



Confronting the **Crisis** of Confidence in the **Economy**.



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*Being the opening remarks by Olufemi AWOYEMI, mni, Founder of Proshare LLC at the **Economists' Conference Webinar** to discuss the State of the Nigerian Economy themed "**Policy Crossroads: The Choice Between Strangulation and Expansion**" held on Friday, February 23rd, 2024.*

When smart people are stuck, they ask for help. As G.K. Chesterton once said, "It is not that they cannot find the solution. It is that they cannot see the problem."

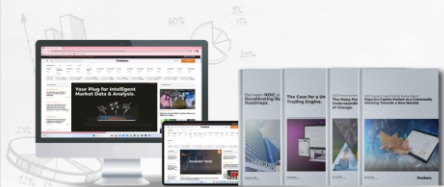
Today, not unlike before, we face a generational moment where we must courageously and truthfully confront our economic challenges.

We are faced with a '**perfect storm**' – an especially challenging situation where a rare combination of circumstances will aggravate a situation drastically. The economic management decisions from **2014** to date created the build-up to policy decisions taken in 2023 that tipped the delicate economic balance of options overboard.

While **pain is inevitable, suffering is optional**. It is common knowledge that any administration that came after the Buhari administration needed to make necessary and carefully thought-out painful adjustments; and this burden of responsibility must come with both the right signaling, sequencing and communication of the lag between action and when results manifest, to moderate the suffering.

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The Tinubu administration courageously introduced policies that should have been adopted and implemented earlier under an appropriate policy sequencing programme. Unfortunately, **the administration decided on the right policies under the wrong sequencing arrangement**, leading to an accelerated downturn in the disposable income of citizens. "Truth be told, Inflation and devaluation were not a cause but a consequence of excessively loose monetary conditions, absence of fiscal direction, and panic-induced and uncoordinated responses from public leadership - from the presidency to the legislature, and government at the state level.

The macroeconomic and microeconomic indicators appear headed southwards at a rare unprecedented and unusual speed, causing panic, uncertainty, and finger-pointing.

Nigerian households now make daily hard personal and financial decisions due to choices that are now upon us and policies we cannot deny or pretend about in our corners anymore.

The people are, understandably, ill-prepared for the consequences. The key concern, however, must be the signal that the government may be equally ill-prepared for the meltdown and the remedial actions needed. At a time when bold and well-coordinated responses and communications are needed, current policy reactions appear to tilt towards a command-modelled economy, which is inconsistent with our free-market economic model.

The historical opaqueness in government finances and the absence of transparency and accountability have opened the doors for all manner of strategists, speculative actors, and survival advocates to metastasize.

The trust deficit between citizens and the state's traditional institutions is widening, and we need to restore confidence in the economy, the currency, the financial markets and the productive entities in the country.

If citizens are to buy into **an agenda that requires patience, sacrifice, and change**, the consistent narrative should be signalled from or around public sector frugality, plan articulation, whole-of-the-society approach and end-game impact assessments built on a whole-of-government approach; not as an emblem of good governance but as an integral part of public accountability.

Given that all markets and economies thrive on confidence; it is evident, therefore, that **clear decorum and restoration of confidence** are

urgently required.

It is therefore a trite fact that the leadership responsibility of the current economic catastrophe must be anchored to the current administration and a demand made on the prudent management of the cost of governance, pro-poor/vulnerable members of the society, policy choices, and a better superintendence of the market forces of demand and supply.

We must also see this culmination of decades of poor policy choices as an opportunity to address a national problem that requires the effort of all Nigerians, particularly, enlightened citizens.

That said, we need to recognize the current situation as volatile and dangerous, and desist from the blame game that hurts rather than builds the necessary alliances for growth required. We have to use platforms and vehicles to build nodes that elicit public discourse to design and proffer solutions for our collective good.

In confronting the current consequential challenges, therefore, **we must not repeat the mistake of being tunnel-visioned and ignoring the opportunities inherent in the dislocations we see**. Turning everything on its head through the policies initiated may not have delivered smart outcome, but it offers the one-off opportunity to reset issues, redress essential de-linkages; wean off leeches and establish an economic order that offers comparative, competitive and compelling growth opportunities for a sustainable economy.

That task is for those of us who believe in and are committed to a better society for all.

While economics may not be an exact science, the reality of our situation is not in doubt and the solutions must have a holistic approach.

For this reason, we sought the counsel and expertise of **foremost economists with public-sector economic management experience, affiliations with the principals in the government and, more importantly, possessing the trust of the public to offer their thought-led policy options** to tackle Nigeria's many variances; and offer insights into what the end-game would look like as a first step in a series of steps, the managers of the economy can build upon.

The objectives are, to tell the truth as part of the confidence-building process and show how consensus can be built. The overall approach is to present answers to specific concerns about the country's economic direction.

This is not intended to be a talk-shop but a reasoned attempt to signal options out of the crossroads we are confronted with.

I have, as often as I could, offered my personal opinions and directions to steer the Nigerian economy back to progress. I am also aware and grateful that many of you also do the same.

However, as James Surowiecki said in his brilliant book - **The Wisdom of Crowds**, that “the knowledge of a crowd results in better decision-making, innovation, and problem-solving than that of an individual.”

We believe that as we allow participants to offer diverse and independent opinions, express their realities and capture the mood of the nation, we will aggregate a rich collection of submissions, and offer a unified strategic advisory for the government.

I wish us all a productive deliberation.

Thank you.

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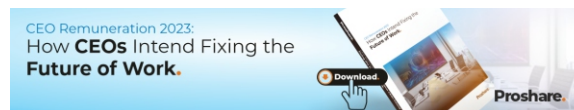
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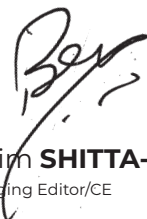
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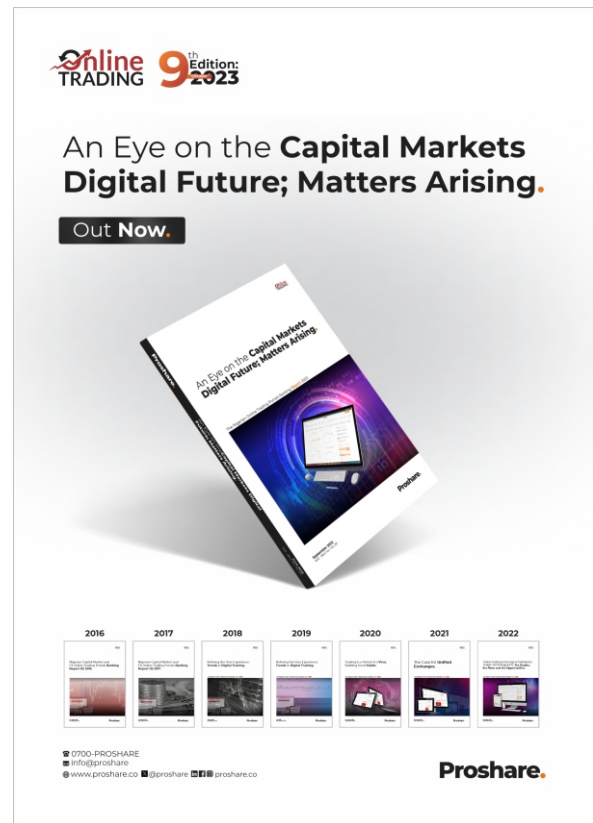
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
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