

## ADDRESS TO THE 9th COLLOQUIUM

### USE WHAT WE MAKE, MAKE WHAT WE USE

It is more than gratifying to mark my birthday in this good way. To all of you – many who have traveled great distances - I am honored that you joined me today. Though the event banners speak my name, this gathering is not about me. It is about what a people united in purpose must do to improve their beloved country. Though our roles may be different, some may work under the public glare and others labor without fanfare, we are all but servants to that goal.

In this noble pursuit, no person is greater than any other. For this is the nation that we seek. We build that nation by forcing ourselves to become that nation, day by day, difficult step by difficult step. We do so by casting aside the prejudices and biases of the past in order to forge a more progressive and just society where no Nigerian is pushed down because of his place of origin, his faith or social station. And where every Nigerian has a fair chance to rise to his potential by dint of honest labor and constructive enterprise. This is as God intended us to be. We have no choice but to achieve this good destiny.

Before we go further, I must give special thanks to Vice President Osinbajo. As this is my birthday, I am afforded some latitude. For a moment, may I dispense with the formality of titles and protocol. Yemi Osinbajo is many good things. Today, may I simply call him my friend and brother.

Leading a group of fellow commissioners who worked together during my time as governor of Lagos, Yemi and this creative group turned the idea of this event into an annual reality.

This colloquium gets better by the year because of the commitment to excellence of those organizing it. Each year, they assemble creative minds to address the issues that stand in the way of our national greatness.

In this and so much else, the VP has proven himself a true servant of the Nigerian people. While our dear President needed to be away, the VP performed admirably as a loyal subordinate.

We must applaud President Buhari. He meticulously followed our constitution in temporarily transferring the helm to the VP. As such, these two excellent men exemplified teamwork and the true meaning of unity of purpose.

Showing himself to be a selfless leader, President Buhari set the stage by giving strategic policy guidance and direction. Showing himself to be equally selfless, our VP, as acting president, worked as the faithful arm of the President, by diligently putting in action what President Buhari had directed him in word to do.

We are happy indeed that President Buhari is back, no one is happier than the VP for he has personally experienced that the burdens of high office are heavy and severe. The yoke of responsibility for

an entire nation is not a light one.

Yet, this recent episode gives a constructive lesson. Two men, although of different backgrounds, faiths and professional experiences, have forged themselves into a team that manages complex matters of state and governance in a seamless and smooth manner.

Try as critics might, they could neither detect nor create any space between the president and his deputy. This is how things are when people are united in vision and joined in purpose. As president Buhari and his VP have been, we all must now be.

I have been told that I must utter some brief comments. Given that this event has rendered you a captive audience and that my birthday affords special privileges that disappear the next day, I will take undue advantage to give more than brief comments.

## **ECONOMIC PHILOSOPHY**

Tomorrow, I shall be 65. The years have taught much. What I say is based on this inventory of experience.

More than any hour in our recent history, Nigeria stands at a defining juncture. Our challenges are manifold and profound. Yet, so are our collective abilities and talents.

The balance will then tip in favor or against us as our commitment and political will to succeed dictate.

The topic of today is thus germane. The central theme focuses on what Nigeria makes and what it uses. Implicitly, it asks if our political economy is properly structured. To answer this, we must dig a bit deeper to ask an even more fundamental question rarely examined.

Is our our political economy structured for the benefit of man or is man to be subservient to the benefit of the impersonal political economy? Much depends on how we — in both word and deed -- answer this question.

The answer seems self evident. Of course, the political economy should be for the benefit of man. Yet, this is not how we act. In reality, we do not first try to bend and mold the economy to extract the optimal benefit for the people. Instead, we have been conditioned to demand that the people to bend and twist themselves to fit what the economy is or what it is not.

If we truly believe the economy is to serve the people, we will seek creative ways to gainfully employ people and improve their living standard by increasing their material and psychic wealth.

If we give only lip service to the primacy of the people, then we shall implement policies that sacrifice the people's welfare on the altar of some callous ideology that defines economic balance as the unbridled greed of the market place. A place where it is every man for himself and government does much of nothing except watch the economic carnage that will visit the majority of the people in such a heartless circumstance.

I reject this merciless way of thought and of life. It violates the tenets of morality and of sustainable economics itself.

Thus, we must begin and end our pursuit of economic balance with the great volume of the precious things this nation produces and how to put those most special assets to work.

You see, Nigeria is actually a prolific manufacturer. It has produced and is home to 170 million of the most adaptive, industrious economic units on earth.

I talk about our people. Our task is not to lament their great numbers but to reform the political economy in a manner that puts them to productive work.

Our aim must be to properly employ the maximum number of people for a sustainable period. If we achieve this, the GDP numbers and the rest of the economic indices will follow suit.

However, if registering high aggregate economic figures is the goal without adequate recourse to the people's well-being then we sorely miss the mark. we will sustain neither the high economic figures nor the welfare of the people.

The old model upon which this economy has so long sputtered, has crashed right before our eyes. We must retool ourselves. A new outlook is needed.

We allowed the economy to atrophy into one too dependent on oil revenue and on the rent-seeking behavior such revenues encourage. Even at the best of times and with the highest of oil prices, we barely survived as an economy.

Widespread poverty, gross inequality and high unemployment of man, machinery and material described our condition.

The decline in oil prices turned our extant economic model into rubble overnight. If we continue in this broken way, we have done nothing less than enter into an economic suicide pact with ourselves.

We must break free of this fate. Fortunately, the current government has begun the sometimes painful process of salvage and reform.

I offer a few personal insights, hoping they may be of some help in this vital economic reformation.

## **DIVERSIFICATION/INDUSTRIAL POLICY**

We are one of the most populous nations in the world. Moreover, a larger percentage of that population becomes urban with each passing year. In the city, there is no such thing as living off the land. One must live by the labor of his brain and hand. Jobs and wages are to the city dweller as fields and crops are to the farmer.

Study the expanse of economic history. No populous modern nation has attained prosperity without creating an industrial base capable of employing great numbers of the urban population and of manufacturing significant quantities of goods for domestic consumption or export.

We cannot simply talk about diversify<sup>ing</sup> the economy. Practical cooperation between government and the private sector are needed.

Again, we take recourse to history to guide us. We must learn from England which barred the migration of its master craftsmen and the export of textile looms at dawn of the industrial revolution, to America and the high tariffs it imposed on foreign manufactured goods for over 150 years from its independence until after WWII. To China which implemented a most radical and comprehensive protectionist regime to become the world's most prolific manufacturing nation.

These three nations represent the past, present and immediate future of national economic achievement. A strong common thread is their policies of encouraging and buffering strategic industries in their early stages so that these pillars of their economies may strengthen and the economy consequently flourish.

These nations have achieved the greatest growth among all nations. This has been their practice in doing so. Yet we depart from doing what has proven effective. The manuals of mainstream economics tell us not to do as these nations did. We strangely choose to believe the false words written in the books at the expense of the truth of what has been achieved on the ground.

A rich man scarcely reveals to another man the secret of his success. As with men, so with nations. Those nations that

have forged ahead will not tell another countries how to echo the same feats. Rich nations seek to maintain their high place, not instruct poorer nations how to supplant them.

Like those developed nations, we must press forward with a national industrial policy fostering development of strategic industries that create jobs as well as spur further economic growth. Whether we decide to focus attention on steel, textiles, cars, machinery components, or other items, the truth is that we must focus on manufacturing important, useful things.

And we must partially reshape and guide the market place to accomplish this aim. Because, if the unbridled free market could have achieved this, it would have already done so years ago.

As part of this plan, government should institute a policy of tax credits, subsidies and the insulation from the negative impact of imports for critical these sectors.

## **INFRASTRUCTURE AND POWER**

Closely complementing the industrial plan, we need a national infrastructure plan. Existing roads, ports, bridges and railways need enhancement. New structures need to be built so that we enjoy a modern, coherently planned and integrated infrastructural grid. A national economy cannot grow beyond the capacity of the infrastructural that serves it. Excellent infrastructure begets a functioning economy. Weak infrastructure turns the economy into an orphan. Government must take the lead in this endeavor. The private sector has not the wherewithal in and of itself to do

the necessary.

Such efforts would echo what America and Germany did to help free themselves from the Great Depression. China embarked on an exercise of an even more massive scale to transform itself from an impoverished agrarian backwater into a formidable economic agency within a generation.

Moreover, expenditures for well planned infrastructural spending have empirically proven to boost recessionary economies and provide employment when sorely needed.

Of utmost importance in this regard, we must conquer the economic, political and bureaucratic bottlenecks preventing us from achieving affordable, reliable electrical power.

This is perhaps the single greatest impediment to economic advancement. The lack of power places our businesses at profound disadvantage, driving up costs, impeding productivity and dousing overall economic activity and job creation. This places us literally and figuratively in the dark with regard to our economic condition.

The problems are not technical in nature as reliable electricity is a staple of economic life in nations less endowed than Nigeria.

We must persuade and convince those factors that currently impede our national quest for reliable power to move aside so that we can achieve this crucial precursor to economic vitality.

As we move on, the nation should consider an

infrastructural bank that can attract foreign investment for major projects.

## **CREDIT, MORTGAGES AND INTEREST RATES**

Modern economies are built on credit. However, credit for business investment and consumer spending is too costly in Nigeria to be of much help.

The Central Bank has worked hard to alleviate the exchange rate differential and bolster the Naira. Its efforts in this regard must be sustained to bear the fruit we seek.

However, the long-term economic strength of the nation, is not so much dependent on these exchange rate exercises. It is more dependent on how well we deploy now idle men, material and machines into productive endeavor.

The interest rate has more influence on economic health than does the exchange rate. We dare not confuse ourselves on so vital a point. A “strong” naira does not beget a strong economy. It is a strong economy that begets a well valued naira.

The CBN needs to resolve the puzzle of our interest rates. Lower rates are required so our industrialists may borrow to invest more in plant, equipment and jobs.

Our consumer credit mechanisms must be more accessible to the average consumer. Prevailing custom still requires a consumer to purchase in one, up-front lump sum a house, a car, a refrigerator. In a word, this is oppressive. It defeats the average consumer and significantly dampens sales of real estate, vehicles and appliances that could otherwise help energize then sustain our economy.

Moreover, this systemic credit malpractice pushes some toward corruption. People may manage to survive off their wages. Hardly any can save so much that they are able to pay for a house or car all at once. To acquire the lump sum amounts, decent people are tempted to do what they would not even consider if consumer credit was practically at hand.

A vital step we must take is to revamp our government-backed home mortgage system. Mortgage loan agencies must be better funded, must liberalize their eligibility requirements so that more people qualify and they must provide longer-term mortgages with manageable interest rates.

In this manner, we spur the overall economy by enhancing construction activity and the industries allied to it.

The private sector must make similar adjustments regarding car and appliance sales.

## **AGRICULTURAL REFORM**

We must help the farmer by improving rural output and incomes. This is best done via ensuring minimum prices for crops strategic to food security. Thus, we must establish commodity exchange boards which will allow farmers to secure good prices and hedge against loss. Complementing this, improved warehousing will enhance food security and lower prices while improving farm incomes. Farmers will receive warehouse scrip or tickets for their products. They can use the scrip to borrow money in the short-term to purchase inputs needed to increase yield. An agricultural mortgage

loan corporation should be inaugurated to further promote these goals.

At last year's colloquium, we discussed various innovations such as establishing a commodities futures market. We must do more than talk. We must have the heart and courage to implement these ideas that have consistently proven themselves in other countries. If we try, these measures will ably acquit themselves here.

## **CONCLUSION**

As I conclude, I beg your forgiveness for holding you captive so long. But we stand at a moment where history will be made, either for better or worse. Take a few extra minutes to express some ideas that might help write that history in the correct way is not such a heavy price to pay.

One more thought shall suffice. Here I add a third part to this year's theme. Not only must we use what we make and make what we use. We must fix our minds to make what the world values. It does little good to expend our finite productive capacities on things that bear little profit.

A nation does itself better in manufacturing a good and affordable appliance or car than in cultivating a sublime mango or perfect banana. We must not allow our present comparative disadvantage in manufacturing and industry to keep us from pursuing a tomorrow where that disadvantage is abolished.

Consequently, we must use our creative insight to peer into tomorrow and see what the rest of the world may want to buy, then devote ourselves to making these products.

Neither Japan nor South Korea had significant iron ore deposits. Yet they built steel industries as the foundation for their impressive rise as manufacturers of cars and other durable goods. They developed these industries because they saw the advantageous value in them.

Nigeria must act in the same manner. We must remember nothing that any other nation can do is beyond our grasp even if we do not currently have the thing in hand. This is the change that we can and must achieve.

God bless you and God bless Nigeria.

Thank You