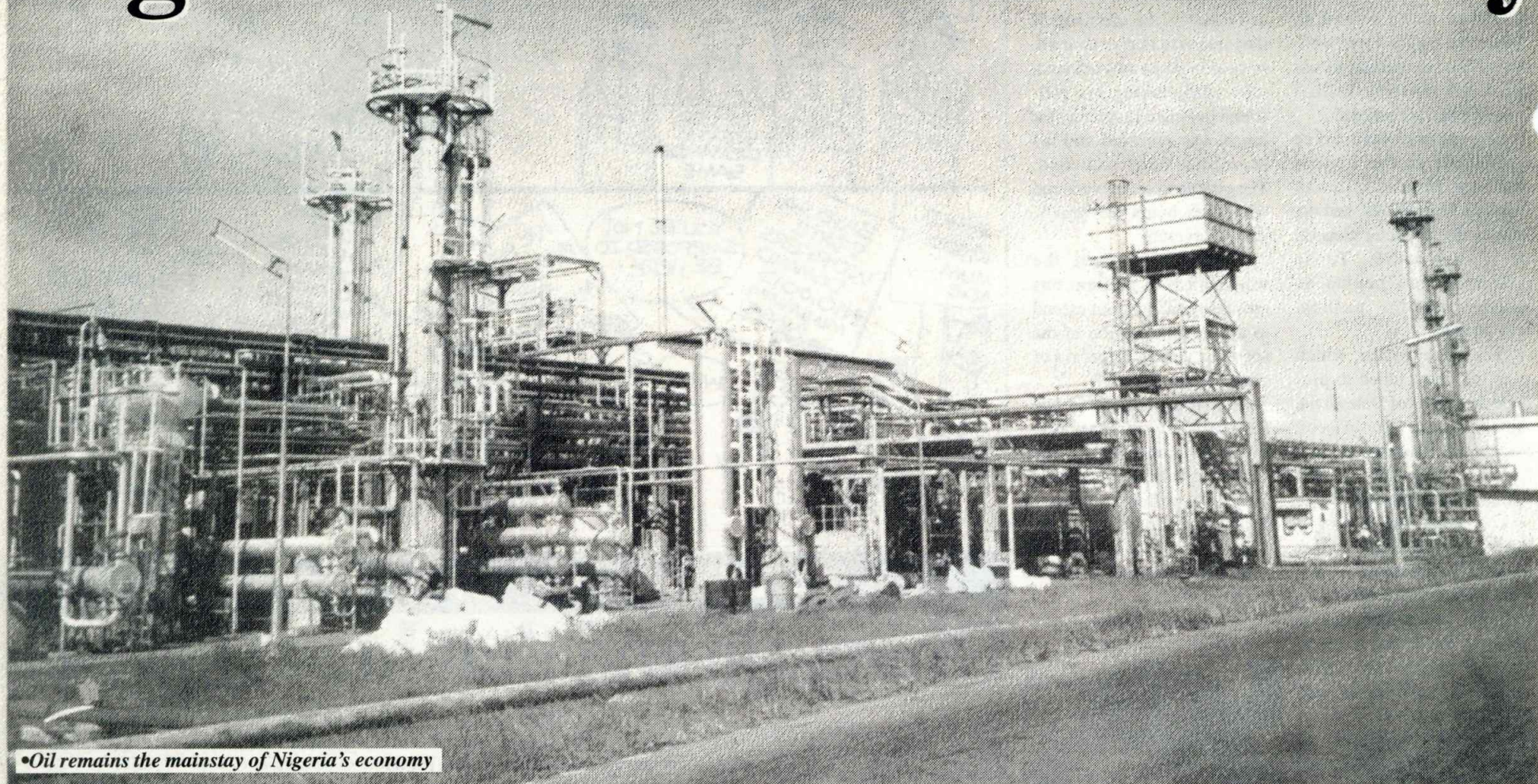


# Nigeria and the *new* economy



•Oil remains the mainstay of Nigeria's economy

THE unofficial campaign slogan for Bill Clinton's successful run for the American presidency in 1992 was "It's the economy stupid." What Clinton understood was that all political rhetoric means nothing if the electorate does not observe that their livelihoods have improved. As the one year anniversary of the inauguration of Obasanjo's government approaches, an appropriate question to ask when judging their achievements is: has the economic livelihood improved for the average Nigerian? I am not presently in Nigeria, so that is a question I am not in a place to answer. I would instead like to take this opportunity to look at strategies to ensure that the economic outlook of Nigeria does improve in a manner that is up to date with present economic trends.

The United States Congress recently passed the African Trade Act which opens up the American market to textiles and clothing made in Africa. For a country like Nigeria, this potentially means a lot. With free access to American markets, it is certain that textile and apparel companies would like nothing more than to rush into Nigeria to set up shop and take advantage of Nigeria's vast labour resources. And, it would seem, such factories would be attractive to Nigeria as it would provide badly needed jobs to the untold numbers of unemployed Nigerians.

However, there is a danger with a strategy of opening Nigeria up to indiscriminate numbers of international apparel manufacturers whose only real interest in Nigeria is the mass of cheap labour. Unless the companies also plan to hire significant numbers of qualified Nigerians for management positions, such factories will do little but keep Nigerians employed yet poor. As Tariye Isoun, a financial analyst from Port Harcourt presently based in Boston, says, "We don't need any more institutionalized poverty."

So then, should the strategy for Nigeria's economic development be to encourage foreign manufacturers to come in and set up factories throughout the country, providing jobs for Nigerians as labourers but also as skilled workers and managers? Would this not be a good way for Nigeria to industrialize? Isn't industrialization the goal of every nation that wants to progress in today's globalized world economy?

To some extent, this would seem to be true. Every one of the world's largest economies are countries that are industrialized. However, many of these countries have already moved two steps beyond industrialization. First, to service economies, and presently towards information economies. In short, if Nigeria attempts to catch up by encouraging international

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Perspective of a Nigerian-American



investors to set up factories and industrialize Nigeria, the country may indeed become industrialized. At the end of the day, however, once Nigeria does become fully industrialized, Nigeria will still be far behind those countries already in the post-industrial age.

So, then, is it possible for Nigeria to simply skip industrialization and attempt to become an information economy instead? Could a country as seemingly far behind in computer technology and internet usage possibly jump to such a level? Although it would take a great effort, I would say it can. First and foremost, electricity and telephone services would have to be greatly improved, but these would have to be improved no matter what approach Nigeria chooses to follow towards economic growth.

As India has shown, the biggest growth industry of the present and the future is not the manufacture of high technology goods such as DVD players and computer chips, but the development of computer software – the programs needed to run the world's increasingly sophisticated computing networks. Instead of Nigeria soliciting for manufacturers either of goods such as textiles or of high technology goods to establish factories in Nigeria, the public and private sectors should be encouraging software design companies to set up shop in Nigeria.

Nigeria may be far behind other places in the world in computer know-how, but if nothing else, Nigerians are talented and quick learning people who certainly have the potential of becoming sophisticated computer programmers in large numbers if given the chance.

As Martin Muoto, a Nigerian software investor based in New York, says, software production is much more mobile and non-capital intensive than other industries – it can be done anywhere you have a room, a computer, and an electric outlet. Also, through telephone internet connections, regardless of where the programming is being done, the products can be instantly sent off to the company headquarters

abroad, without the endless hassles of shipping goods internationally. Furthermore, each software program needs to be made only once, and then that same product can be sold millions of times.

Besides simply becoming a centre for software development, Nigeria's economy could also expand by becoming a country where international companies can outsource labour intensive, computer based work, an industry which experts estimate will expand India's GDP by a trillion US\$ over the next few years.

For example, an American legal firm could hire Nigerians to do intensive internet based research for them at a fraction of the cost of hiring a group of Americans to do the same thing. A British company needing constant updates to their website could have this done by Nigerians instead. Or, a professor at an American university could have computer based exams marked by Nigerians who have never even seen the university in question. In all cases, the fact that those doing the labour intensive work are in Nigeria would not matter, because the internet erases borders and distance.

One might argue that Nigerians working as computer software technicians for the world's corporations is no different from foreign companies building factories in Nigeria – they are both taking advantage of cheap Nigerian labour. To some extent, this is true.

The difference is that computer based work would certainly pay more than unskilled factory labour. Secondly, it would create a growing pool of computer savvy Nigerians who could transform Nigeria's own computer industry with their new knowledge. Furthermore, as technology is a game of scale, the more Nigerians who are using the internet privately or for business, the cheaper and more useful it becomes for everyone in the country.

In short, through participating in the grunt work that makes the internet based 'new' economy work, Nigeria could set herself well on a path of simultaneous economic and manpower development.

What I am suggesting here is that Nigeria should seek to become a post-industrial nation without ever becoming an industrial one. This is certainly the best strategy Nigeria could follow to ensure that the economy improves, Nigerians are not exploited in jobs without futures, and Nigeria catches up with the post-industrial world without getting bogged down in the process of industrialization these countries went through over a century ago.