

## PUBLIC POLICY

Nigeria's years of military rule resulted in a top-down policymaking process. Power is concentrated in the presidency, and much outside input comes to the president and his cabinet ministers through channels established by patron clientelism. Senior government officials are supported by a broader based of loyal junior officials, creating a sort of "**loyalty pyramid.**" State control of resources means that those in the pyramid get the spoils, and they alone have access to wealth and influence. These loyal clients have had many nicknames, including the "Kaduna Mafia," "Babangida's Boys," and "Abacha's Boys." Since the military was in control until 1999, the pyramids are backed by guns, so that protesting the corruption could be dangerous.

The system operated under the assumption that the military and political elite operate with only their self-interest in mind. Historically, this pattern of top-down, self-interested rule was put in place during colonial times when the British relied on native chiefs to ensure that Nigerian trade and resources benefited Great Britain. To break this pattern, political elite must get in touch with their older roots – the communalism from pre-colonial days. Democratic rule requires that political leaders are responsible for the welfare of their people, not only to those that they owe favors to.

## ECONOMIC ISSUES

One result of the loyalty pyramids has been the squandering of Nigeria's wealth. Currently the country finds itself deeply in debt, and most of its people live in poverty. Tremendous oil revenues have disappeared into the pockets of government officials, and most Nigerians have not profited from them at all. The situation is complicated by ethnic and regional hostilities and by widespread popular distrust of the government. In February 2001 the federal government asked the Supreme Court to allow the federal government to collect oil revenues and pool them into a "federal account." On the surface, this appears to be **revenue sharing**, or allowing the entire country to benefit from offshore oil profits. However, the areas in the south along the Niger Delta protested the practice strongly, partly because they saw the policy as coming from northerners who wanted to take southern profits away. And without trust in the government, almost no one believed that the profits would benefit anyone except corrupt government officials.

### Oil: a Source of Strength or Weakness?

Like Iran, Nigeria is a **rentier state**. A rentier economy is heavily supported by state expenditure, while the state receives rent from other countries. Iran and Nigeria receive income by exporting their oil and leasing out oil fields to foreign countries. The state's main role in the economy is in controlling the nation's revenues, and in spending those earnings, known as **rents**, which came mainly from oil. Individuals, groups, and communities have learned to respond through **rent-seeking** behavior, primarily by competing for the government's largesse. Those that win the competition do so through political connections provided through the patron-client system, with the president having control over who gets what. Most Nigerians struggle along without much access, and participate in the **informal economy** of unreported incomes from small-scale trade and subsistence agriculture.

During the 1970s Nigeria's oil wealth gave it a great deal of international leverage. As an active member of OPEC, Nigeria could make political and economic demands because developed countries needed its oil.

Through the years Nigeria has gained clout whenever Middle Eastern tensions have cut off oil supplies from that region, forcing developed countries to rely more heavily on Nigerian oil. However, Nigeria's over reliance on oil has meant that the country's economy suffers disproportionately whenever oil prices go down. During eras of low oil prices, Nigeria has amassed great debt, partly because the profits do not remain in the state's coffers long enough to cover the lean years.

One major issue since early 2006 has been the unstable situation in the Niger Delta regarding protests and subterfuge on foreign-based oil companies there. Some groups are idealistic, such as the Movement for the Emancipation of the Niger Delta (MEND), which wants more oil money going to the people of the Delta states. However, the group has chosen violent methods, such as kidnapping foreign workers, and others have joined in the mayhem, including gangs with no such communal goals. MEND has also siphoned oil illegally to sell to refineries overseas, and gun-running is believed to be a big source of the group's revenue. The violence has driven some companies away, such as Willbros, one of the world's largest independent contractors that left Nigeria in the summer of 2006. Other companies have cut production, so that by mid-2007 about a quarter of Nigeria's oil output had been shut down since January 2006. Dealing with this issue has been one of the biggest challenges facing President Yar'Adua, and he has made it one of his priorities. However, despite the army's attempt to contain the rebels, the violence has continued. Yar'Adua created a dedicated ministry for the Niger Delta to oversee development in 2008 and convened a committee to look for long-term solutions. He has been criticized for moving too slowly, and his administration has been unable to stop the illegal siphoning of oil, which has been estimated to claim as much as 10% of Nigeria's entire oil production, worth millions of dollars.

### Structural Adjustment

After international oil prices plummeted in the early 1980s, Nigeria was forced to turn to international organizations for help in managing its huge national debt. In 1985, the Babangida regime developed an economic **structural adjustment program** with the support of the **World Bank** and the **International Monetary Fund**. The program sought to restructure and diversify the Nigerian economy so that it could decrease its dependence on oil. The government also pledged to reduce government spending and to privatize its parastatals. This "shock treatment" has had mixed results, but generally timelines for debt repayment have been restructured because Nigeria could not keep up with its payments. Para-statals are still under state control, and the private economic sector has not grown significantly. The large national debt remains a major problem for Nigeria today, especially as oil prices have plummeted since 2008.

### Reactions to the Global Economic Crisis of 2008

Nigeria's economy hasn't suffered as much as many others since the crisis of 2008, partly because its banking system was improved significantly under an initiative during President Obasanjo's second term in office (2003-2007). As part of a policy to squeeze weak or failing banks out of business, in 2005 the Central Bank of Nigeria raised banks' capital requirements (money they must have on hand), so that the number of banks dropped from 89 to 24 by the end of the year. Another contributing factor to Nigeria's relatively stable economy was the fact that it had paid off sizeable debts under the structural adjustment program. However, the sharp decrease in the price of oil did do a great deal of economic damage, including a devaluation of the currency, the naira. The Nigerian Stock Exchange also went into steep decline, housing prices dropped, and the small amount of international tourism that Nigeria attracted virtually disappeared. Nigeria's inability to provide electric power has continued, with President Yar'Adua reversing Obasanjo's order to privatize power companies. One bright spot is agriculture, with production strong and local food and tobacco prices remaining high compared with world prices.

## “FEDERAL CHARACTER”

Federalism is seen by most Nigerians as a positive, desirable characteristic for their country. Federalism appeals to many countries because it promises that power will be shared, and that all people in all parts of the country will be fairly represented. Federalism also allows citizens more contact points with government, so that true democratic rule can be more easily achieved. In Nigeria, the goal is to seek a **“federal character”** for the nation, a principle that recognizes people of all ethnicities, religions, and regions, and takes their needs into account. The Nigerian Constitution has put many provisions in place that support the goal of “federal character.” For example, senators represent diverse states, representatives are elected from diverse districts, and the president must receive 25% of the vote in 2/3 of the regions in order to be elected. However, so far this ethnic balancing has not promoted unity or nationalism, but has only served to divide the country more.

One negative effect of federalism has been to bloat and promote corruption within the bureaucracy. Since all ethnicities must be represented, sometimes jobs have been created just to satisfy the demand. Once established within bureaucratic posts, these appointees see themselves as beholden to ethnic and regional interests. Another negative effect takes place within the legislative chambers. The 36 states vie for control of government resources, and see themselves in competition with other ethnic groups for political and economic benefits.

The “federal character” issue is based squarely on the fact that the “national question” in Nigeria remains unanswered. Do Nigerians have enough in common to remain together as a country?

Many southerners contend that true federalism will exist only when the central government devolves some of its power to the state and local levels. For example, Nigerians of the Niger Delta believe that regions should control their own resources. For them, that means that the federal government should not redistribute their region’s oil revenues. Other southerners have suggested that police duties and personnel should be relegated to local and state levels as they are in the United States. Northerners generally don’t support the **“true federalism” movement** because their regions historically have not had as many resources or as much revenue to share. Many northern states benefit more than southerners from nationally-sponsored redistribution programs.

## DEMOCRATIZATION

Some changes have occurred in Nigeria since the last military regime left in 1999. For example, some public enterprises have been privatized, opening the way for limitations on the economic control of the central government. Also, a scheme for alleviating poverty has been set forward. Public wages have increased in recent years, with the hope that well-paid public employees won’t be as susceptible to bribery. Some of the money that General Abacha stashed in his foreign bank account has now been returned to the state treasury. Finally, Nigeria’s financial reserves have grown, partly because oil prices have been rising over the past few years.

Despite all its problems, Nigeria shows some signs that democracy may be taking root in its presidential system, including these:

- **Some checks and balances between government branches** – The legislature rejected President Obasanjo’s attempt to change the Constitution to allow him to run for a third term in 2007, despite a great deal of pressure from the political elite.

- **Some independent decisions in the courts** – President Obasanjo’s attempt to keep his vice president, **Atiku Abubakar**, from running for president in 2007 were foiled by the courts after the president’s allies used corruption charges to bar his candidacy. The Supreme Court ruled in Abubakar’s favor, even though his name was not returned to the ballot until the last minute. The election tribunals set up to investigate allegations of electoral fraud were allowed to function under President Yar’Adua’s new administration, and some officials were actually removed from office through court order.
- **Revival of civil society** – Nigeria’s many civic and religious groups, driven underground by military rule, have reactivated and freely criticized the government’s handling of the 2007 election.
- **Independent media** – During the 2007 election the media sent countless correspondents across 36 states to bring back reports of stuffed ballot boxes, intimidated voters, and phony results. Internet and cell phone connections allowed poll observers, voters and political parties to freely communicate, making it much more difficult to hide election fraud.
- **A peaceful succession of power** – For the first time in Nigeria’s history, power passed between two civilians as President **Olusegun Obasanjo** stepped down in 2007, peacefully allowing **Umaru Yar’Adua** to take over.
- **Improving Freedom House scores** – Freedom House, an organization that studies democracy around the world, ranks countries on a 1 to 7 freedom scale, with countries given a 1 being the most free and those given a 7 being the least free. In 2007 Freedom House gave Nigeria a “4”, putting it squarely in the “partly free” category. Nigeria’s score has improved over the years, along with those of many other countries in Africa. In 1976, the vast majority, 25 (including Nigeria) were “not free.” Today the not-free category has shrunk to 14 states, with most falling into the “partly free” category (including Nigeria).

Are the recent reforms indications that Nigeria may finally be stabilizing as a nation? In many ways, Nigeria’s massive economic and political troubles are intertwined in such a fashion that it is difficult to tell where to start in unraveling the issues. Economic problems are rooted in patron-clientelism, which in turn breeds corruption, which makes the economic problems more difficult to solve. Patron-clientelism also has encouraged ethnic discord, and has proved to be a major stumbling block to the development of a democracy.

One of the key characteristics of a true democracy is the existence of regular competitive elections in which citizens have real choices of leaders. Recent Nigerian elections may be interpreted to support either an optimistic or pessimistic view for Nigeria’s future prospects. On the one hand, it is easy to criticize the Nigerian election process as a farce. After all, the election of 1993 was annulled, and the elections of 1999 and 2003 only put a former military general back in power. The elections of 1999, 2003, and 2007 were also characterized by ballot box theft and stuffing. Several candidates were assassinated, and ordinary people were killed in their efforts to vote. How can this be a democracy? On the other hand, three elections have been held in a row without being suspended or annulled. Some argue that this generation of presidential candidates consists of military men because they are the only ones with the experience necessary to govern. These hopeful ones predict that younger, nonmilitary leaders will emerge as political candidates in the near future. Umaru Yar’Adua, for example, is not a military man. After all, the experience of democracy has deep roots in Nigerian political culture. Perhaps the best question is, “Was this election better than the last one?” If so, perhaps a new, more optimistic pattern is developing in Nigeria.

## IMPORTANT TERMS AND CONCEPTS

Abacha, Sani  
 Abubakar, Atiku  
 ANPP  
 Babangida, Ibrahim  
 Biafra  
 Buhari, Muhammad  
 civil society  
 constitutionalism  
 corporatism  
 cultural diffusion  
 “federal character”  
 Hausa-Fulani  
 Ife  
 Igbo  
 indirect rule  
 informal economy  
 INEC  
 jihad  
 Kanuri  
 kinship-based politics  
 “loyalty pyramid”  
 “military in barracks”  
 “military in government”  
 National Assembly  
 “the national question”  
 nongovernmental organizations  
 Obasanjo, Olusegun  
 Oyo  
 para-statal  
 patrimonialism  
 patron-client system (prebendalism)  
 PDR  
 plurality vote  
 rents, rent-seeking  
 revenue sharing  
 rule of law  
 Saro-Wiwa, Ken  
*sharia*  
 Sokoto Caliphate  
 state corporatism  
 structural adjustment program  
 Transparency International  
 “true federalism” movement  
 Yar’Adua, Umaru  
 Yoruba