Growing an Indigenous Economy in Nigeria as an Antidote to Economic Dependency

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Abstract

This study examines the various ways through which Nigeria's dependency syndrome can be ameliorated through deliberate state policies geared towards engendering indigenous production, exchange, consumption and distribution efforts by Nigerian locales. The imperative of the work stems from the age-long unequal relationship between the third world countries and the western capitalist countries. The interest is further spurred by the realization of the fact that dependency as a phenomenon or problem of relationship that gave rise to the economic growth and development of the western world at the expense of the third world societies which are economically underdeveloped, and lack the capacity and ability to control the economic system or productive processes of the societies is long overdue. This relationship has been orchestrated by the role played by the petit comprador bourgeoisie class. In our attempt to analyze and address this problem, we relied on the Dependency theory for the theoretical framework while the paper employed a desk research in gathering and analyzing data. The paper found out that the unequal relationship between Nigeria and countries of the western world coupled with the negative role of the Nigerian economic elite was discovered as the major problem worsening Nigeria's dependency syndrome. Amongst others, the paper recommended that the Nigerian state should deliberately create indigenous industries that can advance the economic needs of the state as against the dependence on foreign products, goods and services or what is popularly referred to as a Cargo Economy.

Keywords: Dependency, Development, Underdevelopment, Indigenous economy, Ideological dependency, Industrialization

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Background to the Study
A perspective to understanding the dependency syndrome and underdevelopment in Africa and Nigeria in particular can only be fathomed when the Nigerian colonial history is reviewed. The dependency trend has affected the fabrics of the Nigerian state in such a manner that none of the institutional framework of the Nigerian state operates independent of external control. This no doubt stems from the fact that the original progress of the pre-colonial Nigerian state was distorted by imperial slavery venture and the eventual colonization of the 19th century. Amplifying this, Okeke (2013:1) argued that:

in the global world, Africa is the least developed continent compared to other continents of the world. Africa has for long depended on their colonial masters for development. African countries for decades were colonized in different parts by different countries of the world with the objective of exploiting the African economy at their expense... The resources in Africa were controlled by their colonial masters. Colonialism arose out of the need for European nations to have direct political control over their colonies so as to ensure the protection of their economic interest.

Colonialism is a system of exploitation, but one whose main purpose was to repatriate the profits to the colonialists' home countries. By exporting the profits created by African Labour to Europe, the development of Europe was assured at the expense of the African countries (Oba et al 2011). The responsibility of developing Africa is placed in the custody of the metropolitan states. Instances could be seen in the way and manner African states depend on the financial institutions in developed countries for loans and grants; and other development assistants. The metropolis implicitly or explicitly, implied that sub-Saharan Africans development was lagging far behind other regions of the world because of the obvious “Innate” inferiority of black people to master the Socio-economic and technological environment in order to improve their social and economic conditions” (Matunhu 2011 in Okeke, 2013).

Additionally too, Nigeria and the entire African states that suffered the western colonialism also experienced the bitter pills of brain drain. The case is evident when one explores the regrettable amount of Africans who were carted away via the transatlantic slave trade. Rodney (1972) had buttressed this when he opined that about 20 million able bodied men and women were shipped to industrial Europe by the British hence depriving them of the population needed to engender meaningful economic development. In his master treatise “Social Science as Imperialism, A theory of Political Development”, Ake (1979) reasonably nullified the claims that colonialism was rather a blessing than curse for Nigeria. He insisted that the venture was a deliberate attempt to ensure capital accumulation and repatriation of resources back to the metropole for the advancement of capitalism in Europe. To perfect this interest, Ake (1979) submitted that the knowledge base of the Nigerian state was first tampered with through the introduction and institution of the western education. He considered social science as an imperial tool geared towards consummation of ideological dependency.

What is worrisome however is the fact that while pre-colonial Africa was progressing with all the essential tools needed to actualize economic maturation, that progression was distorted by the imperial interest whose threshold started with the Portuguese-West African contact of the 15th century. Rodney (1972) in his work “How Europe Underdeveloped African” demonstrated that in the fifteenth century (the period of first encounter between Europeans and Africans) the continent had already established empires in the East, Central, West and
South of the Continent). The empires of Mali and Songhai in West Africa; Tshaka in Zululand, Mossi to the East of Mali and Kingdom of Dahomey in the Central part of Africa; were some of the most powerful in wealth and territorial expansion (Rodney, 1972).

The economies of the above states were composed of farmers, artisans' gold and Silver Smiths, weavers, wood carvers, cloth makers, medicine men, experts in naturopathy, and Sculptors of wood, iron and terracotta. The arrival of the Portuguese in Africa in 1444 had an influence on African's development. It was the entrance of the West into Africa that brought about a paradigm shift on how Africa should develop. The Westerners desired to change African's development course in favour of theirs. The “enlightened” then tasked themselves with the responsibility of developing Africa along a new course. The claim was that African's development had to pass through distinct stages (Matunhu, 2011).

Deliberately, the imperialists attempted to subject the existing institutions of the pre-colonial Nigerian state to the dictate of their decision. It has been argued by scholars such as (Nnoli 1981) and others that the imperialist diverted the attention of Nigerians away from local creative potentials and resources by focusing on the procurement of Slaves for the production of primary resources needed by the European industrial. More so, as argued above, slave-trade caused the loss of many able bodied men from the local economics, who are supposed to perform the different economic activities, thereby leading to lowering of economic activities in the area. Since the co-operation and peace required by the indigenes for development in the area have been chartered by the Europeans for production of primary goods for the European economy, lesser attention were given to the production of subsistence products, required for food by Nigerian (Nnoli 1981).

This was subsequently followed by the mining of minerals like tin, Columbite, gold and so on. With the introduction of this new productive economic order and for most Nigerians to meet their needs, they moved to urban areas, and in some cases, to plantation settlements, to seek for wage employment that was introduced by the Europeans. The Europeans used them for unskilled and semi-skilled labour, and they were paid meager wages for their long hours of services. The perfection of this culture paved way for the dependence of Africans on the West in all ramifications.

Against this backdrop therefore, this paper is interested in studying the various ways through which Nigeria was underdeveloped and attendant dependency syndrome necessitated by this. The paper is divided into five sections. The first gave a general background on the history of Nigerian dependency; the second identified the main problem perfecting the dependency syndrome being faced by Nigeria. The third part gave some conceptual clarifications on the subject matter and attempted an application of the dependency theory to the discourse. The fourth discussed means through which Nigeria can come out of the shackles of dependency and the last attempted a conclusion of the Study.

Statement of the Problem
The gap between the developed and the developing countries is not static or narrow but is continually widening (Tolu and Abe, 2011). A large majority of the world's population in developing world lives in a chronic state of poverty. The problem of dumping, illiteracy, urban population, rural stagnation, unemployment and growing inequalities continue to face less developed countries, which Nigeria belongs. Hopes of accelerated development are difficult to
realize. This depressing situation is of great concern to stakeholders and the concerned citizenry. This is because Nigeria has not been able to engender meaningful development in spite of her huge resources endowment. This has greatly affected her quest to improved quality of life of her citizens. Poverty, unemployment and starvation still pervade the nook and cranny of the country. Development is essential and critical to growth and sustenance of any country. In order to successfully enhance meaningful development, this work suggests how effective strategies must be evolved and also how indigenous efforts towards development should be encouraged too.

**Conceptual Clarification**
The following concepts have been operationalized according to their relevance to this paper:

**Underdevelopment**
While differentiating between underdevelopment and undevelopment, Vincent (1996) demonstrated that *underdevelopment* is a condition fundamentally different from undevelopment. For him, the latter term simply refers to a condition in which resources are not being used. For example, the European colonists viewed the North American continent as an undeveloped area: the land was not actively cultivated on a scale consistent with its potential. Underdevelopment refers to a situation in which resources are being actively used, but used in a way which benefits dominant states and not the poorer states in which the resources are found.

**Development**
On his own part, Chrisman (1984) views development as a process of societal advancement, where improvement in the well-being of people are generated through strong partnerships between all sectors, corporate bodies and other groups in the society. It is reasonable to know that development is not only an economic exercise, but also involves both socio-economic and political issues and pervades all aspects of societal life.

**Dependency**
Dependency theory was viewed as a possible way of explaining the persistent poverty of the poorer countries. Dependency as a concept can be defined as “a situation in which a certain group of countries have their economy conditioned by the development and expansion of another economy, to which the former is subject” (Dos Santos 1971).

Dependency, according to Sunkel (1969) is “an explanation of the economic development of a state in terms of the external influences – political, economic and cultural on national development policies”. Of the many definitions of dependency, there are three common features. In the first place, dependency characterizes the international system as comprised of two sets of states, variously described as dominant/dependent, centre/periphery or metropolitan/satellite. The dominant, centre or metropolitan states are the advanced industrial states in the Organization of Economic Cooperation and Development (OECD).

The dependent, periphery or satellite states are those in Latin America, Asia and Africa, which have low per capita Gross National Products (GNPs), and which rely heavily on the export of a single commodity for foreign exchange earnings. The second common feature of the position of the dependency theorists in defining dependency is the assumption that external forces are of singular importance to the economic activities within the dependent states. The external forces include multinational corporations, international commodity markets, and other means
by which the advanced industrialized countries can represent their economic interests abroad. In the third place, the definitions of dependency all indicate that the relations between dominant and dependent states are dynamic since the interactions between them reinforce and intensify the unequal pattern.

Dependency theory attempts to explain the present underdeveloped state of many nations including Nigeria in the world by examining the patterns of interactions among nations and by arguing that inequality among nations is an intrinsic part of those interactions (Okeke, 2013).

**Theoretical Framework**

While articulating his discontentment with the modernization theory Matunhu (2011) opined that in the 1950s the theory precipitated new strands of thinking which resulted in the dependency theory. The theory came as a critical reaction to the conventional approaches to economic development that emerged in the aftermath of World War II. Andre Gunder Frank (1967), in his analysis of the post colonial state, has argued that classical development theories such as modernity are misleading in that they fail to articulate the true relationship between the developed world and the poor regions of the world. For Frank, modernity distorts the truth about the motive of the developed countries on their former colonies. In the same vein, the Brandt Commission (1980), made up of 'elder statesmen, men and women of statue', set up by the United Nations in 1977 reported that development based on modernity had failed.

Accordingly, Reid (1995:47-48) reports, the hope that faster economic growth 'modernization' in developing countries by itself would benefit the broad masses of poor people has not been fulfilled and no concept of development can be accepted which continues to condemn hundreds of millions of people to starvation and despair. The above view gave impetus to the dependency theory.

According to Rodney (1972), colonialism was not merely a system of exploitation, but one whose essential purpose was to repatriate the profits made in Africa to the so called home land. From a dependency perspective repatriation of profits represents a systematic expatriation of the surplus values that was created by African labour using African resources. Hence the development of Europe can be viewed as part of the same dialectical processes that underdeveloped Africa.

Prebisch's initial explanation for the phenomenon was very straightforward: poor countries exported primary commodities to the rich countries who then manufactured products out of those commodities and sold them back to the poorer countries. The "Value Added" by manufacturing a usable product always cost more than the primary products used to create those products.

Therefore, poorer countries would never be earning enough from their export earnings to pay for their imports. Prebisch's solution was similarly straightforward: poorer countries should embark on programs of import substitution so that they need not purchase the manufactured products from the richer countries. The poorer countries would still sell their primary products on the world market, but their foreign exchange reserves would not be used to purchase their manufactures from abroad (Vincent, 1996).
In other words, the domination of Europe over Africa retarded the economic development of the continent. For five running centuries, Europe capitalized on its encounter with Africa (Matunhu, 2011). The above situation is succinctly expressed by Rodney (1972) whose analysis of the relationship between Europe and Africa is that during colonialism, Europe organized herself, accumulated capital gained from her colonies in Africa, shrewdly invested the surplus in productive economy, steadfastly increasing national wealth and riches for its people. Africa and specifically Nigeria were and continues to be dominated economically and politically by external centres of power. Most noticeable here is the economic, political and cultural dependence of the country upon America and Europe. This trend made the dependency theorists to agree that unless and until Nigeria and other third world nations are disconnected from the unequal economic relationship between her and the West, it may not be able to advance a reliable and indigenous development effort. This perception forms the notion of this paper.

Research Method
This paper employed desk research in gathering and analyses of information obtained from secondary sources of data collection on how indigenous economy can be grown in Nigeria. This information exists in printed and published literature. Specifically, we consulted literatures from Small and Medium-Scale Enterprises Agency of Nigeria (SMEDAN), Central Bank of Nigeria and related work from the Ministry of Agriculture in Nigeria.

Growing Nigerian Indigenous Economy
Having understood the conceptual and theoretical explanation for the state of the Nigerian State, this paper will attempt a discourse on how Nigeria can engender self-reliance and stimulate indigenous development and growth of her economy devoid of external influence. The discourse will take the following patterns:

Stimulating Local Industries
There is evidence to suggest that industrialization and in particular manufacturing is the prime mover of economic development. This is given that it creates employment, enables wealth creation and facilitates poverty alleviation. Former United Nations Secretary General, Kofi Anan in his message to Africa’s Industrialization Day (2003), highlighted the relevance of industrialization, especially its varied and valuable contribution to the alleviation of poverty. Industrialization, he argued, raises productivity, creates employment, reduces exposure to risk, enhances income-generating assets of the poor and helps to diversify exports. It is in fact argued, that the transformation of Southeast Asia within a few years and the unprecedented pace of development of China and India (which have lifted millions from poverty), are examples of what sustained industrialization could do to any economy (Okeke, 2013).

Invariably, the Nigerian effort towards industrialization has nonetheless proven abortive overtime. Successive regimes in the past have attempted in futility to indigenize and grow local enterprises but the comprador bourgeoisies have thwarted these efforts by evading taxes, conniving with MNCs to enforce capital accumulation at the detriment of the development of the Nigerian economy. Nigeria’s approaches and methods of industrialization have been quite different leading to not too impressive results. In fact, large scale manufacturing plants were rare in Nigeria until the 1950s. The only enterprises equipped in organization and finance for these activities were the trading companies, which imported manufactured goods and beyond them, the overseas manufacturers who produced for the Nigerian market, but neither group
saw compelling reasons to locate production in Nigeria. In 1958, the contribution of manufacturing to GDP was N81 million (4% of GDP). Five years later (1963), it rose to N157.8 million (5.6% of GDP). The corresponding annual rate of growth was 17%. By 1967, manufacturing contributed N225.8 million (8.4% of GDP). The high degree of transformation taking place in the manufacturing sector was very remarkable. From 50% in 1958, the value-added generation from the processing of agricultural products fell to less than 25% in 1967, while industrial factory production accounted for the rest (Okeke, 2013).

The sector was to record more worrisome developments in later years. For instance, manufacturing value-added as a percentage of GDP was about 5% in 2000 (less than the proportion at independence in 1960), making Nigeria one of the 20 least industrialized economies in the world. The situation later picked up as industrialization soared during the oil boom era (1973 – 81) with manufacturing share of GDP reaching 11%, but later had a precipitous decline to about 5% in 2000. Manufacturing export was barely 0.4% of exports, while import of manufactured goods was about 15% of GDP or more than 60% of total imports (Ikpeze, 2004 in Okeke, 2013).

Nigeria's manufacturing and industrial sector especially since the 1980s have been beset by numerous challenges including among other things, absence of constant and steady electricity, low capacity utilization; unstable infrastructure (which impacts on cost of doing business); absence of venture capital for business startups; high cost of capital especially from banks and other financial institutions; lack of long term loans; absence of enabling macroeconomic environment; multiple taxation by the different agencies of government, etc.

However, the question remains that the recent efforts to develop indigenous economy have not been encouraged as posited above. The cases in point include the attempt by Innoson motors of Nigeria to produce locally both luxury and economical cars within the country. One would have assumed that this effort will be encouraged by enforcing policies to make government depend on the companies and plethora of others for their auto/vehicle needs. Regrettably, while the government of the former president Goodluck attempted to patronize wholly the Innoson products, the present regime despite drumming support for consumption of made-in-Nigeria goods have resorted to dependence on foreign vehicles for official usage.

Furthermore, the Aba, Kano and Lagos metropoles have long been known for their penchant for manufacturing items needed for local consumption. Such items range from textile products, footwear's, electronic gadgets to coupling of cars, motorcycle and tricycle among plethora of others. This effort has however been met with poor patronage. Most of the local industrialists domiciling there sometimes have little or no access to financial aid needed to sustain these productions. Some are faced with irregular supply of power and excessive imposition of tax by the states where they operate. The Nigerian populace too constitutes another stumbling block to this effort via their unchecked desire for external goods and services. The believe is that locally made goods are inferior and lack durability while those produced outside are more qualitative hence, the shortage in consumption of locally made goods/services.

In addition, the mining sector have not also been given due attention. The steel company have not been advanced and developed to provide the raw materials needed to improve the auto industries. What is common is the mining of some mineral resources by foreign nationals. And of course the activities of illegal miners have constituted a serious problem to the efforts of the
State in mining itself. State laws where they exist have not proscribed activities of illegal miners as MNCs are often times shielded by the state itself. Thus, to advance independence and economic self reliance, the Nigeria productive sectors have to be articulated and linked in such a way that primary products are processed to meet industrial needs of the local industries which will in turn engage in manufacturing exercises geared towards eschewing dependence on external goods.

**Developing the Agricultural Sector**

The study of economic history provides us with ample evidence that an agricultural revolution is a fundamental pre-condition for economic development (Eicher and Witt, 1964: 239; Oluwasanmi, 1966:7-15; Jones and Woolf, 1969:123). The agricultural sector has the potential to be the industrial and economic springboard from which a country's development can take off. Indeed, more often than not, agricultural activities are usually concentrated in the less-developed rural areas where there is a critical need for rural transformation, redistribution, poverty alleviation and socio-economic development (Stewart, 2000:1).

Interestingly, the Nigerian economy like that of Brazil during the first decade after independence could reasonably be described as an agricultural economy because agriculture served as the engine of growth of the overall economy (Ogen, 2003:231-234). From the standpoint of occupational distribution and contribution to the GDP, agriculture was the leading sector. During this period Nigeria was the world's second largest producer of cocoa, largest exporter of palm kernel and largest producer and exporter of palm oil. Nigeria was also a leading exporter of other major commodities such as cotton, groundnut, rubber and hides and skins (Alkali, 1997:15). The agricultural sector contributed over 60% of the GDP in the 1960s and despite the reliance of Nigerian peasant farmers on traditional tools and indigenous farming methods, these farmers produced 70% of Nigeria's exports and 95% of its food needs (Lawal, 1997:195).

However, the agricultural sector suffered neglect during the hey-days of the oil boom in the 1970s. Ever since then Nigeria has been witnessing extreme poverty and the insufficiency of basic food items. Historically, the roots of the crisis in the Nigerian economy lie in the neglect of agriculture and the increased dependence on a mono-cultural economy based on oil. The agricultural sector now accounts for less than 5% of Nigeria's GDP (Olagbaju and Falola, 1996:263).

As noted earlier, the neglect of the agricultural sector and the dependence of Nigeria on a mono-cultural, crude oil-based economy have not augured well for the well-being of the Nigerian economy. In a bid to address this drift, the Nigerian government as from 1975 became directly involved in the commercial production of food crops. Several large scale agricultural projects specialising in the production of grains, livestock, dairies and animal feeds, to mention but a few were established (Fasipe, 1990: 129-130). Sugar factories were also established at Numan, Lafiagi and Sunti (Lawal, 1997: 196). The Nigerian Agricultural and Co-operative Bank (NACB) was established in 1973 as part of government's effort to inject oil wealth into the agricultural sector through the provision of credit facilities to support agriculture and agro-allied businesses (Olagunju, 2000: 98). In spite of these efforts, it is heartrending to note that as from the mid 70s, Nigeria became a net importer of various agricultural products (Ogen, 2007).
In 1982 alone, Nigeria imported 153,000mt tons of palm oil at the cost of 92 million USD and 55,000mt tons of cotton valued at 92 million USD (Alkali, 1997:10). Between 1973 and 1980, a total of 7.07 million tons of wheat, 1.62 million tons of rice and 431,000 tons of maize were imported. Thus, from N47.8 million in the 60s, the cost of food imports in Nigeria rose to N88.2 million in 1970 and N1, 027.0 million in 1988 (Alkali, 1997:19-21). Since the 1990s and until the recent ban on rice importation, Nigeria has been spending an average of 60 million USD on the importation of rice annually. Indeed, in 1994, the agricultural sector performed below the projected 7.2 per cent of budgetary output (Lawal, 1997: 197-198).

Between 1995 and 1998 the government further embarked on the reformation of the lending policies of the Agricultural Credit Guarantee Scheme (ACGS) for easier access to agricultural credit schemes. It also established the Calabar Export Processing Zone (EPZ) and initiated the Enugu, Kaduna, Jos, and Lagos EPZs with each specialising in specific food and export crops. In fact, the National Rolling Plan for 1996-1998 assumed that by year 2000, Nigeria would have been able to feed its population, develop the capacity to process agricultural raw materials both for local industries and for export and significantly increase the contributions of the agricultural sector to the GDP (Lawal, 1997:198).

These lofty objectives have turned out to be a mirage mainly because of official corruption and lack of commitment on the part of those saddled with the responsibility of implementing the government's agricultural policies. In order to get out of this doldrums, Nigerian policy makers need to be wary of development economists who assign a relatively minor role to agriculture in economic development and fervently believe that industrialization is synonymous with economic development (Ogundipe, 1998: 135-138).

The Brazilian experience is a pointer to the important role of the agricultural sector in ensuring sustainable social development. Indeed, there are some comparative lessons that could be drawn by Nigeria from the structure of Brazilian agriculture. For instance, the Nigerian government needs to actively promote the establishment of the kind of agro-based industries that are capable of processing Nigeria's agricultural raw-materials in a most efficient manner. Thus, the emphasis should be on the local processing of raw crops for local industries as well as for export. This will create more employment opportunities and additional income will be generated. A good example of this is for local farmers and commercial agriculturalist to venture into the processing and packaging of the litanies of cashew, mango and orange plantations laying in waste in the middle-belt into fruit juice (Ogen, 2007).

The provision of agricultural subsidies for fertilizer, farm implements and equipment would also boost agricultural production. In addition, there is the need to put in place an agricultural tariff regime that would protect Nigeria's agricultural produce from unbridled foreign imports and competition. There is also the need for the provision of replanting grants to cash crop farmers so that they can replace their old trees with newer varieties. It has been observed that in spite of the fact that these newer varieties are high-yielding and relatively easy to maintain with a shorter maturation period, most farmers are reluctant to do away with their old plantations because of the high cost of replanting new ones (Ogen, 2004:135).

It is equally important to provide special welfare schemes for farmers that will form part of a social policy to alleviate rural poverty and the redistribution of income in favour of the rural poor. Government should also strive to promote greater efficiency in the rural areas by
extending equal social benefits; establishing rational schemes for agrarian reforms and improving the quality of life in areas that are quite remote from the main centres so as to alter the movement of people from rural communities to urban areas (Ogen, 2007).

Furthermore, the resuscitation and development of the critically ailing Nigerian sugar industry and its bye-product especially ethyl alcohol (ethanol) which comes from molasses (a by-product of sugarcane) is of an urgent and critical necessity. Given the intractable and embarrassing problem of fuel queues in Nigeria, ethanol could be used to produce a brand of automobile fuel known as alcogas or green petrol. Apart from being a renewable source of energy, and unlike fossil fuels, alcogas has little or no adverse effect on the environment. In fact, with alcogas Nigeria will be able to reduce her dependence on imported fuel and save additional foreign exchange for capital projects (Ogen, 2004:133-135).

Development of Small and Medium-Scale Enterprises

This is evidenced by the government's recent establishment of as well as the mandate given to the Bank of Industry (BOI) and the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), the facilitation of the Bankers' Committee's institutionalization of the Small and Medium Industries Equity Investment Scheme (SMIEIS), the federal government's drive and focus on realizing the objective of NEPAD, the government's endorsement and support of multilateral agencies and loans, and the government's backing of international development finance facilities such as the European Investment Bank (EIB) facilities and the likes. Other indications relate to the government's programmes aimed at poverty alleviation and providing succor to those whose jobs could be affected by the current government reforms as well as the proposed establishment of a Credit Guarantee Scheme for loans to SMEs (Onugu, 2005).

Given the crucial role SMEs play in the industrial and economic growth and development of developing countries like Nigeria, the various governments in Nigeria cannot afford to relax in their efforts towards making the SME subsector very vibrant and productive. Aside from the government's concerted and relentless efforts towards revamping and sustaining to vibrancy of this all-important sub-sector, the private sector as well as professional groups and associations are also not relenting in their own vital contributions to the development of the subsector (Onugu, 2005).

The capital market driven by the Nigerian Stock Exchange (NSE) and Securities and Exchange Commission (SEC) have been not only expanding its facilities but also working to make it cost effective for SMEs to access funding from the market. Professional groups and associations such as the various Chambers of Commerce, Nigerian Association of Small and Medium Enterprises (NASME), Nigerian Association of Small Scale Industries (NASSI) and the likes are vigorously pursuing, pushing and lobbying the governments for improved welfare and a better and more enabling operating environment.

Given the current awareness of the Nigerian investing public as well as the depth of the Nigerian capital market, it is expected that many SMEs would approach the capital market to raise funds. On a related note, there is a reawakening and new impetus towards the establishment of venture capital companies primarily targeted at developing SMEs. Even some banks are exploring this option towards finding a sure window or vehicle through which they would invest the SMIEIS funds, which they have reserved since the commencement of the
scheme. The on-going reforms being undertaken by the government ministries, inter-ministerial departments, agencies and parastatals are bound to render quite a handful jobless. Certainly one sub-sector, which many of the affected persons may want to venture into would be the SME. Thus, this scenario would make it compelling for the government not to ignore this one of the most important subsectors of the Nigerian economy.

At the international front, SMEs in Nigeria have better and much improved operational environment. The current thrust on commercialization and privatization of government-owned companies has also opened up new vista for SMEs and entrepreneurs. The effect of globalization has also had salutary impact on the sub-sector. The liberalization of trade through WTO agreements has provided awareness through which SMEs could access international markets. The African Growth and Opportunities Act (AGOA), which favours and gives incentives to exporters from African countries to the United States of America represents another opportunity. Similarly, NEPAD has provided other growth opportunities for Nigerian SMEs (Onugu, 2005).

On a related note, the federal government has been consistently making overtures to developed countries to come to invest in Nigeria. Efforts in this direction include personal visits by the president, trade missions, trade fairs, exhibitions and other promotional and showcasing activities. The intensified activities of the Nigerian Export Promotion Council (NEPC) and the Nigerian Investment Promotion Council (NIPC) underscore the government efforts in this direction. In the same token, Nigeria, by virtue of its huge economic and investment opportunities, as well as the vast market, has attracted so many foreign trade delegations and missions. In November 2004, a high-powered trade delegation from Thailand’s Department of Export Promotion was in Nigeria with a view to strengthening bilateral trade relationships between Nigeria and Thailand. Aside from meeting with some SME operators in Lagos, the delegation led by Charoon Lewechalermvong, a director in the department, also met with leaders of the National Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA) and representatives of Lagos, Kaduna and Enugu Chambers of Commerce (Onugu, 2005).

The focus of the World Bank’s IFC, which emphasizes on SMEs, has remained high in its priority. The same can be said for many other international agencies like the United Nations Industrial Development Organization (UNIDO), the United Kingdom’s Department for International Development (DFID), the United States Agency for International Development (USAID), and the World Bank’s International Development Agency (IDA).

Recently (in February 2005), the then Institute of Directors (IOD) president, Ms. Bennedikter Molokwu confirmed that the Blair Commission for Africa is to assist the SMEs in Nigeria by creating access to loans and a structure for on-lending through banks. She noted that it is a well-known fact that the African economy is government-driven while SMEs are the veritable engine of growth in developed economies. Molokwu stated that SMEs are the largest employer of labour, providing livelihood for over 80 percent of the African work force especially women and the young. She noted that statistics have it that only about 10% of SMEs in Nigeria are involved in manufacturing while the rest are in agriculture, services and commerce. This fact largely informed the recent (February 2005) modification of the SMIEIS fund, which is no longer limited in its scope.
As regards SMEs challenges in Nigeria, the IOD president had this to say: “Unfortunately, these SMEs over the years, have been bedeviled by several inhibitions, which tend to make their growth perpetually stunted by infrastructural decay, insecurity of lives and property, multiplicity of taxation, lack of access to good and modern technology, lack of research and development as well as good entrepreneurship, difficulties in building coalitions and business linkages among others” (Onugu, 2005).

Similarly, during the commissioning of the headquarters of the Small and Medium Enterprises Development Association of Nigeria (SMEDAN) on March 1, 2005, former President Olusegun Obasanjo charged the Central Bank of Nigeria (CBN) to ensure the realization of the primary objective of the Small and Medium Industries Equity Investment Scheme (SMIEIS), which is expected to complement the development efforts of the financial institutions like the Bank of Industry (BOI), the Nigeria Agricultural Cooperative and Rural Development Bank (NACRDB), which provide a medium for long-term financial resources to enterprises in Nigeria. He also noted that the on-going reform of commercial banks by the CBN is expected to boost the flow of funds at competitive interest rates to businesses including the SMEs. The former president reminded Nigerians that the present administration has made the development of SMEs a primary focus of its reform programme as stipulated in the National Economic Empowerment and Development Strategy (NEEDS) stressing that “our primary goal is to provide greater access to income-generating opportunities for our people and enhance their capacity to respond to those opportunities” adding that “our economic history and experiences of other countries show us the immense potentials of SMEs to redress poverty growth, wealth creation, employment generation and job creation. Unfortunately, these were largely neglected for many years prior to our coming into office in 1999” (Okeke, 2013).

Chief Obasanjo further acknowledged that the increasing hostile operating environment, including the deteriorating state of infrastructure, in the past led many companies to fold up while other operators moved their business activities to the informal sector. He also confirmed that SMEs in Nigeria lack access to business information, markets, finance and even production technology.

Hence, to grow the SMEs, the SMEDAN can effectively:

i. Map out effective strategies for revamping and reforming the SMEs sub-sector through appropriately advising the government on policy formulation and execution.

ii. Recommend the right operators for various incentives and support by government including funding, be it loan, equity and grants.

iii. Offer relevant advisory services to state governments on how best to support and invigorate SMEs in their domains bearing their peculiarities and circumstances in mind.

iv. Identify viable projects for both local and foreign investors in order to attract foreign investment.

v. Identify viable projects with export potentials and also identify and advise on the appropriate foreign markets in order to boost foreign exchange earnings.

vi. Identify and assess MSMEs critical requirements in the areas of capacity building, skills gap, knowledge, skills and process and liaise with the relevant institutions and agencies of government like the National Poverty Eradication Programme (NAPEP), the Centre for Management Development (CMD), the National Directorate of Employment (NDE), etc.
vii. Establish a befitting business support centre for each state in the federation.
viii. Facilitate the promotion and government patronage of quality local products of SMEs for either local consumption or export or both (Onugu, 2005).

Cutting the Chains of Ideological Dependency

One major way through which Nigerian state alongside other dependent states has perpetuated their dependence on the West is through dependence on external ideology. The Nigerian state has seen a recrudescence of vicious cycle of ideological dependence overtime. This comes in varied forms. Ake (1979) located the knowledge base of the Nigerian state as a form of advancing western imperialism. He insisted that the educational systems of developing countries are deliberate effort geared towards under-developing these states by the imperial west. This is because the formations of the theories being taught in schools of developing countries only reflect the values, culture and socio-political realities of the climes where they are formed. For instance, one of the colonial legacies left for Nigeria and other African states who suffered the scourge of colonialism was the practice of the Parliamentary system of government which reflects ‘Democracy’ and self determination as conditions for the consolidation of the system. This can of course be considered convenient for Britain given their unitary nature. The peculiarities of the Nigeria state were not factored in before this system was prescribed.

The implication is that Nigeria started its march to nationhood on a notion of practicing a system of governance side by side with the peculiar socio-political realities original to them and those of the Britain. Hence, it could not appreciate wholly the political system neither was it able to relinquish this system for adoption of any indigenous political system. The opinion being fostered therefore is to discourage and delink every form of ideological and intellectual dependence of Nigeria on the West given its attendant retrogression of the thought-process of Nigerians.

The situation overtime is that Nigeria is often quick to run to the advanced countries for policy aid when occasions demand. This attempt makes them bereft of indigenous ideology needed to chat economic progress unlike their western counterparts. Therefore just like the Ujamma indigenous efforts towards development, Nigeria should attempt a move towards weaving national ideologies built from and for every problem that bedevils at all time.

Patronage of Made-in-Nigeria Goods

It is a known fact that one of the quickest ways for any society to holistically transform from being a developing economy to an advanced modern society, which offers the best living standard for its populace, is for that society to go through an Industrial revolution, especially in the area of manufacturing. It is perhaps in realization of this fact that led former President Goodluck Jonathan to launch the Nigerian Industrial Revolution Plan (NIRP) in 2014. The NIRP is a road map designed to increase the Gross Domestic Product (GDP) by getting the manufacturing sector to a level where its annual revenue earnings would hit N5trillion. It is meant to increase the contribution of the manufacturing sector to GDP from the present four per cent to more than 10 per cent within a short period of five years (The AUTHORITY, 2017).

If that plan is to be fully implemented, it will set the pace for a new era of industrial, small and medium enterprises development in Nigeria. Described by Jonathan as the most ambitious and comprehensive road map designed by his administration to transform the nation's industrial
landscape, boost skills development, conserve foreign exchange, as well as enhance job creation, it is not clear as yet if the present government of President Muhammadu Buhari is looking in the direction of the NIRP. Whether or not it is interested in the NIRP, the new government’s promise to encourage import substitution indicates that it would be implementing programmes that will help Nigeria’s manufacturing sector to expand and increase its output. The question is where is the market to sell the products when produced?

It is not a hidden fact that Nigerians have an insatiable taste for foreign made goods. It doesn’t matter the country, it could be Ghana, Togo or Benin, so long as it is not made in Nigeria, it is superior to the ones made in Nigeria. The present pressure on the local currency, the naira, is as a result of the quest by importers to raise foreign exchange to import their goods. Government efforts to discourage importation of certain goods, especially those that are manufactured in the country have failed and smuggling has been on the increase.

Additionally, the preference for imported goods has become so bad that many locally manufactured products like shoes, bags, packaged food, and clothing are now labeled made in China to attract more patronage. Amplifying this, The Managing Director/CEO, Bank of Industry (BoI), Mr. Rasheed Olaoluwa, described this as inferiority complex. He went further to state that:

after visiting a nail factory in Ogun State, he said, “When we visited the nail factory we saw written on the bags of nails Made in Ogun State Nigeria. That was because the former governor of Ogun State, Otunba Gbenga Daniel insisted that they shouldn't just write made in Nigeria, they should write Made in Ogun State Nigeria. But guess what? Our own fellow citizens complained that they don't want that; that they should write made in China, that it helps them in marketing; so they have to put some Chinese words on the bags. I think we need to get over this inferiority complex among our citizens. A product that is made in Nigeria to the highest quality, we should be proud of it that it is our own as opposed to longing for products made outside Nigeria. So it is a psychology, it is an orientation that we need to change” (The AUTHORITY, 2017).

In 2014, President Goodluck Jonathan had to lead an awareness campaign, tagged 'Buy Nigeria' to increase the patronage of made-in-Nigeria goods, and this, according to some manufacturers helped to boost patronage of their goods. Since 2004, the Local Patronage Bill which would encourage the patronage of locally-made products has been pending at the National Assembly (The AUTHORITY, 2017). Only recently the Minister of Trade, Industry and Investment, Dr. Ikechukwu Enelemah informed that government will have to adopt legislation to encourage patronage of locally made goods. According to him, the Ministry intends to make manufacturing much more competitive and vibrant than what is presently on the ground. “In order to guarantee and expand the domestic market, a bill for local patronage is to be prepared for legislation,” he said. The government through the Bank of Industry (BoI) is also working to encourage the patronage of made in Nigeria goods by encouraging companies to patronize other companies that produce their raw materials locally.

To however boost patronage of locally produced goods, government needs to start taking some practical steps to encourage patronage of made in Nigeria products by ordering its agencies to
buy only made in Nigeria goods. Another means through which locally produced goods can be encouraged is to help SMEs/local companies to market their products. If you ask the SMEs to go and produce, then government should also ensure that there is market for these products. This is where the Export Promotion Council should come in. The council should help the SMEs find market where they can export their goods (The AUTHORITY, 2017).

Another important question is, what quantity of these goods are government agencies buying? Take for example the National Emergency Management Agency (NEMA), how many SMEs do they purchase goods from? This is an agency that purchases large volumes of goods almost all the time as relief materials for victims of natural disasters or insurgency in the north east. How much of the goods do they buy from SMEs? Again, the Nigerian Army, they also purchase a lot of goods but they are not patronizing the SMEs. These are major market opportunities which if government gives an order that these agencies must patronize SMEs except for those items that are not produced by the SMEs, will go a long way to create ready market for our products. That will help us to increase our production since we know that the market is guaranteed. So, government must do everything to encourage patronage of made-in-Nigeria products.

Conclusion
This paper has carefully articulated the challenges of Nigerian development and the attendant implications of its perpetual dependence on the West. The paper has considered the need to develop inwardly as a dependable panacea to Nigeria's dependency syndrome. The paper agreed that as part of the way forward, local industries should be encouraged to grow; the agricultural sector should also be developed and due attention should be given to the Small and Medium Scale Enterprises because of its significance to economic development.

References


