INVESTMENT-CENTRED TRANSITIONING FROM AGRARIAN-TOURISM ECONOMY TO MANUFACTURING IN CROSS RIVER STATE, SOUTH-EASTERN/SOUTH-SOUTH, NIGERIA: A THEORETICAL PERSPECTIVE AND BACKGROUND

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Abstract: Embattled by ministries, departments and agencies of Nigeria’s federal government, that worked together with neighbouring (Akwa Ibom) State government to remove Cross River State from the country’s oil-producing states entitled to receipt of larger statutory allocations compared to their counterparts, Cross River State Government’s policy of promoting regional development through attraction of foreign direct investment (FDI) since 2009 is receiving praises. This article presents contexts, core-periphery theoretical perspectives, and comments elucidating intricacies of FDI-centred sub-national regional development strategizing in the context of phenomenal globalization of neoliberal capitalism. It is argued that the core-periphery theory’s current status promises ‘depressed’ sub-national regions the development strategies they require for transiting from backwardness to growth. This assertion derives from the theory’s encouragement of Nigeria’s ‘depressed’ sub-national regions to aspire towards applying innovative policies/instruments capable of reversing undesirable circumstances that sometimes surpass standards previously/currently attained by counterparts placed higher on the development ladder.

Key words: Foreign direct investments, development strategizing, core-periphery theory/model, Cross River State, Nigeria, manufacturing, Calabar FTZ (city), low per capita income

Introduction

Nigeria’s popular literature has recently been replete with reports of spurs in investment in manufacturing in the Free Trade Zone (FTZ) and environs of the city, Calabar, located in the geographical south-eastern part of the country, and classified under the South-South geo-political zone of Nigeria. This city region serves as the incumbent capital of Cross River State. Formerly, it served as capitals of Nigeria’s Southern Protectorate that was later joined with the
Northern Nigeria Protectorate to fabricate Nigeria in 1914. Calabar also served as political capital of Eastern Nigeria in the 1950s, when Nigeria was administered under four, and later five geo-political zones. The academic literature has also indicted Nigeria’s as being notorious for receiving FDI that focus on non-manufacturing economic activities that tend to be of low outcomes or less beneficial to developing countries that gets such (te Velde, 2006). Apart from the West’s (United States of America conglomerate, General Electric’s recent commitment towards investing one billion US Dollars within the next five years on manufacturing in the south-eastern Calabar city region; investors from the East (led by China) is also committing towards industrial manufacturing spurt in the sub-national urban region (Ventures Africa, 2013a; several Nigerian Dailies, 2013). Following the ground-breaking ceremony of General Electric’s programme in Calabar, a flurry of other investments have been declared by several firms which are aiming to gain from the advantages believed to be derivable from the expenditure, within the next five years, of US$1 billion - equivalent to about NG=N= 158 billion (i.e. the country’s currency, Naira) in the sub-national region. The investment will be dedicated to Multi-Model manufacturing and industrial services at the Calabar Free Trade Zone (CFTZ).

Cross River State Government functionaries are expressing excitement over the advantages such as the supply contracts and jobs that would be spurned out of this foreign investment which adds to the usual State Government annual budgets, which was estimated at about NG=N= 151.3 billion –covering both recurrent and capital expenditure- for fiscal 2013 for the sub-national region (Cross River State Government, 2013). Ample scope is provided for this study by several reasons two of which deserve immediate mention here. First, previous reports in the academic and popular literature about Calabar region and its environs as an economically backward region compared to other growing regions in Nigeria (Omuta and Onokerhoraye, 1986). While the urban characteristics of this “economic backwardness” translated into Calabar’s description as a sleepy, small and dull town full of low-income-earning government bureaucrats whose streets occasionally exhibited poor cars, mostly the old-fashioned “beetle-design Volkswagen type” compared to most residents of the neighbouring south-eastern city (Port Harcourt, Rivers State, where petroleum oil and natural gas business has been vigorous since the late 1950s) who drive expensive posh cars (Nigeria’s development-speak and conversations, 1980s-1990s).

Moreover, recent exclusion of Cross River State, the sub-national region enveloping Calabar urban region, from the list of fossil fuel (oil and natural gas) producing regions of Nigeria set in motion sub-national regional public policies
aimed at stimulating growth through private sector -contrasted to remaining in the petro-capitalistic culture of over-relying on earnings from export of crude-oil extracted from the Niger Delta region where Cross River State belongs (Ingwe, 2013a). Part of the region’s economic backwardness included a low contribution to the Gross Regional Product (GRP) to the national revenue compared to the higher contribution by economically stronger provinces/states (Olaore, 1980, 1977). The recent and ongoing inflow of FDI into manufacturing in the Calabar urban region and environs promises to raise the gross regional product and socio-economic profile of the sub-national region. In order to sustain the inflow of FDI and apply same effectively for properly contributing towards effective economic geographic and spatial development of the sub-national regional development in the region, knowledge of the nature and geography –in terms of the origin of foreign direct investment (FDI) coming into the Calabar FTZ and environs is required.

**Problematising the recent investment spurt in the Calabar, FTZ**

Not much is known about the theoretical underpinnings of economic geography that underlie the shift from agrarian economy to the investment-spurred manufacturing type in Cross River State. On what theoretical grounds could we, as geographers view, debate and/or assess the ongoing transition and development strategizing that has been ongoing in the sub-national region?

Objectives and organization: Nigeria’s FDI attraction strategy has been indicted in the literature, as being dominated by FDI focusing on non-manufacturing economic activities that tend to be of low outcomes or less beneficial for the country, (te Velde, 2006). As a foundation for progressing towards studying and understanding the way investment in Cross River State has increased recently and differs from investment level in the region hitherto as well as those of other parts of Nigeria, the general objective of this article is to contribute towards understanding the recent/ongoing economic development dynamics in the sub-national region. Therefore, we organize and present relevant and specific materials for achieving specific objectives of this study, in sections, as follows. We present some contextual social, economic, and environmental background conditions of parts of the sub-national namely: Calabar urban region and its environs. Then, we present essential features of the core-periphery model, one of the classical regional development theories (body of ideas) applied by human geographers and their cousins in the social sciences considered suitable for understanding the ongoing spurt in investment in manufacturing in the sub-national region.
Socio-economic context for understanding and assessing foreign direct investment in Nigeria and Calabar, Cross River State

Mass poverty, high unemployment, inequality and corruption

With a population recently projected at 161 million (BusinessDay, 2011a: 21), Nigeria’s opportunities, namely a huge market for products and services produced and offered by firms is attractive to investors in manufacturing. About half a century-old development challenge of unemployment of a large population of the youthful population reared its ugly face in the late 1960s (Callaway, 1966) worsened to the point of having –about 40 million of unemployed youth, a large proportion of them (80 per cent) described by officials as “unemployable” in the mid-2000s (Nigerian Tribune, 2009; February 25: 20) presents inexpensive labour for foreign investors. A brief examination of Nigeria’s history of being Africa’s most populous country since the mid 2000s clarifies this country’s recent preferred destination for foreign investment on the continent. Nigeria’s population of over 140 million in 2006 constituted nearly 20 percent of sub-Saharan Africa (SSA)’s 2005 total population (732.5 million) (Nigeria, 2007, 2007b, WRI, UNDP, UNEP, World Bank, 2005: 177). The huge population is projected to rise further to over 206.7 million (UNDP et al, 2005: 177). This indicates to investors the stability of the huge market and the necessity of planning towards improving their investment by taking advantage of the existing opportunities in the country. In terms of the welfare of Nigerian citizens, Nigeria’s economic history is disappointing. In the 2000s, Nigerian government functionaries (e.g. Chairman of the National Planning Commission, Dr. Chukuma Charles Soludo; Federal Ministers of Labour, and Productivity and Education, among others) publicly informed that about 40 million youth were unemployed. More scandalously, they revealed that about 70% to 80% of them were unemployable due to the poor education they received from the country’s tertiary educational institutions (Nigerian Tribune, 2009: 20).

The huge quantities of Nigeria’s large deposits of proven fossil fuel, including 4635 million metric tones of oil equivalent (mtoe) of oil and 4497 mtoe of natural gas (WRI et al, 2005: 201), among other energy resources (Adekeye, 2008: 18-23), have been extracted for export to earn an average of US$20 billion annually since the 1970s (Adams, 1991) have not impacted positively on Nigeria’s masses. Unfortunately, a disproportionately large part of these earnings have been stolen by the country’s elite constituting less than one percent of the population. Nigeria’s US$1 billion was reportedly stolen in 1978 by military dictators who reigned between 1976 and 1979. More recently, another set of dictators –led by Sani Abacha- who reigned between 1993 and
1997 reportedly stole between US$ /5 billion and US$ 50 billion was (Lombardi 1986; Adams, 1991, Omojola, 2007: 20-35, Ribadu, 2009). These high level of corruption and criminal acts have had consequences on the country’s social sectors (health, education, among others) which were subjected to gross under-funding and mass poverty (Babalola, 2007; Makanjuola, 2002; Fashina, 2002). Besides, mediocrity, ineptitude, and destructive political contests for resources for sharing have been pervasive in public policy (BusinessDay, 2011b) at federal, 36 states and 774 Local Government Areas.

Consequently, about 70.2 per cent and 90.8 per cent of the nation’s population lived on less than US$1 per day and US$2 per day respectively in 1997 and thereafter (WRI et al, 2005, Ingwe, 2009). Nigeria’s ranking on the socio-economic scales has been poor: Its human development index (where the most developed country was represented as “1”) was only 0.47. The nation’s human poverty index (100 = highest rate of poverty) was only 35.1 in 2002. Although the nation’s gross domestic product (GDP) was US$32,953 million in 2002 and was the second largest in SSA, her GDP per capita PPP in 2002 was only US$919 (12th largest in SSA) (WRI et al, 2005: 189-193). Recent business
delegation from China expressed satisfaction with the opportunities in the Calabar region and environs. We briefly examine some of these.

**Relating geographic, socio-economic –including tourism settings of the Calabar region to increasing manufacturing investment**

Drawing from insight to the region as recently provided (Ukwayi, Ingwe, and Ojong, 2012), the region has an area of 472,704 square kilometers comprising two Local Government Areas (Calabar Municipality, 194,274 square kilometers, and Calabar South, 278,430 square kilometers. Increasing socio-economic activities is pushing the statutory boundaries of Calabar region beyond the foregoing confines. Reports of Nigeria’s 2006 census put the city region’s population at 371,022 (i.e. Calabar Municipality; 179,392 and Calabar South; 191,630 (Nigeria 2007). The city-region has a reputable political and economic history in Nigeria. Its sea route and natural seaport potentials facilitated travel, arrival and establishment of a European slave trade depot that contributed large population of slaves from this part of the world to the global Trans-Atlantic Slave Trade. These facilities encouraged trade in other commodities (oil palm etc., between the Europeans and the Calabar (Efik) people. The region served as the administrative capitals for the following political entities: Southern Nigeria Protectorate, Nigeria as an amalgamation of Southern and Northern Protectorates before the capital was moved to Lagos. Thereafter, it became the capital of South Eastern State and currently Cross River State.

![Figure 2: Nigeria showing study area: Cross River State –one of Nigeria’s 36 states where the southern coastal Calabar city is capital, is shaded](Source: Ingwe et al, 2009.)
Recent tourism infrastructural development in Calabar city

For the past one decade and half, Calabar urban region has been the focus of the establishment of strategic infrastructural assets covering many sectors, from healthcare, education, agriculture, electricity, water, urban to rural transportation. The development philosophy of these infrastructural programmes is that their (re)generation in rural and urban areas engenders complementarity in sub-national regional economies. The latter involves rural areas’ contributing agricultural produce (food stuff, and raw materials for industrial manufacturing thereby providing a foundation for the emerging urban industrial region. Calabar urban infrastructural development started in the early 2000s with funding from the Niger Delta Development Commission, NDDC, a Nigerian federal parastatal, established by the federal government to fund development programmes in the oil-rich Niger Delta. This ensured that most streets in the urban centre that had gone into disrepair for decades since the 1980s were reconstructed and renovated. More recently, from the late 2000s when Governor Liyel Imoke’s administration was inaugurated on 29th May, 2007, additional works began. Calabar benefited from most of the asphalting of a Cross River State-wide closely knit road network of over 800 kilometres. The Imoke administration is being perceived as having left an indelible foot-print on the sands of time due to the way he pioneered rural development in Nigeria’s post-independent era. Other major infrastructure programmes in Calabar and environs include the Airport Bye-pass, the Tinapa Knowledge City, smartgovt and Electronic Citizens Identification Scheme, Calabar International Convention Centre and Hotel (CICC), International Gulf Course, Port-side industrial park, Land Registration Reform and a host of housing estates. These infrastructural development programmes provide the objects that have appealed to and attracted investment inflow into Calabar urban region in particular and elsewhere in Cross River State, in general (Daily Independent, 2013).

Previous infrastructural development for supporting tourism (leisure and business)

Since the dawn of the Fourth Republic (1999 to the present), the Cross River State Government has been developing a tourism economy with Calabar city, which serves as the hub of this sector (Ingwe, 2013a,b). Recent state government policy of developing a national and international tourism destination in Cross River State focuses on expanding the tourism facilities and capabilities of the city and environs. TINAPA –an elite tourism project advertised as Africa’s premier business and leisure (Africa’s warmest welcome) is a multibillion NG=N= resort located in Odukpani Local Government Area north of Calabar.
city. Moreover, since its commissioning in April 2007, conference facilities in Tinapa (hotel, halls, etc.) have hosting of several aspects Calabar Christmas Carnival (an annual festival that for nearly a decade, since 2000) has become a regular socio-cultural assembly of tourists and business people from around the world to what is described as “world largest street party” in Calabar city. This has become a regular host of (inter)national socioeconomic and political events such as retreats for Nigeria’s over-paid politicians, sports people and musical entertainments. Apart from the Cultural Centre, among other recreational areas, Calabar city hosts Cross River State’s three most important tourist sites advertised by government: Marina Resort (a beach-head recreational area) and TINAPA (State Planning Commission of the Cross River State Government, 2009: 21; Esia, and Ayara, 2012). It was reputed to have attracted several thousands of participants in 2007. Cross River State’s Governor, “Imoke kicks off (the 2012 version of the) “Carnival Calabar Dry Run” (Tribune, 2012). Calabar city is accessible through Margaret Ekpo airport recently complemented with a smaller airport (Bebi airstrip) located in the sub-national region; in the hinterland for linking air travelers (tourists and business people) to the towns and tourism sites in northern and central parts of the state.

Akpabuyo, another Local Government Area which shares borders with Calabar city has been experiencing vigorous urbanization due to the increasing tourism and increase in the visibility of Calabar and Cross River State’s tourism activities. The tourism development policy focused on expenditure of public resources to improve urban environmental sanitation and security above the levels of rival 35 states and Federal Capital Territory of Nigeria has successfully in attracting large populations from outside the city, region and country to Calabar and the state (Cross River State Government, 2009). Calabar stadium comprising a football arena with carrying capacity of about 40,000 located within the city, the urban region has been hosting (inter)national regional and local sports tourism events. Some of the notable events hosted the 1999 Junior World (Football) Cup, 2009 Junior World Football Cup in October (November), among others too numerous for listing here.

Social and economic infrastructure and environmental conditions

Calabar seaport remains one of Nigeria’s most important transportation facilities. The city was easily chosen for developing Nigeria’s premier export processing in the early 1990s later upgraded to free trade zone (Cross River State Government, 2009: 9). The urban region is regarded as a strategic location for linking Nigeria’s eastern coast with the rest of the interior regions in the eastern and northern parts of the country. The Margaret Ekpo international airport
Calabari is linked to a smaller airport-strip in Bebi, within Calabari city’s environs, to enable tourists to rapidly access the Obudu (Cattle) Ranch Resort – a temperate-type climate resort located at a plateau at an altitude higher than the surrounding region and equipped with electronically operated cable cars for transporting tourists thereby avoiding frightening road travel through numerous meanders including the notorious “devil elbow” (Cross River State Government, 2009).

The earlier introductory background belongs to theoretical perspectives of regional development that have previously been undertaken in the sub-field. A brief examination of the overview of the theoretical perspectives is apposite here as a means of strengthening this introduction. The literature in regional development has raised to high visibility certain concepts and theories as well as their ambiguities. Paramount among such concepts is the region: is it (the region) to be viewed as a sub-national entity or an entity that transcends one country/nation as in the case of the European Union (EU) to which advancement in the formulation of policies and strategies described as “regionalism” has been most popularly and nearly unanimously credited (Szajnowska-Wysocka, 2009: 1; Scott and Marshall, 2003) or is it referenced to other different ideas? This scalar component creates the greatest ambiguity in the concept (region). Regarding the theoretical perspectives, we prefer to consider those in the league of the classics. Two major strands of these classical theories of regional development include: those addressing regional development –at a general level; and those particularly concerned with endogenous regional development. Alicja Szajnowska-Wysocka’s review elucidates on the multiplicity of the classical theories of regional development as well describes their areas of emphases. They include: globalization, economic base, new export-based trade, basic product, growth poles, core-periphery, regional innovation networks, regional (local) innovation networks, production cycle, flexible production, and industry clusters. Others include theories/models elaborating: path dependence, cultural pluralism, actors in the net, and self-organising space (Szajnowska-Wysocka, 2009). The existing elaboration of the afore-mentioned theoretical perspectives makes repetitions of same unnecessary here. What presents greater relevance in the scholarship focusing on regional economic development generally and foreign investment in manufacturing is the urgency of relating the increasing commitment of investors of varying economic/industrial sectors, geographical origin within the advanced economies/nations, among other categories; to the existing theoretical perspectives as well as representing the intellectual dimensions of the increasing investment in the Calabari urban region.
Theoretical perspectives for understanding the spurt in manufacturing investment in Calabar

The core-periphery model

Alicja Szajnowska-Wysocka’s review highlights this theoretical strand. Viewed as one of the most popular of the regional development theoretical perspectives, this theory/model whose emergence in the regional development literature coincided with the rise to prominence of theories of polarized development e.g. growth pole(s), presents the core as the centre and possessor of capital and located in the metropolitan regions of Western capitalist hegemons or economically advanced nations. While the peripheries are areas drained by the core regions thereby find themselves with inadequate capital and by extension become vulnerable to increasing exploitation by the former who valorize their capital by moving same to the latter for exploitative business transactions including manufacturing. In terms of technological, economic (capital), services, political and cultural characteristics, dogmas were fabricated by the metropolitan capitalists purposefully for subordinating the peripheries for their profiteering thereby maintaining the unbalanced and unequal hierarchical relationship that facilitates exploitation of the latter by the former. This theory distinguishes itself from those of polarized development by its emphases on economic categorization of the areas under discussion. It has been suggested that while core-periphery theorists concentrated on global-scale disproportions in development within less developed or so called developing countries; polarized development theorists focused on disparities in levels of development within the core regions or economically advanced countries (Dutkowski, 1994; Rykiel, 1997; Szul, 1988).

Geographical relativity of the core-periphery concept

Regional development scholars draw attention to this sub-heading following the exposition of the dynamics involved in the emergence of areas that take on characteristics and functions of centralization contrasted to those in the peripheral position (Szajnowska-Wysocka, 1999a, 2005). The domination of the peripheries by the core was explained by John Friedmann and W. Alonso who suggested that disproportions in development arise from (or are determined by) flows of innovation of technological and cultural dimensions as controlled by the core. They contended that the core (central) regions combine strength in influencing and possession of potentials for experiencing change with competitive enterprises capable of producing innovative products and services (Friedmann and Alonso, 1964).
Believers in the foregoing thesis by Friedmann (and Alonso) are perpetuating the argument founded on contentions that the emergence of new centres/core areas is a dynamic process determined by flows of innovation (technological trends) and opening of industrial branches. This represents a dialectical relationship between core and peripheral areas whereby over time there occurs reversals in the statuses or positions of which area takes the position of the core or periphery depending on the dynamic flows of innovation (technology and culture or branch plants establishment) such that areas that either fail or slow down their innovativeness are overtaken by those who are actively engaging in the practice. Put differently, this includes downgrading of a former core region to a peripheral one and vice versa. Silesia, a former centre of national economic activity due to its commanding position in heavy industrial manufacturing in Fordist Poland is cited as a region that was experiencing decline due to the structural dysfunctions observed there thus descending towards peripheralisation (Szajnowska-Wysocka, 1999a, 2005).

The experience or creation of favourable conditions facilitates upward transformation of a region that was formerly known and described as peripheral into a central/core status. This transformation is frequently transitional and follows from its initial position as “periphery” through “borderland” to “core”, however, only taking longer than desired over the human perception of time in regions that are currently described as developing world. K. Heffner argues that this dynamism and transitional character of the economic development process proves wrong allusions to the permanence and unchanging nature of regions that are currently and previously in the periphery because they have opportunities to change under the right or favourable conditions/factors (Heffner and Marsz, 2005; Heffner, 2003).

**Core-periphery theory’s suitability**

At this time that is characterized by phenomenal globalization, the core-periphery theoretical perspective assumes a very important status for understanding the role of foreign direct investment in promoting sub-national regional development in a developing country such as Nigeria. The current status of the theory makes it promising for sub-national regional development strategizing since it encourages ‘depressed parts of a country (sub-national regions) to aspire towards applying innovative policies and instruments to reverse their circumstances thereby surpassing the standards of counterparts that placed higher on the development ladder.
Foreign direct investment and sub-national regional development in developing countries

The relationship between FDI and development (i.e. whether it contributes towards economic growth or stifles or impedes it) in developing countries has been a contested subject. While some believe that FDI contributes towards economic growth of destination countries, others argue that it either drains host countries’ environmental/natural resources and/or impedes the development of human capital including the opportunities of the latter to achieve its full potentials in entrepreneurship such as creating competitive businesses similar to those that usually move out of their original capitalist nations outwards to developing countries. However, the era of neoliberalism or what has been described as neoliberal counter revolution -corresponding to the past three to four decades and counting- governments of developing countries have become more favourably disposed towards attracting FDI as a way of enhancing their local-national economic development. (Sub)national regional governments in most developing countries have increasingly sought to attract FDIs hoping that they will enhance their local-national technological and capital sectors by liberalizing local policies and applying various measures including guarantee funds, matchmaking, among others. Within the past one decade and half, it has been reported that developing countries’ governments have become discriminatory about FDIs: favouring those specializing in high-value added manufacturing activities credited with transforming production structures of local-regional situations, over those engaged in activities of other moulds. Specific examples have been cited regarding the variation in outcomes for the two kinds of FDIs in specific countries or regions. In this regard, a reflection of the description of the terrible culture of Petro-capitalism, Nigeria is cited as one of the developing (oil-rich) countries where from the 1970s to 1990s, domestic capabilities in import substitution industrialization strategy was scuttled by indiscriminate receipt of FDIs that sought the huge market (te Velde, 2006: 2) spurned by rapid population growth.

Conclusion

The core-periphery theory has been used for elucidating on the challenges of sub-national regional development strategizing in Cross River State, one of Nigeria’s 36 states –statutorily endowed with political sovereignty equivalent to that of the country’s federal government in terms of planning and managing its own development programmes and projects. Further research to increase understanding of this subject shall proceed based on the need for empirically assessing the level of performance of the Cross River State Government in
attracting FDI (size) –and comparison of the foregoing with other counterpart Nigerian states. Findings on the latter study –nearly completed by this author - shall be published shortly (Ingwe, 2014b). Similarly, an analysis of the associated political and geographic dynamics related to the extent to which the application of FDI for development bodes with principles of equilibrium –or otherwise- in balancing development levels among autonomous regions has also been completed and shall also be published shortly (Ingwe, 2014c).

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