

Human Capital Development, Technological Capabilities, and Economic Transformation: A Critical Review of the Issues Facing Nigeria in her Quest for National Development.

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The issues surrounding the neglect of education, especially technical and vocational education and science-based technology education in Nigeria, has made a review of the poor investment in human capital development and the implications to the health of the economy national development rather compelling. The political leaders have always raised the people's hope by painting glowing pictures of their development plans and how they would take the nation to the 'Promised Land' of true democracy and economic prosperity. They swore that they would give priority attention to human capital development and national development, and to empower the citizens particularly the poorly educated, unskilled, and unemployed youths with employability skills and entrepreneurial skills to enable them secure paid employment or self-employment to enable them to contribute meaningfully to national development. Yet they have over years failed (or refused?) to adequately fund education and fix the dilapidated infrastructure and institutions that would drive the economy and create employment for the millions of graduates churn out by the schools yearly. Like the old politicians before them, the new breed of politicians is also promising to transform Nigeria into an industrialized nation and the people cannot contain their enthusiasm. History shows, however, that no country has ever become an industrialized society without investing copiously on human capital development, technological capability, and good governance, which are the main challenges facing the Nigerian economy today.

Keywords: Human Capital development, Infrastructure and Institutional Challenges, Technological Capability, Leadership and Governance, National Development, Nigeria.

INTRODUCTION

This paper examines the forces that have prevented the leaders from utilizing effectively the abundant human and natural resources at their disposal to build up the technological base of the society and transform the nation into an industrialized country. The population of Nigeria is rapidly growing without commensurate rate of economic growth and development to sustain the over 150 million people. Over the years public schools (primary, secondary, and tertiary) have starved of funds to provide quality education to the students. Teachers at all levels are not properly motivated to effectively perform the

duties; they are always on strike to press for payment of their basic salaries and benefits resulting in the disruption of academic calendars.

Experienced and high quality teachers who are disgusted and cannot any longer tolerate the poor conditions of services in the educational sector are leaving in droves to other countries with better working conditions. However, evidence on the ground shows that these forces are the major causes of the dwindling standard of education in Nigeria. In addition, the neglect of education and particularly technical and vocational

education and science-based technology education are a lack of technological capability to transform the economy into an industrialized status and improve the living conditions of the teeming population.

Poor leadership and governance are the integral part of the causes of the problems facing the nation. Majority of them are not working for 'common good' but for their selfish purposes. They are known to have diverted public funds allocated to education and other national development programs to their private bank accounts. The infrastructure and institutions that drive the economy is in shambles and many business organizations (particularly the manufacturing sector) are closing down because of unfriendly environment. Some of them are relocating to neighboring countries with alluring business environment.

It is proper to note at this juncture that it is unquestionably a Herculean task to govern a society, and it becomes much more daunting in a society such as Nigeria with an uncertain sociopolitical and economic environment. As mentioned, the state of the society is today defined by the ineffectiveness of the political leaders and poor social institutions and infrastructure that have crippled the economy and pauperized the people.

The myriad sociopolitical and economic problems facing Nigeria today are exerting untold pressure on the people who have utilized every opportunity to pour out their anger and frustration before any person who is willing to listen. Can the greedy and 'me first' politicians lead Nigeria to true democracy and economic prosperity? Can they build the technological base to transform Nigeria into an industrialized society? If the past is prologue it is really doubtful.

Purpose

The purpose of this paper is to examine the obstacles to Nigeria's quest for national development, from the point of view of human capital development, technological capability, and governance and leadership. Thus, the paper seeks to suggest some solutions to the policymakers

RESEARCH METHODS

The data for this case study were derived from the research and analysis of scholars, analysts and practitioners, government documents and recent newspaper and journal articles. This is to say that the primary method of study was an extensive review of available literature for an in-depth analysis of the problems facing education and the Nigerian economy. The sources of information were carefully evaluated and analyzed to determine their veracity. The educational system of any society is designed to transmit the beliefs, values, attitudes, and norms from one generation to

another as well as to train skilled technical manpower to drive and sustain the economy.

Problem Statement

Over the years Nigeria has been investing less on education, the infrastructure, and institutions that are critical to building to a viable economy. Yet the leaders think that Nigeria can be transformed into an industrialized society without the necessary pre-conditions. Since political leaders of Nigeria are known for not working for the common good the people should be warned to check their enthusiasm. The developed countries around the globe could not have become what they are today without investing in human capital development, good governance, focused leadership, and technological capability.

Research Questions

This paper focuses on the questions: Can Nigeria become an industrialized society without the preconditions? Are the leaders making good efforts to resolve the challenges facing the nation and her quest for national development? Can Nigeria meet her challenges for national development without copious investments in human capital development and development of technological capabilities?

The Challenges Facing Education and the Nigerian Economy

Human Development Challenges

Social scientists, particularly economists and experts in human capital development have for decades recognized the human capital and physical capital development plays a critical role in individual worker's productive capability and the prosperity of a nation in terms of capacity building of the economy and the overall living standard of the society [1, 2, 3].

This group, including Gary Becker, has observed that the key focus in human capital theory is how education increases human productivity by improving human knowledge and skills and thus increases an individual worker's future income and lifetime earnings [4] According to human capital theory, economic prosperity and progress of a nation depends precariously on the stock of its physical and human capital. Furthermore, human capital theory posits that formal education is greatly instrumental to improving the productive capacity of an individual worker.

According to Gary Becker, human capital theory tends to draw a distinction between general education and specific training [5]. For instance, Gary Becker who is widely known for his work on human capital development

observed that in human capital framework general education creates general human capital and technical and vocational education provides specific human capital.

Furthermore, the UNESCO international experts meeting in Bonn declared that “since education is considered the key to effective development strategies, technical and vocational education and training must be the master key that can..., improve the quality of life for all and help achieve sustainable development” [6].

Many countries are aspiring to transforming their domestic economies without developing or putting in place the necessary conditions. For instance, most of the problems facing the Nigerian economy today can be attributed to its poor investment in human capital and physical capital development, poor governance, and visionless leadership. Specifically, the country’s myriad socioeconomic and political problems can be traced to the neglect of institutional and infrastructural structures, technical and vocational education and training, and science-based technology education, which develops a good stock of highly-skilled technical manpower that drive economic growth and national development and improve the health of the nation [7].

It has been observed that because of poor governance and inept leadership, corruption has become pandemic in Nigeria. And this, according to studies, has prevented the political leaders from giving special attention to investments in both human capital development, which provides “the knowledge and skills that workers acquire through education, training, and experience” [8]. Copious long-term investments in “physical capital development” or the “stock of equipment and structures that are used to produce goods and services” [9] would enable the economies of nations to grow and develop and produce employment for the citizens who are capable and willing to work [1,4,5].

Specifically, however, poor investment in human capital and physical capital development has contributed in no small measures to the dwindling standard of education in Nigeria as evidenced in the poor quality of graduates from the nation’s educational institutions [10]. Local employers of labor have been complaining that most of the recent university graduates lack employability skills and problem-solving abilities and other competencies [10], which are the main variables that determine an individual worker’s productivity capabilities as well as the ability to contribute meaningfully to national development [11, 12].

Individual worker’s productivity tends to increase with improvement in job skills and other related in human capital variables. Again, according to human capital theory and economists in this filed, the productivity of a worker is impacted by the many variables, including its skills and ability, health, motivation, and job satisfaction [13]. This is because of the impact of job skills or employability skills on worker productivity, and by extension the profit margins of businesses, serious

business organizations around the globe spend billions of dollars annually to educate and upgrade their employees’ job skills [16]. Accordingly, workers are often rewarded for higher productivity and for producing high quality goods and services, which lead to increase in the profits margin of firms’ [14]. An economy may not grow and develop and be productive without a good stock of human and physical resources the economy requires to function properly [15].

Thus, human capital development plays an immense role in the success or failure of any organization (or nation) in terms of productive capabilities, technological capabilities, and strength of character of the leaders and followers. In Nigeria, most of the problems facing the economy today are a reflection of a lack of investment human capital development and poor management of natural resources because education, which plays a critical role in human development and economic health of the nation, has been neglected for decades [16,17]. Thus, one needs to understand the tribulations of Nigeria’s educational institutions and its infrastructural and institutional challenges to appreciate the magnitude of the problems facing the Nigeria economy, and by extension, the slow pace in economic transformation and national development.

A journey back to the memory lane shows that before independence in 1960 the schools in Nigeria were properly funded and managed and the students were well behaved and the quality of graduates was equal to those from advanced nations [10]. But things went sour when the greedy and ‘me first’ home-grown politicians took the center stage and the schools were allowed to rot away. Since the 1980s the educational system has been facing myriad of problems emanating from poor funding, which has affected the morale of the teachers and students and resulted in ‘brain drain’ from the education sector.

Today, the schools in Nigeria lack the tools to produce quality graduates who can contribute meaningfully to national development and manage the affairs of the nation or to compete effectively in the knowledge-driven global economy. As noted earlier, majority of them lack job skills and basic literacy that drive human productivity, enlarge the nation’s economic pie and reduce poverty and crime. It has been observed that no nation would make any meaningful socioeconomic and political stride without skilled technical manpower [1,65], capacity development [2,3] and viable educational institutions [12].

Today in Nigeria, instead of being a place for good character formation the schools are today a breeding ground for cultism and other destructive social behaviors. Thus, ‘values education’ that involves ‘educating for character’, quality graduates, good ‘moral values’ and civic responsibility and which shape the character of nations has become a thing of the past. As T. Lickona [18] has aptly observed ‘respect and responsibility are the two foundational moral values’ that a society should teach its citizens. Others include good qualities include

honesty, fairness, tolerance, prudence, self-discipline, helpfulness, compassion, cooperation, courage (the virtues of Aristotle) among other democratic values. Accordingly [19] 'taking responsibility for the things we do wrong as well as the things we do right' is important for national development. But in Nigeria nobody is taking responsibility for anything.

All these have created an unfriendly economic environment. In its 2010 report on 'Doing Business in Nigeria 2010-Through Difficult Times', the World Bank ranked Nigeria 125 out of 182 economies surveyed in its Global Doing Business Report. The report showed that about 90 per cent of Nigerian businesses that operate in the informal sector lack access to credit. One would add that similar problems are facing those in the formal sector of the economy. And in its 2008 Review of World Development, the United Nations Development Programme (UNDP) ranked Nigeria 157 out of 177 in Human Development Index; Nigeria was also among the 'Least Livable' nations [20].

Some of the problems facing Nigeria today require common sense solutions, but others would involve sophisticated framework of ideas and application of advanced technologies. As But Albert Einstein has observed decades ago, "the specific problems we face today cannot be solved at the same level of thinking we were at when we created them" [21].

Thus, to develop, Nigeria must educate and train its workers and give them the skills and knowledge needed to perform their duties effectively, and use their talents wisely. No society can build a modern economy with a poorly educated and unskilled workforce. For the economy to grow, and for businesses to thrive, the institutions responsible for human capital development should be properly funded, equipped and managed to enable them produce the highly-skilled technical manpower to manage the affairs of the nation. More important, Nigeria has to employ or elect the political leaders with the skills, knowledge, the right vision, and political will to meet the challenges facing the nation.

Leadership Challenges

The leadership problem that has confronted Nigeria since independence appears to be worsening by the day because the state of the polity is rapidly deteriorating. Yet the leaders appear oblivious of the magnitude of the problems facing the economy. As noted, very few of the leaders, if any, work for 'common good.' Over the years a wave reform programs have been undertaken, but the society still lacks the leadership with political will and commitment to implement effective policies to transform the economy and tackle the sociopolitical problems facing the nation.

The leaders do not seem to understand that leadership is assuming responsibility for something. As G. Northouse has aptly noted, leadership 'is a process of

getting things done through people'; it 'means responsibility'- having 'passion for the purpose and the mission of the organization' or society one leads [22]. But the leaders of Nigeria appear good at prescribing solutions to economic problems without providing the institutional and infrastructural framework to make it grow [23,24,25]. And more often than not, their policies are hastily put together and poorly executed. The political landscape is littered with wreckage of unreasoned policies and those involved in such activities appear to enjoy the nation's underdeveloped status.

Studies show that the activities of the leaders shape the reality the nations they lead [26,22]. Evidence shows that the problems facing Nigeria today are glaring because the actions of the political leaders contradict their words and their deeds. They cannot feign ignorant of that most of them fail to understand that performance, and not rhetoric, is the only standard by which leaders are judged. Nigeria's development rests with good leadership and governance; thus, for Nigeria to move forward the leaders must clean up their act and invest in the fundamental infrastructure and institution that will transform the economy and develop the society.

Governance Challenges

Related to leadership problem is bad governance, which has among others, been defined as a system of values, policies, and institutions by which a society manages its economic, social, and political affairs through interactions within the state, civil society and private sector [27, 28]. It has been observed that governance comprises the mechanisms and processes for citizens and groups to articulate their interests, to work together and mediate their differences, and exercise their legal rights and obligations with rules, institutions and practices that set limits and provide incentives for individuals, organizations and firms [27,28].

Thus, good governance refers to the question of how a society can organize itself to ensure equality of opportunity and equity (social and economic justice) for all citizens. And good governance promotes people-centered development. And bad governance (political, economic and social governance) - the three dimensions of governance [29], which is among the major cause of the problems facing Nigeria. The people are not allowed equal economic opportunity and freedom to participate in the political process. And this is threatening to destabilize the polity and undermine its democratization process.

As A. Sen has observed, 'unfreedoms' leave the people with little choice to exercise 'their reasoned agency [31]. According to him, 'Freedoms are not only the primary ends of development, they are also among its primary means.' Thus development (social, political and economic) "requires the removal of major sources of unfreedoms" [31].

Because of bad governance (and thus corruption)

Nigeria's system lacks checks and balances (or mechanisms) to control the autocratic tendencies in government and to hold political actors accountable for their actions. The politicians do not practice ethical politics and their actions do not add values to the system. Lack of 'ethical politics and values' [32] and politics of hate and destruction have contributed in no small measures to the economic and political hiccups in the society.

However, the people have responsibilities too; they should not just sit there and hope for the best. As noted earlier, they should be politically educated and active to get the government and the politicians to listen and act right. Political pressure from the people could determine the type of policy the government would choose for execution. Corruption [33] is, however, a greater part of the problems facing Nigeria as it leads to poor governance that has hampered socio-political and economic development.

Corruption Challenges

Although corruption is a global scourge, Nigeria appears to suffer the most from it because the leaders are pathologically corrupt. Everyone appears to believe that Nigeria has a 'culture of corruption' [33]. Over the years, Nigeria has earned huge sum of money from crude oil, which has gone down the sinkhole created by corruption. An article in the *San Francisco Chronicle* described Nigeria as a rich nation floating on oil wealth, but almost none of it flows to the people' "Oil giant that runs on grease of politics" [34].

This is evidence in the fact that top public servants are very rich because they harbor the mentality that public money belongs to no one. National dailies are awash with news of how public officials are acquiring million-dollar homes (within and outside Nigeria) and stockpiling stolen public money in financial institutions abroad.

Nigeria appears a hotbed of corruption and the so-called 'war against corruption' seems like trying to contain the wind. The country has become synonymous with corruption. Majority of the elected officials, appointees, and top government are corrupt. They often extract bribes from the citizens (business owners, those seeking to do business with the state, etc.) in while performing their official duties. And this is hinders economic progress and diminishes the peoples' trust in government.

Corruption scandals are strewn all over the society like a straw hut in a hurricane. The erstwhile chairman of the Peoples' Democratic Party's (PDP), Vincent Ogbulafor was forced to resign recently because of mountain of fraud charges against him [35]. Ogbulafor had earlier challenged the society to prove the 16 count charges against him [36] but later resigned to fight his corruption charges. The former governor of Delta State, James Ibori, who eluded the Economic and Financial Crimes Commission (EFCC), was arrested in Dubai recently [37]

on money laundering charges (see below for his trial and guilty plea in London). And Kenny Martin (a close friend of former President Obasanjo) had a corruption charge of about \$97.5m hanging over his neck [38]. It was recently discovered that over 'N5bn' was allocated 'to non-existent agency' in the 2010 budget [39].

The 'reforms' in Nigeria appears to have made country more corrupt because transparency and accountability in government has not improved. Today, the politicians clamoring to rule Nigeria are harping on anti-corruption crusade and at the same rewarding corruption. Okwesilzie Nwodo, former Governor of Enugu State and National Secretary of the PDP, and who was at some point made Chairman of ruling Peoples' Democratic Party (PDP), was involved in the 2003 National Identity Card Project scam of about \$214million [40].

Most of the political leaders are trading a well-worn corruption path. The former Bayelsa Governor, Depreye Alamieyeseigha, who was found guilty of corruption by the courts in 2005, has been re-admitted into the ruling PDP. There have been a wave of corrupt and ethical scandals oozing from the National Assembly; there was a N2.3 billion car scandal involving the former Speaker, Dimeji Bankole and other members of the 'dishonorable' House of Representatives; there was also the Halliburton, Siemens, and Willbross bribery scandals involving some high-ranking public officials [41].

There are two sides to every problem; private individuals are also involved in corrupt activities. The leaders of Nigeria have demonstrated their unwillingness to reform the society despite the number of top government officials involved in corruption. Since corruption is an anathema to political stability and economic prosperity this author can hazard to conclude that Nigeria's problems are not from the "harshness and the niggardliness of nature" [42], but corruption that prevented the society from investing in human capital development, particularly technological capabilities that would drive the economy, create employment, and put the nation's abundant human and resources into productive use.

For instance, the Federal and States' budget appropriations and statutory allocations recently reported that by December 31, 2010 the three tiers of government (federal, state and local) would have spent N40 trillion or more, since January 2006 [43]. But there is nothing on the ground to show for spending such a huge sum of money. A spate of studies shows that corruption leads to "poor governance and low growth" and hampers social development [44].

One of the myriad of challenges facing Nigeria today is how to effectively tackle the menace of corruption. If the leaders want to fight corruption they should start by fixing the economy because some of the petty corrupt activities are caused by poverty. In fact, the roads and highways in the society are roadblocks manned by police officers who are virtually thieves in uniform; they are ill-trained and

poorly paid. However, to check corruption at the top echelon of government the society Nigeria should begin to monitor the political leaders' as well other peoples' sources of income, particularly those who brazenly display their ill-gotten wealth.

To breathe a new life into Nigeria's ossified political system and economy, and to improve the people's living conditions, the society must purge itself of high-level corruption and strengthen the critical institutions and infrastructure that drive the economy.

Infrastructural and Institutional Challenges

Any person familiar with Nigeria would agree that among the challenges facing the economy is ineffective institutions and dilapidated infrastructure (bad roads, erratic power supply, limited access to potable water and basic healthcare, and ineffective regulatory agencies, et cetera). The plethora of reforms and development policies are ineffective due to shoddy infrastructure and institutional failure [45]. In particular, electricity supply is poor and expensive; and investors are not impressed. In a country where electricity takes about 40 per cent cost of production [46] improving electricity supply would lure foreign investors into the society and spur the sluggish economy. With functional infrastructure and effective institutions and with good education system Nigeria can be turned into the Singapore of West Africa. Singapore is said to have 'one of the world's best-educated populations and busiest port'.

As economists have observed, building a vibrant economy or restoring growth to an ailing economy takes resources. To ensure long-term growth and prosperity, Nigeria must use its resources wisely, invest in science-based technology education to train a good stock of highly-skilled technical manpower to build and maintain the critical institutions and infrastructure without which the economy will not gain from the "power of productivity" [47,48].

Again, as economists have noted, a nation enjoys higher standards of living if the workers can produce large quantity of quality goods and services for local consumption and extra for export [49]. Without technological capabilities, however, the economic will remain in shambles, productivity will remain low, the quality of goods and services will remain poor, and Nigeria will be unable to produce enough food to feed its teeming population and will not effectively compete in the global marketplace.

Technological Capability

The government has not done a good job in investing in human capital and physical development so as to ease the shortages in technical skills. And unemployment has been soaring and the rate will continue to ratchet upward without technological capabilities to drive the economy

and create employment. Because of a lack of investment in science-based technology education (particularly technical and vocational education) Nigeria is suffering from a shortage of skilled technical manpower to build and maintain its critical infrastructure and produce quality goods and services. However, the on-going global economic and financial crisis that started in 2008 has worsened the already bad economic situation in Nigeria.

According to the International Labour Organization (ILO) [50] the impact of the global economic crisis has pushed up global unemployment figure, particularly youth unemployment. Over 71.9 million youth out of the 1056.5 million global youth population was unemployed in 2008. But the figure jumped to 80.7 million in 2009 out of the 1214.0 million youth in the world.

Other causes of high global youth unemployment include global industrial restructuring toward the knowledge-based and technology-intensive economy that allows industries and corporations to work with fewer workers; increase in minimum wage and the recent global staffing practices that favor experienced and skilled workforce over the less skilled or unskilled youth, and changes in business cycle [51,52,53,54,55].

As noted earlier, the Nigerian economy is suffering from a shortage of highly-skilled technical manpower and a lack of technological capability. Economists have aptly noted that modern economy demands technological skills to enhance innovation and to function effectively and efficiently [56,57,58]. In particular, development economists have noted that socio-economic changes or transformations are impossible in any society without the pre-conditions, one of which is technological capabilities [59,60,61]. And with technological capabilities and good governance national development is possible. A series of studies shows that no nation has developed without 'technological capabilities' [62,63,64,65].

For L. Kim "technological capability" is "the ability to make effective use of technological knowledge in efforts to assimilate, use, adapt and change existing technologies" [66]. In fact, experts have noted that 'technological capability' is an essential component for "sustainable development", which is a 'development' that 'meets the needs of the present [generation] without compromising the ability of future generations to meet their own needs' [67,68].

In spite of some flickers of development efforts (some people would argue that the efforts are not meaningful that they are coated by political rhetoric), the economic environment remains very unfriendly with industries and organizations still facing a huge hurdle. However, because of the poor employment opportunities most of the youth are frustrated and desperate to leave the country. Stories abound of how desperate Nigerians, mostly youth, take extraordinary risks to travel to Europe, the United States and even to some African nations in search of an elusive better life. Some of them have been arrested, tortured, and maimed or imprisoned in foreign

countries; and some of them have died in the deserts of North Africa in the process of trying to escape economic hardship [69,70].

And those who survive the ordeal will live to recount their bitter memories; however, those who lack the will or resources to leave may engage in various types of anti-social activities including kidnapping for ransom and armed robbery, *et cetera* [71]. For the environment to become business-friendly and for the economy to improve Nigeria needs all-encompassing macroeconomic policies.

Macroeconomic Challenges

Nigeria is bad case study in every aspect of national life. Policy inconsistency, greed, and complacency are among the problems facing the nation. Because the political leaders in their ostrich-like manners are ignoring the 'hemorrhage' these have caused in the economy [72]. Every administration that comes on board takes on new policy initiatives instead of building on the previous ones. Consequently, Nigeria has toyed with a series of ineffective and poorly implemented policies.

For instance, as Chief Economic Adviser to the former President Olusegun Obasanjo, Charles Soludo instituted a development strategy or policy branded the National Economic Empowerment and Development Strategy (NEEDS), which was supposed to focus on creating wealth and employment, reducing poverty and guide values re-orientation. However, after gulping a huge sum of money the NEEDS failed to achieve its objectives.

The administration of late Umaru Musa Yar'Adua dumped the NEEDS and adopted the Vision 2020 and the Seven-Point Agenda [73]. The Vision 2020 is unrealistic aspiration of the administration to transform the economy into one of the first 20 industrialized global economies by the year 2020 because the country lacks the prerequisites to become an industrialized nation [59,60]. These programs that are now basically dead gulped a huge sum of money that could have been used to resolve some of the socioeconomic and political challenges facing the nation.

Meanwhile, as the former Governor of Central Bank, Charles Soludo started the banking consolidation exercise in 2004 that reduced the number of banks to 25 from 89 and set the minimum capital base of banks to 25 billion Naira. But like every other reforms, the program did not translate into better governance or better risk management strategy as fraudulent activities in the financial sector continued. Six bank managers were dismissed for fraud and financial mismanagement by Sanusi Lamido Sanusi when he became the Governor of Central Bank (CBN) on June 4, 2009 (he replaced Charles Soludo as Governor of CBN). Acknowledging that the banking consolidation exercise was not a panacea, Sanusi Lamido Sanusi noted at some point that unethical practice in 'some banks and other financial

services providers are detrimental to the growth of the economy' [74].

Although some members of the public and the dismissed bank managers noted that the action was colored by hidden tribal agenda, but for this writer it appears the only positive action he has taken to sanitize the banking industry since he became the CBN Governor. Because as economists have observed, a 'healthy banking sector is among the 'keys to unlocking Nigeria's full growth potential' [75].

Given the poor state of the financial institutions and the Nigerian economy, it appears that Sanusi Lamido Sanusi does not have the technical, academic prowess, and experience to manage the CBN and the economy. It was recently discovered that some of the papers he presented recently in major public forum are not original; most of them were lifted from other people's work (In fact, some of them were culled from this writer's published work on the Internet). Nonetheless, before now the public has questioned his ability to stir the ship of the financial sector and bolster the wobbling Nigerian economy.

The leaders of Nigeria (whether appointed or elected) do not appear to understand their responsibilities and that effective reform requires systematic policy initiatives [76]. They do not seem to recognize that well thought-out and coordinated economic policies would spur the economy and national development. Ensuring price stability and strong currency while preserving the external reserves appears daunting for Lamido Sanusi and his team at the Central Bank. Despite recent claims by the CBN that it has achieved price stability within the system records show that the economy is suffering from rising inflation and unemployment or what the economists brand stagflation [11,14].

Although inflation dropped to 11.8 per cent in March 2011 from 12.3 per cent in February, but went back up to 12.5 per cent in April [77], the economy managers should understand that corruption, inflation and rising unemployment have the potential to erode social stability. Because of a dearth of statistics the government has been groping in the dark. The rate of inflation since January 2012 has been estimated to be hovering around 14.31 per cent. But some critics would argue that this figure is very conservative given the poor state of the economy.

Despite all that, economists who study inflation, including N. Gregory Mankiw [9] and others at the World Bank [52] have observed that there is a correlation between inflation, spending habits, and the level of national productivity. The problem with inflation in Nigeria is that nobody cares about how the politicians who are pumping huge sum of money into the economy that produces little or nothing are making the money they are throwing about in the face of the rising poverty rate and social crisis.

The federal government is also complicit. Records reveal that from January to April 2010 the three tiers of

government received more than N1.4 trillion from the federation account and over \$3 billion from the excess crude account. And about N1.3 trillion was disbursed during the same period in 2009 [43]. With the 2011 elections around the corner, inflation is expected to rise when the politicians pump huge liquidity into the system.

To curb the inflationary trend, the CBN should withdraw excess liquidity from the system through the Open Market Operations (OMO) and adjust its monetary policy accordingly; increase bank reserve requirements to decrease money supply, and increase discount rate to decrease money supply [9]. Good monetary policy helps to control the business cycle: it slows growth in a boom and spurs growth in a slump. But monetary policy alone cannot correct all the anomalies in the economy; the National Assembly should adopt good fiscal policy.

However, in a well-managed economy monetary policy and fiscal policy work together to change the level of total demand. Economic growth should be tied to activities in non-oil sector, because resources from oil alone wouldn't be enough to grow the economy and create employment. Growth in the agricultural and manufacturing sectors could moderate the prices of goods and services and create employment. If Nigeria's economy were a sick patient it would require a strong dose of good medicine. The industries are facing poor capacity utilization.

As Charles C. Soludo observed at some point when he was at the CBN, the Nigerian economy was at a point operated 'at only 25 per cent capacity' [78]. And the capacity utilization of the manufacturing sector also declined from 70.1 per cent in 1980 to 29.29 per cent in 1995, with a slight increase to 52.7 per cent in 2005, and another decline to 47 per cent in 2009 [79]. Critics, including this author, have blamed the underutilization of national resources and poor economy on nation's ineffective institutions and infrastructure.

Another problem facing the economy is that the huge foreign reserve accrued when Charles Soludo was at the CBN is gradually disappearing. The CBN reported recently that the foreign reserves went down to \$38.7bn as at June 2, 2010 from \$40.28bn on May 17, 2010 [80], apparently because the economy depends precariously on foreign inputs.

This writer is not a fan of Obasanjo, but the truth cannot be denied. One of the major achievements of the President Obasanjo administration was bringing down the country's foreign debts. Between 2005 and 2006, the administration (and with the assistance of Dr. Ngozi Okonjo-Iweala as the Finance Minister) succeeded in making the Paris Club to write off Nigeria's \$30 billion debt, after a down payment of about \$12 billion, thereby reducing the foreign debts to about \$3.54 billion. But because of bad monetary policy Nigeria's foreign debt profile is creeping up again relentlessly. According to the Debt Management Office (DMO), as at March 31, 2010 the foreign debt was about \$4.104 billion and domestic debt was N3.4 trillion. One wonders what the leaders did

with the money. However, Dr. Ngozi Okonjo-Iweala who left the Obasanjo administration and went back to her former job at the World Bank when the Obasanjo refused to adhere to her professional advice, has again been appointed the Finance Minister by the current administration of Goodluck Jonath And she has since been working incessantly on tackling the challenges facing the economy.

Market Challenges

One of the problems facing Nigeria is the Nigerian economy is the market is poorly regulated. Specifically, there is a lack of genuine competition in the system. In real capitalistic societies the economies are controlled by market forces or what Adam Smith brands the 'invisible hand' [81]. Thus, the self-regulating nature of the market determines where one lives and works, how much one earns, and what one can buy [9]. Although every economy-developed, developing or underdeveloped needs some form of government intervention, the political leaders are yet to heed the advice of Adam Smith, in 1776, that State should not unnecessarily interfere in the economy [81].

In Nigeria, however, the federal government "visible hand" virtually controls the market. It possesses practically the monopoly over setting the prices of petroleum products. For instance, sometime in 2010 the federal government arbitrarily raised the price of gas by 400 per cent [82] without considering its distributive consequences on the economy. And an attempt by the President Goodluck Jonathan administration to deregulate the downstream oil sector in January 2012 by removing government subsidy on fuel sparked off an avalanche of labor strikes and public protests as the removal of a fuel subsidy would raise the price of petrol (fuel) to 150 Naira (\$0.93) per litre from 65 Naira.

Critics, including this writer, argue that although deregulation of the downstream oil sector was not a bad idea, but the timing (the period the people were battling with debilitating economic hardship) and the approach (spontaneous increase in the price of fuel, instead of adopting a gradual process) was wrong. The strike that grounded the economy was called off only when the government succumbed to public pressure to reduce the rate of fuel price increase.

Given the poor state of the economy the debate in Nigeria today should focus on how the government should provide an environment for a healthy economic activity, and allow the laws of demand and supply (not personal idiosyncrasies) to regulate the prices of goods and services for the well-being of the citizens. In a functional democratic and capitalistic society market forces and competition would drive ineffective organizations and companies out of business and open up new market for the well-managed corporations.

But the Nigerian economy does not appear to respond

to market forces or Adam Smith's "invisible hand;" and as we have seen "state capitalism" or the government's "visible hand" [83] does not work effectively either, because of the engrained corruption and cronyism in the society.

And those in the retail business sector (or petty traders in the informal sector of the economy) think only of making a one-time quick sale without thinking of building a lasting relationship with customers. Thus, shoppers or buyers do not have the opportunity to return any defective goods to the shopkeepers. Because of such conditions shopkeeper keep making money by selling defective merchandise knowing fully well that the sell is final. And there is no law in the society to any victim; such inaction threatens the well-being of the economy.

Nigeria's democracy and capitalism are prostrate because of poor leadership and bad governance. For the Nigerian economy to change along with the changing new global economy, the economy managers, political leaders and their parties must discard their anti-development mentality and adopt policies that would spur the economy for the well-being of the citizens.

Political Parties and lack of Ideological Compass

Among the major problems facing Nigeria today is that the multitudes of political parties in Nigeria (about 56 and growing) are devoid of discernible political ideology. Nothing, in terms of ideology, differentiates the political party from one another. In advanced economies and true democracies there are inherent ideological 'wars' among political parties that drive democracy, the economy and social development. In such nations people of similar ideology congregate under a party, push their agenda and build a strong democratic government. In the process of selling their ideologies political parties help to shape the political culture of the nation and enhance national development.

But in Nigeria the politicians thrive on ignorance as they shuttle from one party to another to achieve their selfish political purpose. They are only concerned about their entitlement that has assumed a disturbing dimension. Some of them take home a 'salary of N2.48 million a month' (outside their allowances). They get such a 'huge salary' in a society with a high rate of unemployment and where about 70 per cent of the population lives on less than \$1.25 a day [84]. And 'each member is said to receive about 200 per cent of the basic salary as housing allowance, 75 per cent as allowance for vehicle maintenance and 30 per cent as allowance for entertainment, and another 30 per cent as allowance for utility. They receive 25 per cent for wardrobe and personal assistance allowances. For domestic staff allowance each senator gets 75 percent of his or her basic salary and 10 per cent as recess allowance, and 15 percent of the basic salary for the purchase of newspapers monthly'[85]. Such a waste of public money

can only happen in Nigeria.

Thus, unethical practices are among the challenges facing Nigeria today. For many of the politicians what is ethical and moral is often reduced to what they say in public to make a good impression and not what they do. Members of the Federal House of Representatives who have been sounding the trumpet of 'political reforms' could not recently trim down the number of political parties to 'two' as was suggested by some progressives. Nigeria needs no more than three political parties grounded in modern political ideologies. The government should discontinue the mouth-watering grants given to the political parties that exist only on the pages of the newspaper. And any political party that fails to win about ten percent of the seats in the State and federal Houses should be de-registered.

Lack of true federalism is among the challenges facing Nigeria. The federal government has enormous power; it gives out monthly allocation to states and local governments, and controls the mineral resources in every state. Any nation toying with the federal system is expected to conform to its basic tenets, without which it would not be regarded as such. Nigeria will not develop until the citizens (political parties and politicians) learn to work within the constitution and respect the rule of law.

Lawlessness and Security Challenges

Poor and uncertain regulatory framework is among the major constraints in developing businesses in the society. Nigeria is known as a lawless society – a place where the laws are disrespected and business contracts are not honored. Disregard for the rule of law was rampant during the Obasanjo administration; it was an era of selective justice: a set of law for the rich and well-connected and another for the poor. Although disrespect for the rule of law has lessened, it has not stopped completely. There are still some unresolved electoral cases from the 2007 elections [86].

After a protracted court cases the Appeal Court in Enugu ruled on March 25, 2010 that it was Alphonsus Igbeke of the All Nigeria Peoples Party (ANPP), and not Joy Emodi of the Peoples' Democratic Party (PDP), who won the April 28, 2007 election for the Anambra North Senatorial District. But David Mark attempted to refuse to swear in Igbeke as directed by the Court if not the intervention of the Attorney General, Mohammed Adoke [87].

In addition, Joy Emodi, in collusion with the Senate leadership, attempted to take the case to the Supreme Court after the Independent National Electoral Commission (INEC) had issued Igbeke a certificate of return. The 'lawbreakers' failed to understand that the Electoral Appeal Court is the final arbiter of electoral cases. High level political corruption has rendered the laws of the land impotent. It is against the principles of democracy and fair play to swear into office an individual

who was not duly elected while the actual winner is held hostage in the court.

The present administration has, however, promised to set up Special Courts for Electoral Offences. But many people fear that the electoral offence courts could be hampered by the same forces that have rendered impotent the Election Petition Tribunals, the Economic and Financial Crimes Commission (EFCC) and the Independent Corrupt Practices and Other Related Offences Commission (ICPC). The two 'corruption-fighting' agencies cannot effectively investigate and prosecute financial and economic crimes.

If one may ask what are the consequences for the judges who fail to expedite actions on electoral cases? Related to this is the 'zoning' of the presidency by some political parties without considering that the Constitution has no provision for that. Good governance, not zoning, will move Nigeria forward. Handing out public offices based on 'zoning' or 'federal character' to individuals would discourage hard work, competition and hamper creativity and productivity. It will also prevent the society from electing the best possible candidates to manage the affairs of the nation. The system must encourage and promote a healthy culture of political competition, make good enforceable laws to control corruption, and conduct free and fair elections.

In addition to rising crime rate, the Nigerian democracy is under pressure to today because the *Boko Haram* (a militant Islamic group) onslaught [88]. This group is on the rampage bombing government offices (Police stations, Military posts, United Nations building) and killing and maiming innocent citizens in churches and other public places. The administration of Goodluck Jonathan does not appear to have the security apparatus and human resources to tackle the *Boko Haram* menace, and other security challenges. The rising insecurity has worsened the already unfriendly business environment in the society. This is also hampering economic activities because foreign as well as local investors are hesitant to invest in the economy under the present insecure and unstable sociopolitical and economic environment. All problems speak volume of Nigeria's awkward social structure and skewed value system.

Social Structure and Value Systems

A spate of research has been done in the areas of value system and social structure. Nigeria's poor social structure and cockeyed value system are among the problems facing the society. Social structure, according to social science literature, is the way a society is composed or organized, including the 'social web of relations that regulate human interaction'. The social structure and values of a society determine its economic system and wealth distribution patterns, the effectiveness of its legal system and people's quality of life [89]. The social and economic conditions determine the people's

attitude toward public resources and their social values.

Values are conceptions that guide the way individuals act and react to issues, evaluate people and events and explain their actions [90,91,92]. Social values determine what people believe in (good or bad). However, values vary according to groups (religion, tribes, and ethnic groups). A person's (or an organization's) values define its 'structure and purpose' and enable the individual or organization to determine what is important and meaningful. Some people, however, believe that social structure develop naturally, while others think it is socially created by the elites who seek to control the economic system or institutional structure of a society [93].

Social and leadership values could either spur or retard the pace of national development. Thus some cultures are more suitable than others for economic growth and development. Decades ago, Max Weber (1864-1920), talked about the 'Protestant work Ethic' and the forces that led to the emergence of capitalism and competition [94]. Because of their work ethics individuals in the Western world are believed to have become rich through hard work-invention, innovation, creativity and high productivity. The economic success of the 'Asian Tigers' have been attributed to their 'Confucian Ethic,' which lays emphasis on hard work, loyalty and respect for authority, and of course, punctuality to work.

But because of corruption and moral laxity in Nigeria any person could become 'wealthy' and famous without any discernible source of income and nobody blinks. Public servants do not show up for work on time and do not take their work seriously; and they expect to get paid every month without being productive. The mentality that hard work and honesty does not pay (or not properly rewarded) has found its way into the school system as students do not take their studies seriously any longer. The 'I don't care attitude' the mentality to get rich through fraud often discourage the spirit of competition and hard work, and thus, inhibit national development.

The incessant social unrests have combined with the turbulent global economy and financial crisis to undermine the people's ability to earn a living and improve their lives [95]. There is a widespread social injustice in Nigeria; the government does not care about the welfare of the needy and the growing number jobless and sick people survive by virtue of the traditional safety net -the extended family system.

There are conflicting statistics about the rate of unemployment in Nigeria: the Nigerian Labour Congress at some point estimated the unemployment rate to be 35 per cent while the National Bureau of Statistics report showed that about 10 million Nigerians (about 20 per cent of the entire labor force) were unemployed as at March 2009. And recently the World Bank reported that over 40 million Nigerians are unemployed [96]. How can a nation become great when most of the people are unemployed and discouraged?

The nation's social structure and skewed value appear

to have contributed to the failure of the many reforms, visions and agenda in the society. And noted, the Vision 2020 and the recent re-branding campaign gulped a huge sum that could have been invested on human capital development and infrastructure to spur the economy and create employment [97]. No society has become an industrialized nation without investment in human capital development, particularly technology education. The 'Asian Tigers' could not have become what they are today without investment in technological development [98]. And any person who thinks that Nigeria can be transformed into an economic power-house without 'technological capability' must be living in a different planet.

That's the Crux of the Matter

The Nigerian economy has suffered a 'shell-shock' because the infrastructure and institutions that would spur the economy and create employment have been neglected. The unresolved socioeconomic and political challenges have increased public discontent; and many people are desperate to leave the country. Nigeria needs a leader who has the political will and commitment to challenge the status quo and transform the country into a knowledge and progressive society.

According to Peter Drucker 'knowledge society' is 'a society of mobility'- one 'in which many more people than ever before can be successful' [99]. Development-conscious societies are constantly restructuring and updating their social, political and economic institutions. No nation will become a 'knowledge' society without a viable educational system. And that is the crux of the matter with Nigeria.

The biggest worry for many Nigerians today is how to escape poverty and hunger. The poor and unemployed are not worried about their political future, but when the economy will become well enough to create employment. The government should focus on providing friendly business climate for economic activities and invest in human capital development, particularly technology education [100]. Technical and vocational education will help the poorly educated and unskilled citizens to acquire employability skills (soft as well as hard skills) with which to secure paid employment or self-employment and improve their lives. This is impossible without a friendly environment for productive economic activities.

Meeting the Challenges and Moving Forward

Nigerians are tired of being hungry in the midst of plenty. As noted, the political leaders do not care about the well-being of the people. While the people are slogging through the wreckage of corruption and wallowing in penury the leaders are busy painting glowing pictures of their plans and mesmerize them with colorful debates on how to lead Nigeria into the land 'full of milk and honey.'

Painting an unrealistic rosy picture of a bad situation is deceptive. Rhetoric cannot develop Nigeria. Nigeria's problems require a realistic solution. But it lacks the institutions and infrastructure to transform itself from a consumer society to a producer nation.

One of the friends of this writer who was disgusted with the appalling condition of things in Nigeria noted recently that Nigerians consume virtually everything imported from abroad: items ranging from chewing gum to toothpick. The leaders are not serious about changing the acrimonious and polarizing nature of politics because they thrive in chaos. History has offered the world a wealth of information on how economies grow and thrive as well as how economies collapse. But the leaders of Nigeria have refused to utilize the wisdom of history and follow the paths taken by leaders of developed and prosperous nations.

The leaders of Nigeria are deceptive. The former President, Olusegun Obasanjo, promised to give corruption 'a bloody nose' yet corruption blossomed under his watch. And he was at some point the Petroleum Minister yet fuel shortage persisted. The late Umaru Yar'adua followed his footsteps and promised to declare a state of emergency on the 'power sector,' but Nigeria is still in the dark; and he vowed to create jobs with his Seven-Point Agenda, but the unemployment rate is climbing off the roof.

As the 2011 election was getting around the corner the politicians who were clamoring to lead Nigeria started trading again the well-worn part of making false promises. Some of them were promising to give the people 'fire and water.' But they failed to realize that have given all these promises before but could not to deliver.

As mentioned earlier, one of the problems with the politicians and their political parties is that they do not operate on any known democratic ideals. In other words, nobody knows their values or what they stand for! One cannot differentiate between the 'new breed' politicians and the 'old guards'. They are only good at making promises and raising the people's hopes and dashing them. Because their promises do not contain any grain of truth the people have lost confidence in them. There is a growing concern that the 'new breed' politicians clamoring to lead Nigeria today would connive with the 'corrupt political contractors' as soon as they get hold of the key to the national treasury and milk the nation dry and leaving the people with the elusive search for economic prosperity and national development.

To address the challenges enumerated above, Nigeria needs a leader who has progressive social values. And they should adopts effective monetary and fiscal policies to stimulate the economy, tame bribery and corruption, nepotism and tribalism that are clog in the wheel of national development. Nigeria could become an economic power-house and command the attention of the international community only if it can give proper attention to education, particularly science and technology

education and produce quality goods and services at least costs. This will enable the society to compete effectively in the global marketplace. Nigeria must thus learn to reward hard work and creativity, without which the politicians will continue to 'cook the books' and the economy will continue to shrink.

As mentioned before, every story has two sides. The people have a critical role to play in meeting these challenges: they should become politically educated and remain vigilant to make the leaders listen and act right. To lure foreign investors into the society and spur economic activities and create employment for the teeming population the government should provide an alluring economic environment. Because of the inhospitable environment businesses are closing and others are relocating to neighboring countries with favorable environment.

To meet the challenges the leaders should reverse the injustices littering the landscape, reform and restructure the ineffective institutions and fix the dilapidated infrastructure, and grow the economy to create jobs and give the people equal access to economic opportunity. However, history shows that no nation can achieve economic greatness without investing copiously in science-based technology education and develop a good stock of highly-skilled technical manpower and technological capability.

Nigeria has not been able to develop as it should because the leaders have always put their personal interests above 'common good.' As Tony Blair observed in an article, "A Call to Greatness"-an essay adapted from his memoir, *A Journey: My Political Life*: The real test of leadership-amongst all the tests of policy, judgment, politics and ability- is whether, in the final analysis, you [the leader] put the [welfare of the] country [or organization] first; that ultimately you are prepared to put what you perceive to be the common good of the nation before your own political self. It is the supreme test. [And] Very few leaders pass it [101].

Thus, without creating a hospitable environment to lure investors into the economy; and without ensuring that the Constitution and rule of law is respected and business contracts honored; and without investing in human capital development, particularly technology education Nigeria will continue to dream of being an industrialized nation.

CONCLUDING REMARKS

Can Nigeria accomplish what she is dreaming about? It is not certain because the country lacks the technological capabilities to transform into an industrialized society and the leaders are not making enough effort to equip the schools and colleges to train the needed highly-skilled technical manpower (engineers, technicians, technologists, scientists, et cetera) to drive the economy and improve the people's living conditions. Thus, Nigeria's

socioeconomic and political challenges have remained perpetually unresolved because of bad governance and leadership without a moral purpose.

Nigeria has had the misfortune of being governed by corrupt and visionless leaders since Independence in 1960. Today, nothing works in the society as they should: the institutions and infrastructure are ineffective, the education system is in shambles and the economy is comatose. The country cannot compete effectively in the knowledge-driven global market place with unskilled, poorly educated and unmotivated workforce.

Because of ingrained corruption and cronyism, Nigeria is now perceived by the world as a bad product. Like a bad product, any person trying to market Nigeria in its present poor state will find it extremely difficult to convince any potential buyer. No amount of advertising slogans can sell a bad product; in the same token no amount of fanciful slogans can change the poor image of Nigeria and transform it into a 'great society. And like a bad product, the only chance Nigeria has to be accepted in the global market is for it to be recalled and remade to enhance its chance to compete in the market place.

The economic well-being of the people weighs on the shoulders of the leaders. The visionless and unplanned reforms have not revived the stagnating or withering middle class. And Nigeria cannot accomplish her objectives with the corrupt political leaders who managing the affairs of the nation. For instance, a 49-year old former Governor of Delta State, James Ibori, recently pleaded guilty in London's Southwark Crown Court to a 10-count charge of fraud, stealing, and money laundering. James Ibori admitted, after years of denial (and eluding the EFCC Nigeria's corruption-fighting agency) that he defrauded his state of about £50million through inflated state contracts, among other crooked means, and laundered the money into his private bank accounts in London with the assistance of wife and a herd of concubines. However, Scotland Yard detectives believe his fraud could surpass £250million given the luxury properties and a fleet of expensive cars he owned both in Britain and Nigeria [102]. There are many people in leadership positions who are worse than James Ibori.

For Nigeria to realize her dream of being an industrialized nation in the near future there is need for a paradigm shift in the manner the country is governed and collective mentality reorientation of the citizens to reposition her negative brand identity. More important, Nigeria needs to build a future that is hopeful and brighter than what is obtainable presently. It needs to adopt a skill-oriented education principle to develop a stock of highly-skilled technical manpower to build and maintain the critical infrastructure and institutions to drive the economy and create employment for the teeming population. Without the leaders fulfilling their obligations; and without developing technological capabilities Nigeria's quest for political stability, economic prosperity, and national development will remain merely a dream.

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