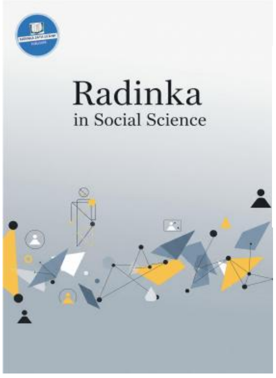

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The Nigerian State and Industrialization Catch-22: The Taipei Trajectory

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Abstract

While social welfare systems are deeply institutionalized in the developed world, they remain routinely marginalized in developing nations due to infrastructure deficits and political volatility. Despite its vast natural resource wealth, Nigeria’s social protection framework is rudimentary and exclusionary, leaving the vulnerable majority unprotected and compounding underdevelopment. This paper critically interrogates the structural root causes of Nigeria's welfare deficits, aiming to evaluate the institutional bottlenecks hindering equitable delivery and map out prospects for policy reform. Utilizing a qualitative policy review approach, the study analyzes national protection frameworks and socioeconomic indicators. The findings reveal that welfare delivery is severely crippled by systemic corruption, fiscal vulnerability due to oil dependence, and data inaccuracy. However, prospects exist through the institutionalization of ad-hoc programs and digital FinTech integration for transparent distribution. The study concludes that a fundamental paradigm shift is required to dismantle these exclusionary structures. It implies that the international community and global donor agencies must strategically integrate strict social welfare benchmarks into their frameworks for good governance. In this way, developing nations like Nigeria can convert social security from a political afterthought into a guaranteed reality for the populace.

Keywords: Industrialization, development, dependency, natural resources, technology, economy.

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Introduction

In the contemporary international system, state power is determined by security capabilities, technological advancement, political stability, and management of economic resources. Industrialization and national development are the primary benchmarks of this power, with the absence of political instability a prerequisite (Wu, 2025). However, some developing countries, such as Nigeria, are trapped in an industrialization Catch-22. This Catch-22 is a conditional dilemma in which solutions to industrialization problems are impossible because elements of the solution are inherently part of the problem itself (Nem Singh, 2023), such as a deregulated electricity policy that continues to burden the industrial sector.Nigeria's industrialization problems are multidimensional, rooted in the country's corrupt and unaccountable character and a history of post-colonial economic evolution mired in dependency. Rostow's linear modernization theory fails to apply to Nigeria because it ignores the uniqueness of local history and imposes incongruent proposals for democracy and quasi-capitalism (Alkharafi & Alsabah, 2025). Consequently, efforts to maintain this Eurocentric industrialization process actually reinforce exploitation, neocolonialism (Abdulrahman & Mohammed, 2023), dependence on foreign aid, infrastructure deficits, and the emergence of impractical economic policies such as SAP, OFN, and DIFRRI (Omoera & Obekpa, 2019).

Historically, Western industrial nations (the old cartel) implemented a system of economic exploitation against weaker nations to support their four phases of industrial revolution (Stevanović et al., 2023). The character of Nigeria's colonial base was shaped by Britain as merely a coercive apparatus for the extraction of natural resources (McPhee et al., 2025)(such as oil, gas, and palm oil) to support the industrial revolution in Europe (Moghani & Loni, 2025). This pattern of external exploitation then metastasized into Nigeria's current internal factors, including the rent-seeking behavior of political elites, weak institutions (Olabi et al., 2023), poor technical education curricula , and neglect of the agricultural sector .Amidst the failures of this Western modernization model, several countries in Asia Minor have successfully implemented successful self-reliant (auto-centric) development trajectories, one of which is Taiwan through its "Taipei Trajectory (Mishra, 2023)." The Taipei Trajectory is a development model in which the postcolonial nation's resources are equitably managed through practical protectionist policies, such as import substitution and export promotion in the 1950s and 1960s (Mohammadi, 2026).

Taiwan's success rests on two strategic initiatives: deliberate agrarian reform and a labor-intensive approach to agricultural production, supported by government subsidies and technological assistance for strategic industries (Nie et al., 2025). This study identifies a gap in previous research that has not linked the dimensions of economic exploitation, international debt, democratic character, and the absence of nationalist ideology to Nigeria's industrialization failure. Yet, Nigeria and Taiwan share similarities in economic history and diplomatic trade relations. Therefore, this study aims to analyze the factors contributing to Nigeria's industrialization Catch-22 and formulate ways to adopt the Taipei Trajectory to overcome these obstacles and foster self-sustaining industrial growth in Nigeria.

Methodology

Theoretical framework

This study employs Dependency Theory and the Resource Curse Thesis as its primary analytical lenses to contextualize the structural and institutional bottlenecks hindering the industrialization process in Nigeria. While Dependency Theory explains the external, systemic dimensions of underdevelopment, the Resource Curse thesis elucidates the internal mechanisms, demonstrating how the mismanagement of non-renewable natural resource exploration historically entrenches economic stagnation.

Dependency theory

Dependency Theory emerged as a critical response to early modernization paradigms which wrongfully attributed the economic stagnation of the Global South to traditional cultural practices and a lack of technological advancement (Kvangraven, 2021). Modernization proponents argued that integrating peripheral economies into the economic orbits of the industrialized Global North would automatically stimulate growth. However, this assumption was structurally debunked by demonstrating that economic expansion in advanced industrial centers does not inherently translate to development in poorer, peripheral nations (Ricci, 2025).

Instead, dependency theorists contend that the global capitalist system is inherently exploitative, where economic activities in the core (Global North) actively produce and perpetuate underdevelopment within the periphery (Global South). This ongoing marginalization is maintained through a metropolis-satellite chain relationship (Corsi et al., 2024). Within this global hierarchy, the economic surplus generated by peripheral economies is systematically extracted and transferred to the core, enriching the center while impoverishing the periphery and reducing these nations to dependent capitalist states (Wiegratz, 2019).

Political economy and development economics perspectives

To provide a more granular evaluation of this structural dependence, this study integrates concepts from Political Economy and Development Economics.

- Development economics: This perspective expands the analytical scope beyond traditional macroeconomic indicators, such as Gross Domestic Product (GDP) or per capita income, to critically assess human-centric metrics, including living standards, healthcare access, educational quality, and equitable socioeconomic opportunities.
- Political economy**:** This framework approaches global institutional mechanisms—such as international aid, structural adjustment programs, and debt relief—not as altruistic interventions, but as instruments of sociopolitical control and systematic economic exploitation.

By synthesizing these frameworks, the methodology establishes a robust dual-lens framework. It allows the study to interrogate how international capitalist structures (Dependency) interact with domestic institutional failures in oil-rich economies (Resource Curse) to stifle sustainable industrialization and equitable social welfare delivery in Nigeria.

Results and Discussion

Dependency Theory explains that the failure of industrialization in developing countries like Nigeria is rooted in unequal integration into the global capitalist system. Through international structures like the World Bank, the IMF, and multinational corporations (MNCs), developed countries condition peripheral economies to remain providers of cheap raw materials and markets for their finished goods (Andersen et al., 2018). This asymmetrical relationship is deliberately maintained through various aid policies, debt, and weak technical education curricula to maintain developing countries' dependence on Western technology (Bissonnette, 2024). The industrialization catch-22 in Nigeria is exacerbated by the Resource Curse Thesis (Timbe et al., 2024). This theory explains how the abundance of natural resources (Ha et al., 2023), particularly oil and gas, which contribute over 80% of Nigeria's income, actually negatively impacts economic growth (Andrews et al., 2021). Ironically, this wealth leads to poor governance (Marschke & Vandergeest, 2016), wasteful spending (Slavnic & Öberg, 2025), a lack of visionary industrial policies, and low economic growth compared to resource-poor countries.Acute dependence on the oil and gas sector has also given rise to rent-seeking behavior among Nigeria's political elite, with over $500 billion in funds since 1960 having evaporated without being allocated for real industrial development (Santangelo et al., 2025). Leaders tend to focus on seizing and perpetuating sectarian, class, or ethnoreligious power through the appropriation of state resources (Stasiulis et al., 2020a). This creates a vicious cycle of corruption, resource conflicts, and poverty that threatens the lives of over 200 million people if energy reserves are depleted (Onyena & Sam, 2020).

Externally, obstacles to industrialization stem from economic exploitation and international debt bondage (Ali et al., 2017). Multilateral institutions such as the IMF and World Bank often provide loans conditioned on strict structural adjustments, such as currency devaluation (Mehrotra & Carbonnier, 2021), cuts in domestic subsidies (Williams, 1945), and privatization of the public sector, which ultimately weaken local industries (Guérin & Venkatasubramanian, 2022). Furthermore, imbalanced trade relations—such as Nigeria's imbalanced trade balance with China—have trapped the country in a spiral of exporting raw primary commodities and importing luxury goods, which drain foreign exchange (Christ et al., 2020). Internally, Nigeria's primary problems lie in its severe infrastructure deficit and weak state institutions (Stasiulis et al., 2020b). Unlike the Japanese colonial period in Taiwan (Van Buren et al., 2021), which left a strong foundation for transportation and energy, British colonialism in Nigeria only built ports and railways for the extraction of resources to Europe (Žilinskaitė et al., 2025). The failure of indigenous leaders to improve this infrastructure, coupled with a corrupt (Rioux et al., 2020), uninnovative bureaucracy, and a non-independent judiciary, meant that the implementation of industrial policy was consistently stalled (Friedland, 2012).

In comparison, Taiwan successfully broke free from dependency through a planned economic trajectory starting in the 1950s (Pesterfield & Rogerson, 2024). Through agrarian reforms based on the farmer-tenant model, Taiwan successfully created a food and capital surplus, which then shifted from labor-intensive industries to capital-intensive, high-tech industries (Wray-Bliss & Michelson, 2022). Through preferential policies in strategic sectors such as mechanics and electronics, and the provision of low-interest government loans to finance automation and research (O'Connell Davidson, 2013), Taiwan was able to record stable economic growth of around 7-10% for four decades, a stark contrast to the failures of governance in Nigeria (Olofsson & Lundmark, 2025).

Conclusion

In summary, this paper looked at the causes, impact and consequence of Taiwan's industrial development. It was observed that the development of Taiwan is predicated in its efforts at agricultural revolution, state controlled market forces, and the transition from and industrial hub to an IT dependent technology development economy. Emphasis on compulsory basic education and skills development were a huge incentive for development. It was also shown that Nigeria was not making the expected progress because rather than invest in education, skills development and innovation in Science and Technology, the policy maker are concern about how to share the already provide wealth from natural resources exploration (a phenomenon known as "rent-seeking behaviour"). This has hampered the industrialization of the country, and the solutions to this disease lies in the following recommendation. As a way out the rough terrain to Nigeria's industrialization, the following measures are recommended: Reduction or elimination of Nigeria's dependence on oil and natural gas resources through a systematic diversification of the economy; here should be a concerted move to completely eliminate the deeply entrenched culture of rent-seeking behaviour among Nigerian urban elites and their foreign collaborators.

Conflict of Interest

The author has no competing interests.

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Author contribution

Udofia Sunday Umoh: Conceptualization, Methodology, Software, Data curation, Writing-original draft preparation, Visualization; Godwin E. Essoh: Investigation, Supervision, Software, Validation, Writing-reviewing, and editing.

Declaration of generative AI in scientific writing

During the preparation of this work, the author(s) used Grammarly AI in order to improve language and readability. After using this tool/service, the author(s) reviewed and edited the content as needed and take(s) full responsibility for the content of the publication.

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