grail, the challenge to analysts is to tell policy-makers what is in the NEEDS document that should not be there, or what should be in it that is not there. That's how knowledge grows.

The NEEDS programme will necessarily have several phases. The 1999-2006 phase entails laying the foundation for take-off. This stage is akin to Li Kuan Yeu's first 10 years in office. It is the foundation stage and a quiet revolution is already underway in Nigeria's economic front.

NEEDS II, from 2007, would constitute the Consolidation and Transformation stage. There would be many interesting agenda items during this phase and the national brainstorming would commence at the appropriate time. I do not want to pre-judge the outcome of the debate. Among other things, I believe that the consolidation agenda would build on the current reforms, and probably cause revolutions to occur in education and deepening agrarian and financial sector revolutions (especially in mortgage finance and real estate development, thereby awakening Nigeria's dormant capital).

NEEDS II would also see the second phase of banking sector consolidation. In the envisaged revolution in education, we must break out of the tendency to perpetuate 'dynasties of poverty' a syndrome in which children of the poor are likely to remain poor because they attend poorly funded and poorly equipped public schools, whereas the children of the middle and upper classes attend high quality private schools. Such a syndrome would create two classes of future generations of Nigerians - the better educated, and

the poorly educated. This is a medium term agenda. In agriculture, we must aim to feed Africa and China.

We must continue with the current *ownership* of our development policies. The IMF, the World Bank, etc, can make suggestions and offer advice, but we must continue to insist that we are the ones to take the decisions, based on our own informed calculations and national priorities. So far, we are succeeding, and must thank our development partners for their understanding that we must take our destiny in our own hands.

As a people, we must create and sustain the constituency for NEEDS. All those who crave for positive changes will continue to fool themselves until they realize that every system is kept going by those who benefit from it, and that those who lose from the current changes will not simply fold their hands and watch. Policy changes and governance involve continued contestations among competing groups: those who gain often do not advertise their gains, but those who lose might re-organize and re-launch their assault on the polity until they are heard. We must not take our current gains for granted.

To address the people issue and mobilize the citizens for the future, we must pay greater attention to our youth. The future of Nigeria lies in its youth and its children who comprise over 50% of the population below age 18. Whether Nigeria can claim the 21st Century and therefore lead Africa and the black race depends on whether and how Nigerian youth can be integrated into the system; they will make or mar our future! Currently, a sizeable proportion of our youth are disoriented: the children of the elite are in schools abroad, totally dislocated and disoriented, and with little interest in coming home. A major tragedy and symptom of the disorientation is that many children of the Nigerian middle and upper classes cannot even speak any of the Nigerian languages. It is my considered opinion that the situation is part of our national tragedy: there can be no Nigeria without its rich and diverse cultures and languages. The black man suffers this 'bleaching syndrome' the most - a loss of confidence in whom we are to the extent of being proud to deny it. Many other Nigerian youth are in schools at home - in cults, and making their way to the top through exam malpractices, cheating, bribing, etc - the so-called leaders of tomorrow! No doubt, a great number of our youth are responsible, dutiful and committed to the Nigerian Project. The challenge is the creation of a critical mass of such youth. More than 50% of British Prime Ministers in the

20th century were educated at Oxford University in the UK. In which Nigerian university do we intend to train the future leaders of Nigeria?

I call on Nigerian youth to reject the maxim that they are leaders of tomorrow: tomorrow may be too far, because the nature of tomorrow depends on what happens today. You must be involved *now*. I remember the early 1960s when Nigerian students protested the *Nigeria-Anglo Defence Pact*. We must rebuild such national consciousness. We must restore confidence in the Nigerian youth about their future, their welfare, and their stake in Nigeria. I am happy that a beginning has already been made in this direction.

There is an ideological vacuum now and, if we are not careful, charlatans will fill it. We must 'de-criminalize' politics: so far, many honest and thoughtful individuals still think of public service as 'dishonourable' and the political process as 'dirty'. We must begin to attract and retain our very best into government and this is beginning to change, thanks to President Obasanjo.

B: Re-configure Nigerian politics through a fundamental constitutional re-design

Three quick suggestions can be made under this heading as follows:

- Address fiscal federalism to ensure competition and accountability by providing incentives for enterprise and hard work, rather than as a 'welfare package;'
- Ensure a collaborative planning framework among the three tiers of government, and put in place the mechanisms for open accountability and sanctions; and
- Codify many institutional reforms into the Constitution to make reversals difficult.

C: Initiate appropriate legal and institutional reforms to ensure that change would be permanent, especially in regard to:

- (i) The rule of law and prompt administration of justice;
- (ii) Making the necessary law reforms by reviewing and amending many obsolete legislation;
- (iii) Reviewing and ensuring the independence of some key policy institutions, such as the Central Bank, EFCC, ICPC, the Judiciary, INEC, etc. Before we can succeed with the institutionalization of politics, which would be a longer- term programme, we would need to build and cement certain institutions as “agencies of confidence and stability” in society. Such institutions include the EFCC, ICPC, the Central Bank, the Nigerian Stock Exchange, and a lock-in fiscal behaviour through *the Fiscal Responsibility Act*. These institutions have a tendency to tie the hands of politicians, and to constitute a bulwark against arbitrary behaviour. In other words, while the process of Nigeria’s political engineering would necessarily be evolutionary, we can leapfrog the quality of economic management by signalling STABILITY and CONTINUITY. Many countries have highly volatile political structures involving frequent changes of Prime Minister and elections, but their institutions of economic governance remain stable. That is what we need urgently as part of building bridges to the future;
- (iv) Instituting appropriate electoral reforms to reinforce the self-correcting mechanisms of Democracy through the electoral system, including electoral finance reform. Elections must, therefore, be seen to be transparent and without reproach and part participation in elections must be affordable;
- (V) Reforming the procurement process; and

- (Vi) Accelerating privatization and liberalization.

V. Concluding Remarks

Nigeria faces a historic challenge in the 21st Century. The smaller economies in developing countries had led the way in the later half of the 20th century (small South East Asian countries and, in Africa, Botswana and Mauritius). The 21st century seems to be the century when size would matter a great deal. Brazil has taken off; India is not looking back; and China is obviously unstoppable. History beckons on Nigeria the largest African country and home to one-sixth of the black population in the world to follow suit. It would be a global tragedy of the 21st century if Nigeria's current momentum were truncated for whatever reasons. The pride of the black man everywhere lies in Nigeria joining the league of advanced economies. That's the only way we need to prove that there is nothing inherently wrong with being black, and thereby disprove the thesis of the 'black man's burden.' The whole world is watching. The future generation is praying that we don't bungle their future. Nature has blessed us abundantly and God has decreed that the 21st century is Nigeria's century. To lead Africa into the global economy, we must build a supersonic economy, and hastily, too, running at the speed of 1000 kilometres per hour while others run at 100 kilometres in order to catch up and surpass.

We now need three things to happen: get the ECONOMICS, the POLITICS, and the LAWS/INSTITUTIONS right, and then trust in God to give us the right people and the courage to implement the agenda. With the ongoing NEEDS agenda (hopefully revised into a NEEDS II in 2007), the outcomes of the ongoing Political Reform Conference, plus several legislations by the National Assembly and the public sector reforms, we would have the basic politico-economic-institutional foundation for a sustainable democracy. The challenge is to consolidate and improve upon them. The basic lesson of history is that there is no easy and quick template to greatness all great nations keep doing a few things right for a sustained period of time! Nigeria cannot be an exception.

I wish, once again, to refer to the two intangibles of development: good luck and nationalism. The textbooks on development do not talk much about them. God is already on our side. We must now mobilize our people to believe in our God-given mission to emancipate Africa and the black race from the perennial cries of marginalization. No country has ever developed on a sustained basis without a strong sense of identity and mission as well as a nationalistic zeal to make a difference.

Finally, I wish to end where I started a word for our youth. For the youth of this country Nigeria's greatest asset and the bridge to the future I say to you that today is here: seize it! Frantz Fanon has a message for you when he said, "Every generation, out of its relative obscurity discovers its mission, it either betrays it or fulfils it". The choice is yours. And to the millions of Nigerians in Diaspora waiting for Nigeria to become like Europe before they come to contribute to it, I will say to you what I said to friends and employers in the United States of America in 2000 when I decided it was time to return to Nigeria. When many wondered why I was returning to Nigeria instead of taking up permanent, lucrative employments in the U.S, I responded that "If God in His infinite wisdom decided that I should be an African, a Nigerian, there must be a purpose, and this purpose cannot be fulfilled by living in the U.S." Yes, Nigeria has many challenges, but it also has many promises. Only Nigerians - ALL Nigerians - can make Nigeria a great nation. At a personal level, I am committed to working everyday of my life in or outside of Government to make the dream come true: what about you?

Thank you and God bless the Federal Republic of Nigeria.

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List of Abbreviations

ALSCON	Aluminum Smelting Company of Nigeria
DMO	Debt Management Office
EFCC	Economic and Financial Crimes Commission
FIU	Financial Intelligence Unit
GCFR	Grand Commander of the Federal Republic
GDP	Gross Domestic Product
ICPC	Independent Corrupt Practices Commission
IMF	International Monetary Fund
INEC	Independent National Electoral Commission
LGAs	Local Government Areas
NADECO	National Democratic Coalition Movement
NEEDS	National Economic Empowerment and Development Strategy (NEEDS)
NEPA	National Electric Power Authority
NITEL	Nigerian Telecommunications
NSPM	Nigerian Security Printing and Minting Company Plc
UK-DFID	United Kingdom Department for International Development

Remarks by His Excellency
Chief Olusegun Obasanjo GCFR
President & Commander -in-Chief Federal Republic of Nigeria

Preamble

I want to start by congratulating all those students who have won awards in the *Essay Competition on Democracy* for this year. I also want to thank the Committee that has put together the programme for this year by involving the youth and, of course, Charles has talked very much about the youth, the subject to which I shall return later. I hope that we will get a larger participation in the Competition next year, much more than the 400 entries, or so, received this year. Given the population of students in our secondary schools and tertiary institutions, I shall be expecting thousands of entries next year. We would then have some of the very best that we can possibly get. I also hope that, perhaps, as part of the programme for the future, some of the essays would be published for access by a wide audience.

I want to thank Charles for his very stimulating lecture. Charles, when you were in the university and you were trying to contest the student leadership of the university, I learned that your campaign slogan was "Soludo is the solution" and that your rival countered with: "Soludo is not the solution." I understand that you won anyway, in spite of your rival's antics. Although you have asserted in your lecture that the views expressed are neither government's nor the Central Bank's, I really am not so sure about that. You say they are your personal views?...All I can say is that, much, if not almost all, of your "personal views" are views that I share with you, and if you and I share the same views on certain issues, I think they may just find a way of becoming government views!

Nigerian Economy and Sustainable Democracy

I think that there are a number of points you have raised in your lecture and preached over the years on this issue. I have no doubt in my own mind that unless we are doing well in our economy our democracy

will be doomed. That is what I have been preaching everywhere around the world, including the need for debt relief. I have always argued that we would not be able to do as well as we could in our economy without debt relief, and if we failed to do as well as we could in our economy, our democracy would be endangered. I have no doubt about that. So, when you talk of "sustainable democracy," it is clear that it can only be built on viable and dynamic economic development programmes. There can be no two ways about that. I share that view with you and I believe most of the people here share the same view.

Mistakes of the Past

Nigeria's attempts at institutionalizing democracy in the past had been shipwrecked because our economic growth rate had not been what it should have been. But now we have attained a net growth rate of more than 3% per annum. To me, this figure is still not good enough. I would like to see a net growth as high as 6%; that would make me more comfortable. The good thing is that we can attain it. But we would have to change; we need to reform before we can make it. We simply have to accept that it cannot be 'business as usual' and expect to grow at the rate that we need to, in economic terms, to be able to sustain our democracy and that is what you have said in your lecture. We had better listen to you, tighten our belt and do what needs to be done.

I like the correlation you used that if Nigeria achieved a per capita income of 1000 dollars then our democracy would last about 80 years. As you talked, I said to myself, now that we are very close to 800 dollars per head, we would have to make sure that we crossed that magic line of 1000 dollars in two years' time! But on a more serious note, you also raised a number of issues on which I believe you have hit the nail right on its head.

Corruption

However, you have not sufficiently emphasized the issue of corruption. This is an important issue that

must engage our serious attention for some time. Corruption and accelerated economic growth and development are strange bed fellows; they just don't go together.

Our Value System

You talked about our value system being distorted and I agree with you. I grew up in the village where if you were an indolent man, that is, you were still found in the village and not gone to the farm by 8.00am, you were chastised, you were doomed. Moreover, you might be sanctioned and, if you didn't watch it, your daughters would not find appropriate suitors and your male children might not get suitable girls to marry in the village! You would be regarded as belonging to a family of indolent people. Somewhere not too long ago, I was saying that in my village at the time, apart from anything else, the size of your yam harvest determined whether you would get people to marry into your family. Today, the going criterion is how much money you can steal from government. That debasement of our value system would have to change and it will change. Only the Nigerian people can make it change, because you would have to bring appropriate social sanctions to bear on people who are distorting our cherished values.

Government-Private Sector Relationship

In whatever language it may be couched, there has been a fracturing of the umbilical cord between Government and the Private Sector. I believe the situation has persisted for quite some time, but it had become even worse, until recently. Government must be there to do everything it can to make the Private Sector thrive. In fact, Government must go all out to attract the Private Sector to invest in a growing national economy. That is what we are doing right now. Wherever I go, I beg people and corporations to, please, come and invest in Nigeria and I write letters to let them know that whatever they want we would give them, but without mortgaging the sovereignty of Nigeria. That I shall not do. Even our own civil servants and public servants have changed their mentality and now understand that they are there to help the Private Sector. You got this vital point right in the Lecture. These days, everybody seems to

depend on oil in one form or another. It is either you are selling petrol, or you are lifting oil, or you are being allocated blocks of oil fields for doing nothing. These are some of the reasons why we have problems in the oil-producing areas....But we are going to get it right, and I believe we are getting it right.

I didn't realize that the issue of marginalization had reached the point of being measured in terms of corruption, as the lecture has. Now that one criterion for measuring performance in Nigeria is the level of corruption which, in turn, determines whether you are marginalized or not, I think what would happen is that every Nigerian would be marginalized! Consequently, there would be only zero tolerance for corruption in Nigeria. When that happens it would no longer matter whether you are Igbo, Yoruba, Igala, Nupe, Hausa or Fulani because we would all have been marginalized as far as corruption is concerned!

Constitutional Power and Individual Power

I like what you said about constitutional power and individual power. I hope that the Chairman of the Peoples Democratic Party (PDP) and the Chairman, PDP Board of Trustees and all of us have taken note of what you said. Our politics must move away from individual power to institutional power. In that way, the politicians would not be talking of themselves but of the institution, and that attitude is far more enduring. Individually, we would come and go and, who knows who would be here tomorrow? But the institutions will remain forever. That is why the emphasis should always be on the institution rather than on the individual.

The Military

I like what you said about the military. I know that they know that military governments are now out of fashion. What you probably did not remember to add on the subject is that the African Union has already adopted, as part of its resolutions, that any African government that comes into being through unconstitutional means would no longer be allowed to sit amongst the comity of leaders of Africa.

Here and now I would like to pay tributes to men and women of the Nigerian Military. During the past six years, they have really shown that they, too, can be actively involved in the ongoing reform agenda. I should know this, based on my previous background.

Things to Be Done

You identified things that must be done and, indeed, they are being done. You talked about:

- Legal and Constitutional Reforms,
- Economic Reforms,
- Launching NEEDS Phase 2, and
- Improving the Performance of the Judiciary.

I should like to comment on some of these issues, but not necessarily in the order in which the Lecturer has addressed them.

The Judiciary

You discussed this subject by citing a personal experience. You were luckier than myself. I have a case that has been in court since 1981. It is still there! Maybe I should come and ask you how you handled yours to achieve a speedier outcome. But, really, on the point you made about interminable adjournments of court proceedings, I have made the same point before and I know that the Chief Justice of Nigeria is not happy about it. The Attorney-General is not happy about it either and I am not happy ^{about it}. I know that as I go round the world some of the people who would like to invest in Nigeria have repeatedly raised the issue of the slow pace of justice in Nigeria. They rightly say justice delayed is justice denied. How can we make sure that we get quick justice in Nigeria? This is a challenge that my Administration is addressing in earnest.

Political Reform

Charles said Nigerian politics must be reformed and I agree with him. We have to move away from politics of patronage and money. The election process in Nigeria is too expensive too expensive for the nation and to individuals. We have to do something about it and I believe that probably one of the ways of tackling it is to make political parties, not individuals, fund electioneering campaigns. Once you are nominated by your party for an elective post, the party would fund all aspects of campaigning for the election. Maybe that way, the cost of elections would be significantly reduced. There is a parallel here, I think, with our earlier discussion about individual and institutional powers. We hope that the appropriate agencies would look into this issue for us.

Privatization and the Economy

You talked about demystifying the role of government in the economy. If we have had to appoint, say, 5,000 Board members before today, I don't think we would have to appoint half of that number today. We thank God that some of the institutions for which Board members were appointed in the past are being privatized or have been privatized and are already posting good results. *Niger Dock Company* in Lagos, for example, is bringing into Nigeria people who would normally have gone elsewhere to provide essential services to the oil companies. Meeting the real needs of the oil companies is the key issue. Only yesterday, I was getting reports about *Delta Steel Company* into which Government has sunk billions of naira. Now, the company is making steady progress in private ownership and management. It is not only producing, Government has got some money back from it. That is what we are going to do in other productive sectors of the economy. So, nobody is now looking for appointment to the juicy membership or Chairman of the Board of *Delta Steel Company*, it is gone! Similar appointments have also been eliminated in *Ajaokuta Steel Company*. I am told that in two months' time, I can go to commission the new-look *Ajaokuta Steel Company* and see it going full blast. That is the way we will go.

Independent Stability and Continuity of Essential Institutions

I share your views about the need to engender independent stability and continuity of essential institutions in Nigeria. Such institutions would be at the vanguard of the ongoing reforms. I have said this in one of my broadcasts to the nation. In addition, we must have those I would call 'disciples of reform' or however you may wish to call them. They would be people who believe in all manner of reform and who would brace themselves for the inevitable challenges and say, yes, we are in the vanguard of the reform process. Most of such people would comprise the youth, the principal target group for reforms. People like me are already being recycled, but you are just beginning and we want to give you a good start. Any reform is really for you, the youth of Nigeria. You must fight for it and you must fight for both its sustenance and its sustainability.

The United States Intelligence Report

You have made comments on an *USA Intelligence Report*, which you compared to the book entitled, *This House Has Fallen*. I do not know which "house" the book is referring to, but this house, this Project Nigeria, is not going to fall. It hasn't fallen and it is not going to fall. We have a number of things to do and we will do them. The one thing we will not do is to lie to the people of Nigeria. If the issue is bitter, we will tell them it is bitter, because that is the way I believe politics should be conducted. Some well-meaning people tell me that it is not politically correct to say that sort of thing. If that means I am not a politician, then I am not.

During the last national election campaign, I told organized Labour that there would be no increase in wages. Some people told me that saying that sort of thing was inappropriate in an electioneering campaign. You should tell them there would be a big increase in wages, they had counselled. Well, we won't deceive you. We won't lie to you. We will tell you as it is and we will tell you to bear with us if it is

tough-going meanwhile. Also, do not believe what the prophets of doom are saying. As Charles has said in his Lecture, we are not there yet, but we are on the right path. If you don't know it in Nigeira, our partners and friends are appreciating it and are telling us that we are on the right path. That is why they are coming here to invest. When I travel and talk about debt relief they agree and say we need to be acknowledged for some of the hard decisions we have been taking.

Truncating the Process of Reform

You made a point in the Lecture that I would like to underline: We should do nothing to truncate the reform process that is going on in Nigeria. I have always asked one question: What does a Yoruba man want, what does an Hausa man want, what does an Igbo man want, what does a Fulani man want, in the context of Nigeria? If we define the needs or the interests of each of these and other component ethnic groups in the context of Nigeria, whatever is good for Nigeria must be good for he Yoruba man, the Igbo man, the Igala man, the Hausa man or the Nupe man. If you find that whatever is good for Nigeria is not good for you, then there is something fundamentally wrong with you.

Peculiarities of Nigeria as a Country

You said something about the time of your arrival back to the country in the year 2000. I have never lived abroad except during training courses, and I don't intend to. But I do say one thing that after having th Luck and the fortune that God had given me to have a real full life in Nigeria, when I die and return to God, I would ask God not to let me go back to the world. But if He insisted that I would have to return, then I would request to let me retutn to Nigeria. Somebody might ask, 'Why Nigeria, with all the troubles you have been through and going to jail there?' And my answer would be: Nigeria is a very exciting country, never a dull moment! This is the secret of the beauty of this country, a country where you wake up in the morning and you think it would fall apart by the evening, but in the evening those people throwing harsh

words at each other earlier in the day are partying together making merry! Nigeria is a country where members of the House of Representatives may wake up one morning and announce that the President would be impeached and that the process of impeachment would commence immediately. A week later, you read in the papers that there has been a u-turn; they had simply wanted to rattle the President. Unfortunately, this President cannot be rattled. There are five things he will not succumb to, and they are as follows:

- Flattery,
- Harassment,
- Blackmail,
- Intimidation, and
- Threat.

A Sustained and Sustainable Democracy and Economic Growth and Development

You have clearly shown us that there is a strong and positive relationship between sustainable democracy and economic growth and development. You have even gone to the extent of telling us that 50% of our arable land is lying fallow. I am particularly very happy that your better half is a farmer. You are absolutely right: Unless we take agricultural production more seriously, we would not anchor our democracy on a sustained and sustainable path.

National Economic Empowerment and Development Strategy (NEEDS)

Let me thank you once again. This has been a very stimulating lecture and the points you have made are very well taken. We are going to study your lecture and digest it. As you delivered the lecture, I was telling the Vice-President about Phase 2 of the *National Economic and Empowerment Development*

Strategy (NEEDS) initiative. I told him that by the end of the year, we would have to constitute a small committee to start looking at what would be the components of Phase 2 of *NEEDS*. The present *NEEDS* programme would come to an end about the middle of 2007. So we must start thinking fast, and your lecture has given us some hints. Finally, I want to challenge you: Since you have a hand in *NEEDS* Phase 1, you will also have a hand in *NEEDS* Phase 2.

Thank you very much.



Note