



CENTRAL BANK OF NIGERIA

**NIGERIA'S ECONOMIC DEVELOPMENT
ASPIRATIONS AND THE LEADERSHIP QUESTION:
IS THERE A NEXUS?**

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*Delivered at the 2nd General Dr. Yakubu Gowon Distinguished Annual Lecture
October 19, 2012*

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Protocols

1. It is indeed a great honour for me to be invited to be a part of the 2012 Yakubu Gowon Foundation (YGF) Distinguished Annual Lecture Series, the second in the series. I consider it, a unique opportunity and privilege to be asked to present this year's Annual Lecture, which is to commemorate the 78th Birthday anniversary of an illustrious and eminent Nigerian, General Dr. Yakubu Gowon, GCFR, for his invaluable contributions to the continued existence and development of our dear nation. Permit me to crave the indulgence of the distinguished personalities gathered here, to express my sincere appreciation to the Management of the YGF for tenaciously pursuing the vision of the founding father of the YGF, of making the world and, indeed Nigeria, a better place. This vision encompasses amongst others: supporting communities to have access to sustainable healthcare, education and agriculture as well as fostering peaceful co-existence through strategic partnerships. This vision remains a laudable and important trajectory for the elevation of mankind.

2. I would like to start by placing on record, the immeasurable and unforgettable contributions of the Celebrant, to ensuring that the country remains an indissoluble and indivisible entity through his committed, engaging and conciliatory leadership style which he bestowed on Nigeria during, unarguably, the most difficult and challenging times of her

existence. The task "To Keep Nigeria One" and his vision of 'a united and prosperous Nigeria' which he led during the trying period of the nation would have remained a mirage if not for the commitment and doggedness demonstrated by him and other compatriots living or dead. In the same vein, it can be said that the economic foundation of modern Nigeria began with his administration's pursuit of infrastructural expansion through the construction of numerous road networks, waterworks, airports, educational institutions, dams and power infrastructure, etc., across the length and breadth of the country. Others include the decimalization of the Nigerian currency, the establishment of the National Youth Service Corps Scheme and the judicious spending of the petro-naira, which providence bequeathed on the nation in the early/mid-1970s, to mention a few.

3. It is against this background of his achievements in leadership and the current public perception of a disconnect by the leadership with the developmental quests of the country, that I have, with the liberty accorded me by the organizers, chosen **"Nigeria's Economic Development Aspirations and the Leadership Question: Is there A Nexus?"** as the title of my discourse at this distinguished gathering today. This choice is also to provoke our thoughts on the need to accelerate the process of grooming and development of leadership across the various strata of our society. You will agree with me that it is appalling to observe that five decades after Nigeria's independence, our nation has remained beleaguered with the challenges of leadership, particularly, those imbued

with selfless and unflinching desire to steer the course of our economic development and national unity.

NIGERIAN ECONOMIC DEVELOPMENT ASPIRATIONS

4. As you will recall, in the quest to improve the material well-being and welfare of the citizens, various governments have over time embarked upon numerous developmental policies, plans, programmes and projects. Notable among these was the First National Development Plan (1962-1968), which was designed to put the economy on the path of accelerated growth by prioritizing agricultural and industrial development as well as training of high-level and intermediate manpower. The Second National Development Plan (1970-1974), through to the Third National Development Plan (1975-1980), were devoted primarily to reconstruct and rehabilitate infrastructure that were destroyed during the civil war years. This period witnessed massive investment of resources into the rehabilitation and construction of new infrastructural facilities.

5. Moreover, the Fourth National Development Plan (1981-1985) was designed to reduce the dependence of the economy on a narrow range of activities and broaden the economic base as well as develop the technological base. The economic downturn of the early 1980's necessitated the implementation of Economic Stabilization Measures and later the Structural Adjustment Programme (SAP), which was aimed at creating a more market-friendly economy and to encourage private

enterprise through the removal of cumbersome administrative mechanisms in economic management. The economic deregulation and liberalization policies of the late 1980's and 1990's had the goal of fostering effective allocation of scarce resources. Furthermore, Nigeria's Vision 2010 was aimed at "transforming the country and focusing it firmly on the path to becoming a developed nation by the year 2010". According to the document, the private sector was expected to be very active, within a market-oriented, highly competitive, broad-based, private sector-driven development process. In addition, the return of democratic governance in the country in 1999, brought along with it the introduction of a series of reforms, aimed at redressing the distortions in the economy and restoring economic growth. The National Economic Empowerment and Development Strategy (NEEDS) of 2004 was a home-grown poverty reduction, value-reorientation and socio-economic development strategy for the country.

6. Let me reiterate the fact that all plans, programmes and visions enumerated above, were to guarantee Nigeria's economic development by altering the model of economic structure of production and consumption pattern, reduce dependence on oil, diversify the economic base, generate employment, create a globally competitive and stable economy. Looking back, it is clear that the economy has not actually performed to its fullest potential, particularly in the face of its rising population. The Nigerian economy has grossly underperformed relative to her enormous resource endowment and the achievements of her

peers/other developing nations with similar characteristics. This is, particularly so, because agriculture has remained largely peasant, while the high contributions of the tertiary sector to output suggest that the sector is not really servicing the Nigerian economy but, indeed, other economies. Little wonder then that the diversification index remains below 0.4 per cent over the years in spite of the numerous reforms that have been put in place.

COMPARISON WITH COUNTRIES WITH ALMOST EQUAL ECONOMIC STANDING AT NIGERIA'S INDEPENDENCE

7. Nigeria's economic performance has been rather weak and does not reflect its level of resource endowments, especially when juxtaposed with the experiences of some emerging Asian economies that faced similar challenges and choices about five decades ago. A number of East Asian countries, notably, China, Indonesia, Malaysia and Singapore were far behind Nigeria in terms of GDP per capita in the 1970s. Today, these countries have transformed their economies and are not only miles ahead of Nigeria, but are also major players on the global economic arena. In 1970, while Nigeria had a GDP per capita of US\$233.35 and was ranked 88th in the world, China was ranked 114th with a GDP per capita of US\$111.82. However, with the visionary leaderships and the collective resolve of the citizens, China had recorded an impressive average annual growth rate of GDP of 9.5 per cent at the start of its market reforms in 1978 to 1994. Thereafter, China has sustained this rapid growth, perhaps, the

highest in the world and has been transformed to the second largest economy in the world behind the USA.

8. Distinguished ladies and gentlemen, it is instructive to also note that the experience of Indonesia offers us a great deal of lessons due to the fact of being a plural society with over 200 languages and ethnic groups and a population of over 250 million. Indonesia with a per capita income of about \$55 in 1965, has recorded a faster growth by year 2000 compared with other major emerging markets. This was made possible by the good leadership that was able to surmount the numerous challenges, and achieved tremendous growth and development such that it now towers over Nigeria in all material aspects of development. As a matter of fact, being the largest economy in South-east Asia, the government has introduced wide-ranging reforms. These included the pro-poor, pro-growth, pro-employment economic policies coupled with the removal of artificial economic distortions, as well as the promotion of conservative fiscal policies, which resulted in a fiscal deficit of less than 2 per cent, among others. By 2011, Indonesia's per capita income had risen to US\$2,981, with more than 60.0 per cent of the population having access to safe water, compared with 39.0 per cent for Nigeria.

9. With a per capita GDP of US\$299 in 1960, Malaysia has successfully transformed from a producer of raw materials to an emerging multi-sector economy. In 2011, the real GDP growth rate stood at 5.2 per cent, while the population living below the poverty line is less than 4.0 per cent, with unemployment projected at 3.1 per cent. Electricity production was about

118.2 billion kw/h while consumption stood at 93.8 billion kw/h. Foreign exchange reserves stood at US\$129.6 billion while her total debt stood at about US\$78.2 billion. The transformation of the country's economy from mono-primary product exporter to a dynamic and vibrant industrialized nation has been linked to a variety of pull factors namely, political stability, prudent and influx of foreign investors, business-friendly policies, productive workforce, developed infrastructure that is comparable to that of any western country, and a host of other amenities making the country a good destination for foreign investments. By 2011, Nigeria was still lagging behind with GDP per capita income of \$1,500 compared with Malaysia's US\$2,981 and 87.0 per cent of population having access to safe water.

10. In 1960, Singapore's GDP per capita was \$395 which grew to \$925 by 1970, while Nigeria's rose from US\$96 to US\$219. By 2011, with GDP per capita income of US\$1,500 Nigeria was seriously lagging behind Singapore's US\$43,865 per capita GDP. The proportion of the population with access to safe water increased to almost 100 per cent of the population of Singaporeans. Today Singapore ranked as the world's 2nd most open economy in the Asian Pacific region. The country is highly developed, and operates under a successful free market system and an environment devoid of corruption. The government runs efficient and competitive tax rates and low public sector expenditure. The regulatory environment has been flexible and transparent with a strong tradition of openness to global trade and investment, which continued to boost the

country's productivity. As a fall-out of best practices, the private sector has been the source of Singapore's economic success, while the government continues to play a proactive role in guiding its economic development. The country is ranked as the 3rd wealthiest nation in the world. The Singapore miracle was made possible by years of successive visionary leadership that were able to transform the economy through consistent policies.

11. A cursory examination of these three emerging economies reveals how these economies have been remarkably transformed over a space of 50 years. A closer look at the aforementioned indices signaled to the fact that Nigeria failed to keep pace with its contemporaries, despite being more resource endowed than these countries. As a matter of fact, history has it that Malaysia at the early stage of its development procured improved oil-palm and rubber seeds from Nigeria and became the world's largest palm-oil producer/exporter and a major exporter of rubber, with Nigeria having nothing to show for it, but instead has become a major importer of these commodities.

12. Perhaps, at this point we must ask ourselves why these countries fared better than Nigeria. The obvious answer no doubt points to the leadership question. Today, these countries have been able to successfully surmount the economic quagmires that characterized their economies at the early stages of development having transited from poverty, corruption and political imbroglio into a more stable and prosperous nations. Therefore,

the success stories of these East Asian countries attested to the truism that leadership plays a crucial role in the development of any society. The commitment and good governance by the leaders in these environments translated the societal aspiration and vision into concrete terms as demonstrated in the amazing economic and political progress. Visionary leadership and good governance, no doubt, remains the hallmark of pushing the growth and development frontiers as well as accelerating the pace of economic progress. We can, without any fear of contradiction assert that these leaders were nationalists, visionaries and uncompromising leaders in their various rights.

13. At this juncture, it will not be inappropriate to affirm some of those leaders who championed the course of development in their countries. Mohamad Mahathir of Malaysia, Jiang Zemin of Peoples' Republic of China, Lee Kuan Yew of Singapore, Suharto of Indonesia, to mention a few, were reformers and change champions in their own right. The former Prime Minister of Malaysia, Mahathir Mohammed was responsible for the creation of a world class economy in Malaysia, and was able to guarantee higher standards of living, higher literacy and higher life expectancy for his people. Accordingly, he implemented appropriate economic policies to encourage enterprises in Malaysia to grow and expand by adopting latest technology and management practices and ultimately compete globally. Mention should also be made of the former President Jiang Zemin of the Peoples' Republic of China. His leadership qualities were extolled for exposing centralized communist economic

system to capitalist market stimuli and achieving spectacular progress for China.

WHAT CAN BE GLEANED FROM THE ASIAN EXPERIENCE

14. Certainly, the rapid growth in Asian emerging economies has the potential to provide some lessons to Nigeria. The remarkable success of the economies of the Asian countries raises the question of factors that accounted for these success stories. The Asian miracle was able to create resources which were managed efficiently to promote economic growth and development. The structure has helped in freeing the countries from corruption as resources are directed to areas that produce high economic returns.

15. An indispensable lesson from the East Asian experience is the pivotal role that the political leadership played in directing their growth paths toward ensuring economic progress and development. This also underscores the importance of a stable and enduring political environment that is conducive for establishing the ideal condition for economic and industrial take-off, particularly focusing on technology-driven industrialization to support exports. The political stability should encompass adequate security to foster the requisite environment under which business and commercial activities can thrive.

16. Another important lesson from the Asian Tigers is the systematic and coordinated policy intervention by the government to steer the economy to the right path. Worthy of mention is the areas of industrial policies directed at developing strategic sectors of their economies as well as the cooperation between the private sector and the government. Government policies were primarily geared to ensuring private sector competition between small and large companies as well as promotion of export-led growth.

17. The issue of research and development, (R&D) was at the front burner of the development strategies of the Asian nations. These countries were able to adapt and customize the products of R&D as the bedrock of their technological advancement to support the export-led growth strategy. The adaptation of R&D was instrumental to ensuring the diversification and widening of the export base.

CHALLENGES OF NIGERIA'S ECONOMIC DEVELOPMENT AND THE LEADERSHIP QUESTION

18. Let me state emphatically that though the Nigerian economy has achieved some considerable progress, the accomplishment is far below her realizable potentials given her abundant human and material resource endowment. The country is still grappling with numerous challenges, which has continued to militate against the achievement of economic transformation. First, from the standpoint of leadership, the

country is seriously beset with numerous shortcomings in the leadership arena, be it in the spheres of politics, corporate or at the community level, etc. In fact, the case of Nigeria could be rightly classified as leadership decadence across all spectrum of human endeavour. The bane of leadership in our environment could conveniently be grouped into the following broad categories.

- Prevalence of executive/legislative/judicial lawlessness and corruption within the body polity as the personal interests of many leaders override collective goals. The frenzied quest for wealth over and above all other considerations has rendered leadership most ineffective.
- Abuse and manipulation of ethnic relationship by leaders in authority by way of nepotism, tribalism, favouritism and religious bigotry.
- Lack of leadership education and skills to discharge expected roles and perform leadership duties effectively.
- Inadequate motivation of subordinates and followers leading to disconnect in leadership and followership relationship.

19. Second, the economy is yet to achieve the necessary structural changes required to jump-start rapid and sustainable economic growth. The attitudinal and structural changes needed for economic transformation are still very much lacking. This is traceable to the manifestations of structural rigidities occasioned by the apparent weak linkages existing among the primary, secondary and the tertiary sectors of

the economy. The huge foreign exchange inflows from oil have also not been effectively harnessed to ensure a comprehensive diversification of the economy.

20. Third, the economy is faced with widespread dilapidated and dysfunctional economic and social infrastructure. This has hindered the growth of the economy, and was the result of decades of neglects, weak technological base and poor maintenance culture over the years. It is also a reflection of the low research and development efforts on the part of the government.

21. Fourth, corruption has become endemic and has continued to ravage the entire strata of the society. In fact, corruption is a direct result of the weak leadership, poor value and reward system in the country. According to the Transparency International 2012, Nigeria's position in the Corruption Perception Index for 2011 was 143 out of a total of 183 countries with a score of 2.4/10, which clearly reveals Nigeria as one of the most corrupt countries in the world.

22. Fifth, the menace of weak governance constitutes a serious challenge to the various efforts and reforms meant to achieve economic growth for sustainable development. Thus, the prevalence of weak institutions, poor governance as well as poor ethical standards in most public and private organizations, constrain the realization of economic

policy objectives of the government. The effect of all these have permeated the country's regulation and law enforcement, rendering them ineffective.

23. Sixth, is the environmental factor, particularly the weak investment climate, owing to the legal and institutional challenges as well as the spate of insecurity, which has continued to constrain massive flow of investment in the key potential wealth-creating and employment generating sectors of the economy.

24. Finally, policy incoherence and inconsistencies and occasional policy somersault also pose a major constraint to economic development in Nigeria. Though, government policies, plans and initiatives tend to be laudable, they are most often discontinued with any change in regime. Thus, regime changes in the past had often truncated the implementation of good projects and programmes.

ADDRESSING THE LEADERSHIP CHALLENGES: WHAT TYPE IS IDEAL FOR NIGERIA?

25. Given the various challenges confronting economic performance in the country, one pertinent question to ask is – How do we refocus our energies (political and corporate elites as well as the ordinary citizens) to attain the much desired economic progress and development? I am sure you all know the answer – Leadership rejuvenation at all strata of our

society. This is because leadership is the hub upon which every other thing revolves.

26. According to ATG Educational Series, leadership is the process or the ability to motivate others to unite and work towards achieving a common goal. From the standpoint of our current situation, Nigeria needs leadership at all the various levels of society to manage the wide spectrum of our socio-economic and political activities. As the leader of all leaders, the political leadership is very vital in achieving the total transformation of the economy as seen in the case of the East Asian Economies that were able to transform over a space of fifty years from minor to major players on the world economic stage.

27. For Nigeria, it is essential for the political leaders to be visionary and transformational, to be able to see, project and assemble a vision of a desired future for the nation. In addition, they should be selfless, engaging and motivational as these are the fundamental prerequisite for mobilizing followership, particularly in a multi-ethnic, multi-religious and multicultural society like Nigeria. As a motivator, leadership vision must be clear, attractive and attainable. An engaging leadership would be able to build bridges across divides, and as such be able to foster necessary harmony for collective good. Leadership that would be effective in a setting like Nigeria must also be courageous to take radical and progressive decisions/actions. Finally, such leadership must be committed, determined and persistent to be able to realize a vision as well as attain

the desired goals and objectives. As engraved on the plaque on the wall of **Ray Kroc** an American businessman who was behind the success of McDonald's Corporation:

“Nothing in this world can take the place of persistence. Talent will not; nothing is more common than unsuccessful men with great talents. Genius will not; unrewarded genius is almost a proverb. Education will not; the world is full of educated derelicts. Persistence and determination alone are omnipotent”.

28. In the light of the foregoing quotation, Nigeria would require committed, determined, and persistent leaders in order to be able to realize the collective vision and to take our nation to the 'promised land'. Therefore, the attainment of the Vision 20:2020 to be among the top 20 largest economies in the world by 2020 is contingent upon our contributions as leaders in our various callings.

CONCLUDING REMARKS

29. Ladies and Gentlemen, I will like to close my discourse with a quote that would serve as watchwords in the discharge of our leadership duties and responsibilities. These words are golden and would assist us in re-evaluating our ways and actions as leaders. According to **Phil Dourado** author, Speaker, Leadership Development, Speaker and Journalist, and Creator of the Leadership hub:

“People need to know who you are and what you stand for; before they agree to be led by you. Leadership is an agreement. You lead with permission. If your self-story is not absolutely consistent and based on integrity - who you really are -

people will see through it and not give you permission to lead them. Most often, they will hide their disagreement and your apparent leadership will be fake”.

30. Given the inability of Nigeria to realize its development aspirations during the past 52 years of political independence, and the seemingly forlorn hope for realistic progress by many citizens, it is obvious that the country needs a new kind of leadership. Such leadership should be inspiringly creative and resolutely courageous. It is this kind of leadership that will be capable of taking the country into new frontiers of development, as has been demonstrated by the Asian countries that I had enumerated earlier. Leadership with a different kind of mind— leadership that sees beyond the obvious to spot the unusual solution if we are to realize the aspirations of the Vision 20:2020 document.

31. Eminent Personalities, Distinguished Ladies and Gentlemen, it is on this note that I implore all of us to imbibe the right attributes of leadership in our various endeavours so as to be able to reposition our various organizations on a higher pedestal towards advancing the course of our national development and ultimately improve the welfare of our people.

32. I thank you all for your attention.

October 19, 2012