ECONOMIC CRISIS, STRUCTURAL ADJUSTMENT, AND PROSPECTS FOR POLITICAL STABILITY IN NIGERIA'S THIRD REPUBLIC

by Andrew C. Okolie

> To toy with the lives of millions of people, the millions of children who will be deprived of education and health facilities, the millions of people who have been thrown out of jobs—who will accept responsibility for that? And yet we continue to experiment. Why should we turn Africa into a laboratory? Why don't we agree that the African problem is one of fundamental restructuring? It is not wholly economic. It is partly political, partly social.
>
> Adebayo Adedeji[1]

> Today, not only have the [prisons] been refilled to overflowing, but the authorities have run out of detention centers. To the delight of the estate agents the government is looking for any suitable building in Lagos or in the state capitals which has a high wall or fencing round it where detainees could be held. . . .Today there are no more debates. No more dialogues, but a monologue from a government talking to itself and a cacophony from sycophants, drowning the murmurings from a disenchanted populace.
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> Pini Jason[2]

Introduction

Since it came to power in 1985, the current military government in Nigeria has been pursuing a twin program of "economic restructuring" and political transition. When it took over power, it promised, like the Buhari/Idiagbon government that it ousted, to resolve the serious socio-economic crisis facing the country and then return the country to civilian rule. Its economic policy has been the World Bank/IMF-imposed Structural Adjustment Program (SAP). Its aim is to restructure the Nigerian economy and put it on the path of sustained growth.

We contend, however, that the program's economic restructuring actually evades the very structures that created and sustained the crisis and is therefore incapable of resolving it. Furthermore, the implications of the program, as it is implemented, have created and continue to create the conditions for an unstable civilian government come 1992. We conclude that the Nigerian economic crisis is also profoundly political and, therefore, that democratizing the society is an essential condition for the resolution of the economic crisis.

The Socio-Economic Context

A fuller understanding of the extent to which SAP addresses the Nigerian economic crisis as well as its implications for the expected Third Republic requires an excursion into the origins and nature of the crisis. The crisis is characterized by low productivity in all sectors of the economy, acute scarcity of food and other essential commodities, an embarrassingly high level of inflation, high level of unemployment, near-total collapse of social services, including education, health care, transportation, communications, etc., and general deterioration in the standard of living of the vast majority of the people.

Government spokespersons and some other commentators have explained the origin of the crisis in terms of global economic crisis, the oil glut, lack of foreign exchange, lack of capital, indiscipline, laziness of workers, etc. While the World Bank, the IMF, and the Nigerian State have not expressly stated what constitutes the structure of the Nigerian economy, it is implicit in their analysis of the crisis and the solutions they proffer. Thus they argue that there are too many restrictions on trade, over-dependence on oil revenues, excessive state involvement in the economy, excessive regulation (e.g., interest rates), financial indiscipline and waste (e.g., subsidies, rebates, etc.). All these, it is argued, contribute to balance of payments problems. For solutions, they emphasize:

- diversification of the domestic resource base, especially through non-oil exports
- trade liberalization
- debt-servicing to open new lines of credit
- privatization of interest rates
- removal of subsidies on petroleum and other products.

The government has gone ahead to insist that manufacturers should look inwards for sources of raw materials.

While some of these points are important, we contend, however, that they do not go far enough. Indeed they are diversionary. We agree with the numerous scholars who point to the role of imperialism in laying the foundations for and sustaining the crisis.[3] This inevitably leads us to a different perception of what constitutes the structure of the economy. A serious scientific explanation of the crisis must go back to history, to the period when Nigeria had contact with and was incorporated into the international capitalist system. This incorporation ensured that Nigeria was restricted to the position of supplier of primary products and importer of finished goods in the international division of labor.

The British made no effort to improve the forces of agricultural production. This was mainly because the peasants' tools and methods of production were adequately meeting the needs of the British industries. Moreover, the emphasis on cash crops diverted the attention of the peasants from the production of their food crops. The colonialists established produce marketing boards that exploited the peasants and through which surplus was concentrated in the hands of the colonial state and the imperialist bourgeoisie.[4] This surplus was not reinvested in the agricultural sector or any other sector of the economy.

At the political level, the British ruled through indigenous rulers whom they had subjugated or created. These imperialist stooges became very repressive in their execution of the colonial project. Through them, the colonialists imposed and collected oppressive taxes and levies, exacted forced labor and conscripted people to fight imperialist wars. Such oppressive actions of the indigenous ruling elites led to many popular anticolonial protests such as the Aba Women's Uprising of 1929.[5]

At the ideological level the colonialists used the schools and churches to promote the virtues of the colonial project and the need for people to willingly submit to it. Simultaneously indigenous forms of life, customs, and traditions were labelled inferior.

The result of all these was that the traditional forms of production, including craft work, were largely abandoned. People were now compelled to produce cash crops, to buy foreign manufactured goods and to take up wage employment. Due mainly to the resistance put up by the Nigerian people, these forced changes were not total. Their continued agitation and protests, coupled with other developments within the international system, forced the imperialists to embark on a process of decolonization. Under it they recruited local leaders to whom they handed over power at independence. Simultaneously more radical oppositional groups that pressed for fundamental changes were crushed. These included the militant nationalist Zikist Movement, the Northern Elements Progressive Union (NEPU), and the labor unions.

As expected the group that took over from the British saw its mission as that of maintaining, in fact strengthening, the exploitative relationship between Nigeria and international capital, and between the vast majority of Nigerians and a few privileged ones. Like the colonialists they showed no interest in developing the forces of production; they were satisfied with playing second fiddle to foreign capital which still remained dominant. They engaged in commercial activities like real estate, import-export, land speculation, and transportation. With the huge profits from these they consumed conspicuously, organized political parties and contested elections, or sponsored candidates who contested, organized ethnic associations, and bought chieftaincy and religious titles. No serious consideration was given to investment in productive activities.

Because they have a weak economic base, due mainly to their tenuous link to the productive process as well as their geo-political rivalries, the state which they controlled remained weak, unhegemonic, and crisis-ridden.[6] The state also remained the major sector in the economy and served as the principal avenue for accumulation for the dependent indigenous bourgeoisie. This class, in alliance with foreign capitalist interests, made efforts to move the economy forward. These steps taken by the state did not significantly affect its structure, direction, and major processes. Both the import substitution and indigenization policies failed to make any significant impact on industrialization. The life-blood of the economy remains the export of primary products—cash crops and, later, petroleum.

The various agricultural and rural development policies of the state and international agencies like the World Bank have only helped to further underdevelop the country's agriculture.[7] Thus the food crisis which started in the 1970s has become even more severe. Even the current efforts to develop rural areas through task forces such as the Directorate of Food, Roads, and Rural Infrastructure, have not been able to transcend the limitations of the previous approaches. "Development" is still externally imposed on the rural people who are seen as ignorant and conservative.

Other flamboyant, wasteful, and diversionary projects have been executed. These include extravagant sports and "cultural" festivals, international airports, express-ways and flyovers, and trade fairs at which foreign goods, merely assembled in Nigeria, are displayed. The contract costs of these projects have usually been inflated for the enrichment of the bureaucrats and political leaders.[8] Thus the struggle for state power by the bourgeoisie, which has progressively increased in intensity and viciousness, has remained the struggle for the power to preside over the looting of the people's resources mainly for the enrichment of this class and foreign interests. In this struggle the dependent indigenous bourgeoisie employs all resources at its disposal—ethnic, religious, etc.

Politics in the society has, therefore, been very unstable, oscillating between the military and commercial wings of the bourgeoisie, with the bureaucratic wing remaining a constant in the political equation. Simultaneously with this development, the subaltern classes have remained at the receiving end. Their living conditions have worsened. Their persistent and rising protests have so far not changed the situation in their favor. Indeed, the Structural Adjustment Program, which we shall discuss below, has further depressed these conditions. As we will try to show SAP is actually evading the structures that created the crisis, and it is also laying the foundation for an unstable political system in 1992 and beyond.

What the foregoing shows is that any meaningful discussion of the structure of the Nigerian economy must pay attention to its dependent capitalist nature (a kind of parody of capitalism), its reliance on the export of primary products (especially crude oil), its extremely unproductive, unpatriotic, and irresponsible bourgeoisie, its weak, anti-people and unhegemonic state structure, etc. As we have attempted to describe it elsewhere, Nigerian capitalism is "prodigal" capitalism.[9]

SAP in Nigeria: Its Origins, Content, and Consequences

Structural Adjustment Lending, which is closely integrated with the programs of the IMF, officially became one of the programs of the World Bank in 1980. According to the Bank's Annual Report for 1981:

> In fiscal 1980, the Executive Directors approved the initiation of Structural Adjustment Lending—that is, lending designed to support major changes in policies and institutions of developing countries that would reduce their current account deficits to more manageable proportions in the medium term while maintaining the maximum feasible development effort. . . .It has been recognized that Structural Adjustment Lending by the Bank is complementary to support for adjustment programs provided by the International Monetary Fund, particularly in those countries that have agreed upon a three-year program with the Fund.[10]

This lending to support major changes in policies and institutions of developing countries was designed by the Western capitalist countries in the 1950s. It was the handiwork of C. Douglas Dillion, the U. S. Deputy Secretary of State for Economic Affairs. The pillars of the policy include the consortium technique of giving "aid" designed by the U. S. to compel other European powers to share in the "aid" burden; a shift from "project aid" to "program aid" and the need to rely on IMF stand-by arrangements in considering requests.

The stand-by arrangements of the IMF were designed to promote "free enterprise"—that is, the unrestricted flow of capital and goods from the West to the underdeveloped countries and unrestrained repatriation of profit. When, therefore, governments intervene through such measures as the provision of subsidies, rationing, or tariffs to protect local industries, the IMF sees it as "distortions" of free market relations.

According to the Fund, removing these distortions, providing more loans and rescheduling existing debts will make the economies of these underdeveloped countries recover. But the real motive is to finance the export of products of advanced capitalist countries to the poor countries facing foreign exchange crisis because of the downward plunge of the prices of primary products. In the words of Douglas Dillion, "in the delicate area of fiscal and monetary policy, governments find it much easier to accept the counsel of an objective, impartial and highly competent international organization than the advice of other governments, no matter how good or well intentioned."[11] This means that given the increasing tendency of Third World governments to protect their local industries, it is easier to finance exports with credits channelled through the IMF whose conditions favor free trade.

This program was initially called Balance of Payment Support Program. It was later re-named Stabilization Program, and later again, the Structural Adjustment Program. Its components include the removal or liberalization of control on foreign exchange and imports, devaluation of the local currency, domestic inflationary measures such as control of bank credit; high interest rates and higher reserve requirement; reduction of government deficit through cuts in spending, increase in taxes, levies and prices charged by public corporations, removal of subsidies, privatization; wage freeze; more incentives to foreign investors in terms of tariff structure, conditions for profit repatriation, and the creation of industrial free zones.

It was the civilian administration headed by Shehu Shagari that first introduced SAP in Nigeria. This is not surprising because of the unprecedented profligacy and prodigality of the Nigerian ruling class during the tenure of that government. Thus while the country earned over N43 billion from the sale of crude oil alone in the period between 1979 and 1983 (which is higher than all that the country had earned since 1958), its foreign debt rose from N1.5 billion in 1979 to N10.2 billion in 1983. The economic stabilization (Temporary Provisions) Act of April 1982 enabled Shagari to introduce "austerity measures." Five months after these measures were introduced, 72,000 workers were officially recorded to have been retrenched. On October 1, 1983, the administration formally committed itself to Structural Adjustment in the President's Independence Day Broadcast.

His 1984 budget, presented two days before his overthrow, was a SAP budget. It emphasized reduction in government expenditure, imposition of higher charges, debt rescheduling, privatization, wage freeze, and export promotion. Shagari did not have time to fully implement the SAP. Even the austerity measures introduced earlier were violated with reckless abandon by the bourgeois class, especially members in his party. Thus the military administration headed by Buhari, which overthrew Shagari's government inherited an economy that had virtually collapsed. As Sam Abach put it while announcing Shagari's overthrow:

> I am referring to the harsh intolerable conditions under which we are now living. Our economy has been hopelessly mismanaged. We have become a debtor and beggar nation. There is inadequacy of food at reasonable prices for our people who are now fed up with endless announcements of importation of food-stuffs. Health services are in a shambles as our hospitals are reduced to mere consulting clinics, without drugs, water, and equipment. Our educational system is deteriorating at an alarming rate. Unemployment figures, including the graduates have reached embarrassing and unacceptable proportions. In some states, workers are being owed salary arrears of eight to twelve months. . . .[12]

The new government moved quickly to tackle these problems through a number of policies. One was SAP, which it pursued with vigor. Steps taken include rapid repayment of external debts, mass retrenchment of even able-bodied workers, increase in fees, levies and fines, cuts in budgetary allocation to ministries and other government establishments, embargo on employment, wage and salary cuts, privatization of public corporations, especially in the agricultural sector, general reduction in government spending, and continued negotiations with the IMF with respect to the devaluation of the naira, trade liberalization, and removal of petroleum subsidy. The administration could, however, not go the whole way with the IMF on the last three issues. As Tunde Idiagbon pointed out, they were "rather harsh," and would mean "opening our gates to all types of imported goods to the detriment of our industries."[13] The government also started to barter Nigeria's crude oil for foreign goods and services in what was called counter-trade.

Although the Buhari/Idiagbon junta did not fully embrace the IMF, the much it did had very disastrous consequences for the economy and the people. In the area of employment, for instance, the picture was grim. By April 1984, 42,500 workers were retrenched in the textile industry; 3,500, in the furniture industry; 4,213, in the food industry; 3,500 , in the shipping and forwarding industry; and 11,092, in the footwear and rubber industry. This figure of 63,995 in these few sectors did not include the unreported cases of thousands retrenched in small enterprises.

Meanwhile the "informal" sector which provides succor for millions of unemployed people also came under heavy attack. The kiosks and shops of petty traders and artisans were destroyed, and hawking was banned and punished—all in the name of environmental sanitation and discipline.

These economic measures were complemented by even more repressive political policies. These included the harassment, intimidation, and detention of students, labor leaders, progressive intellectuals, and other activist dissenters for protesting against state policies. In this way unions were wantonly banned, including the airline pilots' association and the organizations of medical doctors. Draconian decrees were enacted to jail politicians without trial, and even journalists who published the truth, which, however, the government or its agents considered embarrassing, were not spared. Thus an atmosphere of fear, insecurity, and silence was imposed on the country. One of the effects of these measures was a massive brain-drain, as many highly skilled Nigerians ran to other countries in search of a better life.

These highly repressive economic and political policies severely worsened the condition of the working people and their dependents. They alienated the public and bred discontent against the government. They were indeed uniting all opposition forces. In a palace *coup d'etat* that appeared to be aimed at pre-empting a more mass-based intervention, the Babangida junta overthrew the Buhari/Idiagbon administration.

The Final Assault: Babangida and SAP

The Babangida administration removed the last bottlenecks and fully implemented SAP—removal of subsidy on petroleum products, devaluation of the naira, and trade liberalization. (Privatization has been intensified.) This it did despite the deep-seated anti-IMF sentiment in the country (Nigerians had in a national debate overwhelmingly rejected the IMF loan because of the conditionalities which were basically the same as the components of SAP). In a scheme aimed at mass deception the government presented SAP as the only "Nigerian alternative to the acceptance of the IMF loan."

To further silence the opposition the government employed a variety of tactics. These include the harassment and proscription of popular organizations such as the Academic Staff Union of Universities (ASUU), the National Association of Nigerian Students (NANS), and the Nigerian Labor Congress (NLC).[14] In fact, the government banned more newspapers than any other regime before it.[15] Other measures include diversions through debates, symposia, seminars, conferences, etc.; the setting up of "development" task forces, such as the Directorate for Food, Roads and Rural Infrastructure (DFRRI); ideological retooling through the New Orientation Movement (NOM), and Mass Mobilization for Self-Reliance, Economic Recovery and Social Justice (MAMSER) which pontificates on the virtues of self-reliance, human rights, growth, development, etc.; and incorporation of progressive intellectuals and other activist dissenters.[16] The government carefully evaded the dependent, neo-colonial nature of the economy. The looting of the treasury was not checked but rather intensified. The government seems to encourage it by, first, letting go the politicians and state bureaucrats convicted of corruption and, second, by ignoring the serious allegations of corruption against its appointees, including the Vice-President, the Defense Minister, and some state governors.[17]

Even then, SAP on its own terms could not resolve the economic problems. On one of the bills posted in banks and other commercial institutions titled "Second-Tier Foreign Exchange Market," the government, through the Central Bank, announced that with devaluation,

> services and goods will be better priced. Flow on Direct Foreign Investment will be enhanced;
>
> Economic planning and Execution will be more efficient and employment opportunities increased;
>
> Manufacturing and merchandizing will receive a booooooooost.

But in reality, however, devaluation has meant the opposite. With it Nigeria's external debt, which was officially put at N15 billion in mid-1986, jumped to more than N93.80 billion by mid-1988.[18] As of March 1990 it stood at N256 billion.[19] Devaluation has also led to a steep rise in the cost of debt-servicing by companies. This, coupled with huge additional debits from banks and rising interest rates, has crippled many firms, leading to mass closures and retrenchment of workers.[20] Through privatization and debt-equity conversion, the government has been handing the economy almost wholesale to foreign interests. Because the vast majority of Nigerians do not have the money to buy shares in these companies, foreign firms and their local allies have been the main buyers. In fact, more emphasis is now placed on private placement rather than public issues precisely for that reason. 39 of the 90 state-owned firms earmarked for privatization had earlier been sold or liquidated. The same number is expected to be sold this year.[21]

Trade liberalization has led to the dumping of cheap and highly subsidized foreign goods on the Nigerian market leading to mass closures of factories and sacking of workers. For instance the dumping of electronics, automobiles, textiles, and beverages led to the loss of about 20,00 jobs as of February 1990.[22] The Nigerian Labor Congress believes that about 2 million workers were retrenched between 1985 and 1987.[23] With the destruction of the little industrial gains already made over the years, the option (which SAP really promotes) seems to be for Nigeria to revert to the role it had historically played in the international division of labor—that of producer and supplier of primary products like groundnuts, cocoa, palm produce, rubber, and, of course, crude oil. Given the steady fall in the prices of these commodities in the world market since the 1970s, this privatization process will only worsen matters. In fact, the government, in order to deceive Nigerians into believing that its export promotion (for non-oil products) is working, recently reclassified petroleum product exports as non-oil exports.[24]

The failure of SAP to produce expected results has since been recognized by the Manufacturers' Association of Nigeria (MAN), which initially provided one of the strongest defence of SAP. MAN's survey of industrial performance in the first half of 1987 stated that the tight fiscal policy which SAP embodies is stifling the industries. It has led to the contraction of the domestic market giving rise to low sales, with warehouses overflowing with over N70 million worth of unsold goods—that is, about 15% of the total output for the period. The report also noted that SAP had produced a steep rise in unemployment (14%) over the previous year; low capacity utilization, lack of industrial expansion, and new investments, both foreign and domestic. It also noted that it had lead to mass industrial closures, especially the small-scale ones which recorded about 70% closures.[25]

Also, the Association's ***Half Yearly Economic Review***, July-December 1988, released in February 1989 described the export of primary products, which is one of the pillars of SAP policy, as incapable of leading to "economic advancement for Nigeria or any Third World country for that matter." The report went on to say that SAP had produced

> . . . a level of inflation which the country had not experienced in the recent past. The result of excessive public sector borrowing and the precipitous decline of the naira has worsened the plight of the people, leaving in its trail woes of pain and hardship, as

> the cost of living goes sky-high living standards have consequently fallen to an abjectly low level.[26]

Concluding, MAN listed some features that marked SAP then indicating very clearly that the program was fast destroying the Nigerian economy. It increased difficulties in producing raw materials, machinery and spare parts as the precipitous decline in the value of the naira further increased the cost of foreign exchange. The inflationary effect also affected the cost of local raw materials, access to which became increasingly more difficult. This resulted in more industrial closure. There was also a deterioration of the transportation system and sluggish postal services, rapid deterioration in the welfare of the people as a result of rampant inflation that increased the cost of living sharply, low level investment, high interest rates which raised the cost of finance to industry, and continued financial distress for small-scale industries.[27] These were again repeated early this year at the conclusion of MAN's yearly general meeting in Jos. Its spokesperson, Raheem Oshodi, warned that Nigeria faced a grim prospect of de-industrialization.[28] These complaints mean that MAN has lost confidence in SAP although it avoids saying so explicitly.

But while the association still hopes for the program to be fine-tuned, other commentators have noted the limitations of SAP. According to a United Nations publication SAP cannot work in countries like Nigeria:

> (adjustment) measures do not necessarily work in low-income countries where unemployment and malnutrition are already high and which do not have a resilient industrial base. . .adjustment programs have reduced balance of payments deficits but not led to economic revitalization.[29]

John Burke, a spokesperson for the EEC, while addressing a UN Committee on development said that the needs of heavily indebted countries constitute a key problem capable of inhibiting SAP which the industrialized countries prescribe.[30] Also, the United Nations Development Program (UNDP) ***Human Development Report, 1990*** stated that "structural adjustment programs. . .have increased the burden of poverty of recipient nations and their people."[31] The South Commission re-echoed this in a report it published in August.[32] And according to the Managing Director of the IMF, Michael Camdessus, "too often in recent years it is the poor who have carried the heaviest burden of economic adjustment."[33]

As the poor carry the burden, the rich, made of foreign companies and their Nigerian fronts and agents, reap the benefits. For example, between 1979 and 1985 the UAC dismissed 45% of its middle- and high-level employees. However, its profits rose from N24 million in 1980 to N406 million in 1985.[34] Similarly, a week after laying off 230 workers in 1987, Lever Brothers declared a profit of N57 million.[35] Also, Union Bank made a profit of N83.5 million in 1987. This jumped to N112.3 million in 1988.[36] In fact, the post-tax profits of publicly quoted firms in Nigeria in 1989 totalled N1.9 billion, a 53% jump over the 1988 figures.[37]

This overwhelming evidence of the failure of SAP to revive the economy has not forced a rethink in government circles. Rather the propaganda released daily by the various organs of the state extol the virtues of SAP and the "gains" the nation is reaping from it. But in his 1990 budget all that President Babangida could say was: "Now as the 1990s roll in we are starting to witness positive signals of an enduring turn-around." But even this is contradicted by the admissions in the budget speech itself. A close reading of the budget shows that the economy is sliding more and more into deeper crisis.[38]

Rather than increase, as SAP protagonists claim, export earnings declined from $26 billion in 1980 to a mere 9.4 billion in 1989. Per capita income fell from $1,090 in 1980 to about $250 in 1989.[39] As debts mount, so do the requirements for debt-servicing. Currently Nigeria commits roughly 40% of its export earnings to debt-servicing.[40] The Special Advisor to the Finance Minister, Ganiyu Eke, said debt-servicing would cost Nigeria $5 billion annually by 1992 if export earnings continue to dwindle.[41] And all evidence points in that direction.

Overall capacity utilization of Nigeria's industries is just 31%.[42] While the cost of all goods and services soar, the minimum monthly wage remains at its 1981 level of N125 or $16.00. The performance of the economy under SAP is ably captured by Bala Usman in his analysis of the government's 1990 budget: a decline in the GDP growth rate, locally available raw materials and industrial capacity utilization; severe iflationary pressures; high interest rates that discourage long-term investment; high transportation costs, marked depreciation of the naira; and a disturbing rate of urban unemployment. There is also a decline in investment in agriculture, industry and transportation due to the high cost of equipment, inputs, high interest rates and shrinking home market, virtual cessation of foreign investment and the entrenchment of new forms of capital flight, worsening rural landlessness, unemployment, under-employment, indebtedness, and an increase in violent communal conflicts in the rural areas. This has led to more malnourished, diseased, and demoralized blue-collar force with sharply declining productivity.[43]

In short, four years after SAP, unemployment is growing; infrastructure and social services are fast deteriorating—the telephone system rarely works, power supply is erratic, transport fleet is aging; many industries need re-equipping; schools and hospitals are poorly equipped; drug-pushing and violent crimes, including hired assassinations, are on the increase; the rural and urban areas are fast decaying and desertification is worsening the environmental problem in the north.

This is the context within which the Babangida administration hopes to install a stable civilian government in 1992. But it seems to us that a political order built on, or beside, this kind of foundation can hardly be stable. We now turn to SAP's implications for stability in the Third Republic.

SAP and the Prospects for Stability in Nigeria's Third Republic

As the discussion above has tried to show, SAP is a product of the crisis of prodigal capitalism in Nigeria. It is a response to that crisis. Our analysis indicates that SAP is a class project designed primarily to serve the interests of the international bourgeoisie and their local allies. Consequently, the burden of SAP has been borne by Nigeria's working class and their dependents. Millions of them have lost their jobs and/or have no means of livelihood. Those who still have jobs have seen their real incomes depressed to incredible and deadly levels.

Inflation has continued to rise with the result that most people have simply forgotten about many essential commodities like milk, meat, and eggs. Malnutrition and mortality rates have been rising. In the face of increased fees and levies and rising cost of books and other educational material, many parents have withdrawn their children from school. About 8 million Nigerian children between the ages of 6 and 11 have no access to education, and another 55 million adults (half of Nigeria's population) are illiterate.[44] Those lucky enough to be in school are faced with hunger, empty libraries, lack of equipment, and breakdown of campus services. Many people now resort to suicide in response to the harsh economic policies.[45]

But by far the most common phenomena are worker and student revolts. Between January and November 1989, 95 strikes involving 151,186 employees were officially acknowledged. In addition, 181 "social conflicts" were recorded.[46] More crucial for the stability of the Third Republic, and even for the current government, is the spate of violent protests greeting the government's policies. When the government removed petroleum subsidy in April 1988, it led to a sudden rise in transport fares and the prices of foodstuffs and other items. The result was widespread violent protests. The state, its institutions and agents, were the primary targets of attack. At Calabar angry protesters burnt down the offices of the Directorate for Mass Mobilization and its vehicles. At Kano, government grain warehouses were broken into and the grains distributed to the poor. The government responded by closing down virtually all the tertiary educational institutions in the country and arresting student and labor leaders. It also tried to weaken the solidarity of the protesters by donating buses to the students of the universities in Benin and Zaria. The students called them "Greek gifts" and rejected them.

In March 1989 the pains of SAP, coupled with the oppressive policies of the Aba Local Government, produced further anti-government protests in Aba. Government property was destroyed and burnt, including the tax office and the residence of the Chairman of the Local Government.

Two months later the harsh economic and social conditions produced further protests in most parts of the country. These involved students, workers, market women, and the unemployed. Properties belonging to the government and the transnational corporations (e. g., the ITT) were burnt. In Benin the protesters burnt the prisons and freed over 6,000 prisoners. Several lives were lost as the state used extreme violence to contain the protests. In addition, the government closed down several universities and other institutions of higher learning, mainly in the southern parts of the country. This was intended to intimidate the students and academics as well as to create the impression that only a section of the country was involved in the protests, ostensibly for ethnic reasons. Primary and secondary schools involved in the protests were also closed. Soon after repressing the uprisings, the government announced a package of cosmetic measures intended to mediate the pains caused by SAP.

Shortly after, the government disrupted a conference on the "Alternative to SAP" and arrested the organizers. These measures, however, did not stop the popular protests, and their systematic repression and exclusion continued. Babangida excluded those he termed extremists from participating in the transition politics; university teachers and students as well as former politicians were also excluded. Top government officials who show any sign of dissent are quickly removed (e. g., Ebitu Ukiwe, Babangida's former deputy) while rascals like Raji Rasaki (Lagos State Governor) and Jibril Aminu (Petroleum Minister) are retained.[47] The president has also been concentrating more and more powers in his hands. He is presently in charge of the police, the secret police, the National Guard (an elite para-military force), student union movement, and, until recently, the Defense

Ministry. His wife also has enormous powers, with an office in the state house, a huge budget, and major state functions and programs.

The truth is that people have clearly become desperate. The rural areas which would have provided an escape route for many are themselves in ruins. There is crisis in the agricultural sector characterized by the seizure of peasants' lands, their impoverishment, and the criminally low prices for their products as well as lack of social amenities.

Consequently, the government has ceased to have any positive meaning for most people. They see the state as an irrelevant, oppressive, and highly alienating agent of the rich and powerful few. These alienated and marginalized people will likely seize any opportunity to subvert the state. In recent years workers have, during May Day celebrations, refused to sing the national anthem or to recite the national pledge. They have refused to take part in the march past and when they did they refused to give the salute to government officials. They even refused to listen to speeches, especially those from the nation's president.

But by far the greatest challenge to the government came from within the military itself, through an attempted *coup d'etat,* on April 22, 1990 which showed how precarious and unstable the political order was. It also brought into bold relief other key issues which, in addition to the economic crisis, spelled the doom of the Third Republic. Said Gideon Orka, while announcing the foiled *coup*:

> I . . . wish to happily inform you of the successful ousting of the dictatorial , corrupt, drug baronish, evil men, sadistic, deceitful, homosexually-centered, prodigalistic, unpatriotic administration of General Ibrahim Badamasi Babangida. We have equally commenced their trials for unabated corruption, mismanagement of national economy, the murders of Dele Giwa, Major General Mamman Vatsa, with other officers. . . .[48]

Orka went on to say that

> this exercise will not be complete without purging corrupt public officials and recovering ill-gotten wealth since the days of the oil boom till date. Even in this hard times [sic], when Nigerians are dying from hunger, trekking many miles to work for lack of transportation, other few Nigerians with complete impunity are living in unbelievable affluence both inside and outside the country.[49]

He then touched upon the national question, which no Nigerian government has seriously addressed, accusing a tiny clique in the North of dominating the entire country and marginalizing the peoples of the Middle Belt and the South.[50] Sixty-nine of the alleged coup plotters, including Orka, were executed after being tried secretly by a military court and without the benefit of appeal. The government also embarked on massive arrests and detention of its noted critics—academics, student activists, dissenters, and civil liberties lawyers and advocates.

No one knows what the Orka *coup* would have produced if it had succeeded. However, the attempt showed clearly that the conditions for a stable political system had not been met. In fact, the Third Republic is being subverted. A stable political order can hardly be erected on injustice and extreme inequality, especially when the state itself is unhegemonic. The Nigerian poor, given their extreme desperation, will likely do anything just to earn a living. It will thus be easy for politicians to mobilize them as thugs and death squads in their vicious and ruthless struggle for state power which they use to accumulate wealth and settle scores with their opponents. Many more will take to armed robbery and other crimes which have now been on the increase. These, coupled with more civil protests which the harsh economic climate has engendered, will be adequate to make Nigeria ungovernable during that period.

This will more likely be the outcome, given the mounting debt burden. With the external debt increasing by over N9.2 billion annually,[51] in addition to the domestic debt burden and coupled with the obligation to service both, it is unlikely that the incoming civilian government will be able to implement any people-oriented program unless it keeps borrowing more money. Further borrowing will keep the country in perpetual debt slavery. This inability to meet the barest of the people's aspirations and needs will breed further discontent and popular protests. And the state will likely become even more repressive as it sees the people as the enemy. This will again lead to more protests, followed by more reprisals, on and on without end.

What we see, therefore, is that the anticipated Third Republic will be very unstable. The obligation to service the nation's debts will weigh down too heavily on the government; the marginalization of the vast majority of the people will likely continue as they are called upon to make more sacrifices; official corruption will likely be on the increase; ethnic rivalries and frustration will intensify.

Given the organizational weaknesses of the oppositional groups, the opportunism among their leaderships as well as the recent dramatic changes in global geo-politics, it seems the conditions are being prepared for another right-wing military intervention. As in previous cases, the leaders will justify their intervention by pointing to the inability of the civilians to meet their people's aspirations as well as the breakdown of law and order. This seems to be the preference of the present administration, given its rejection of the Constituent Assembly's recommendation that *coups d'etat* be treated as treasonable offenses for all times.

The other option is for the civilian administration to become a quasi-military regime by becoming more fascistic through the extensive use of the armed forces to control society and protect capital. In either case, imperialism will receive greater attention as it gains more foothold in the country. The World Bank/IMF economic doctrines will then be the country's "bible."

Conclusion/Suggestions

The Nigerian crisis, as the foregoing has tried to show, is not just an economic one. It is also profoundly political. Therefore, SAP cannot resolve it. Mass participation is what has been lacking in Nigeria since political independence in 1960. There is a contradiction between state power and people's power. The state is alien, insensitive, and very repressive. Mass organizations either do not exist or are cowed into submission and silence. This has to change if Nigeria is to move forward. Democracy is crucial for development, if development means improving a society's productive capacity, distributive justice and the extension of the frontiers of freedom.

But then, it is only people-oriented governments that encourage mass participation through grass roots organizations although they may end up incorporating them. Genuine freedom can only be won by people acting collectively and defiantly asking for it. Progressive Nigerians should focus on the formation of grassroots organizations that would stand up and ask for freedom to at least participate in the running of their affairs. That is the only way they can work for the transformations of the inherited colonial structures. As Adedeji counselled in February at a UN-sponsored International Conference held in Arusha, the people must insist on partnership and dialogue with their governments on all issues of recovery and development "as their inalienable right."[52] Only through such mass political action can the people force the government to stop the massive borrowing of funds going on now, to reduce the debt service ratio, to forget about export promotion and foreign investment and direct its attention towards production for the home market which is enormous. Also, only through such political action can they force their leaders to be accountable to them.

NOTES

[1]Adebayo Adedeji, Executive Secretary of the UN-Economic Commission for Africa, while commenting on the World Bank's recent publication, ***Sub-Saharan Africa: From Crisis to Sustainable Growth***. See ***West Africa***, March 5, 1990, p. 368.

[2]See his essay, "Babangida's Choice," in ***New African***, August 1990, p. 40.

[3]See, for example, A. Abba et al., ***Nigerian Economic Crisis: Causes and Solutions*** (Zaria: ASUU, 1985); Y. B. Usman, ***Nigeria Against the IMF: The Home Market Strategy*** (Kaduna: Vanguard Printers and Publishers, 1986); the debate between Y. B. Usman and Y. Bangura on the Nigerian Economic Crisis in the special issue of ***Studies in Politics and Society***, (2), October 1984; and Julius Ihonvbere and Eme Ekekwe, "Dependent Capitalism, Structural Adjustment and Democratic Possibilities in Nigeria's Third Republic," in ***Afrika Spectrum.***

[4]See Gavin Williams, ***State and Society in Nigeria*** (Idanre: Afrografika Publishers, 1980); Bade Onimode, ***Imperialism and Underdevelopment in Nigeria*** (London: Zed Press, 1982).

[5]See A. E. Afigbo, ***The Warrant Chiefs*** (London: Longman, 1972).

[6]See Toyin Falola and Julius Ihonvbere, ***The Rise and Fall of Nigeria's Second Republic*** (London: Zed Press, 1985).

[7]See Okello Oculi, ***Food and the African Revolution*** (Kaduna: Vanguard Printers and Publishers, 1986; O. A. Adelakun, "Social Structure and Rural Development: A Study of Lafia Plateau State," Unpublished Ph. D. Dissertation, University of Cardiff, Wales, 1984; and Andrew C. Okolie, Rural Development and the Nigerian Peasantry: A Study of Imo State Agricultural Development Project," Unpublished Master's Degree Thesis, University of Port Harcourt, 1987.

[8]A Presidential Committee set up in 1980 to investigate the causes of the high cost of government projects reported that the cost of government projects given to contractors are 200% higher in Nigeria than in Kenya and 130% higher than in Algeria, another oil and gas exporter.

[9]Andrew C. Okolie, "Prodigal Capitalism, Structural Adjustment and the Inevitability of Instability in Nigeria's Third Republic, in Julius Ihonvbere et al., ***Structural Adjustment and the Crisis in Nigeria*** (Lagos: JAD Publishers), forthcoming.

[10]World Bank, ***World Bank Annual Report*** (Washington, D. C., 1981).

[11]Quoted in I. D. Ayu, "The Destruction of the Nigerian Economy and Society: SAP and the Future of Nigerian Industrialization." Lecture delivered at the 2nd Quarterly General Meeting of the Manufacturers Association of Nigeria, November 20, 1987, Plaza Hotel, Makurdi, p. 5.

[12]In his December 31, 1983 *coup* broadcast.

[13]In his address to the Nigerian Political Science Association at Ilorin on May 18, 1985.

[14]These three organizations which had been the most consistently articulate and vocal anti-imperialist voices were proscribed and their leaders detained for long

periods of time. The NLC was later deproscribed and a more "responsible" leadership foisted on it. Only on August 27, 1990 was ASUU deproscribed.

[15] See Ndeayo Uko, "Press Ups and Downs," ***West Africa***, August 27, 1990, p. 2354.

[16] The list is pretty long. It includes Ikenna Nzimiro, Eme Ekekwe, Chidi Amuta, Jerry Gana, Wole Soyinka, Tai Solarin, Moyibi Amoda, Omolara Ogundipe-Leslie, Horoun Adamu, etc.

[17] In fact, those who accused the public officials of corruption were promptly arrested and detained by the government.

[18] See ***The Analyst***, Vol. 3 (4), 1988, p. 15.

[19] ***Financial Times***, March 19, 1990, p. 1.

[20] Even the Manufacturers Association of Nigeria (MAN) has consistently maintained this position since 1987. See below.

[21] ***Financial Times***, March 19, 1990, p. 4.

[22] ***Ibid***., p. 1.

[23] ***Loc. Cit***.

[24] See the United Band for Africa (UBA), ***Monthly Business and Economic Digest***, Vol. 13, No. 6, June 1990, p. 3.

[25] See ***The Analyst***, Vol.. 3, No. 4, 1988.

[26] Quoted in Bala Usman, "MAN versus SAP," ***The Analyst***, Vol. 4, No. 2, 1989, p. 25.

[27] ***Ibid***., pp. 25-26.

[28] ***Home News***, February 22, 1990, p. 19.

[29] See "The Social Costs of Adjustments," ***Africa Recovery***, Office of the Secretary-General, United Nations, 4 November 1987, p. 15.

[30] ***West Africa,*** April 9, 1990, p. 592.

[31] ***West Africa,*** June 11, 1990, p. 968.

[32] See ***Report of the South Commission***, cited in ***Newswatch***, August 13, 1990, pp. 34-36.

[33] See "IMF in Africa," ***Africa Recovery***, (4), December 1987, p. 5.

[34] See Chikezie Ezirim and Andrew Okolie, "Multinational Corporations and Underdevelopment in Nigeria," in Julius Ihonvbere (ed.), ***Dependent Capitalism and Crisis in Nigeria*** (Benin City: Jodah Publishers, 1989).

[35] ***Ibid***.

[36] ***The Nigerian Economist***, January 31, 1989, p. 46.

[37] ***West Africa***, August 20, 1990, p. 2323.

[38] See, for example, Yusufu Bala Usman, "The 1990 Budget and Our Future." (mimeo)

[39] ***Financial Times***, March 19, 1990, p. 1.

[40] ***West Africa,*** August 27, 1990, p. 2351.

[41] ***Financial Times*** (19/3/90) puts the figure at $4bn. annually till the late 1990s.

[42] ***Financial Times***, March 19, 1990, p. 6. In fact, this figure hides the fact that some industries are in a worse mess. For instance, the motor assembly plants, who get only 15% of their inputs locally, operate at 10% their 1980 levels, according to the newspaper.

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[43] Yusufu Bala Usman, "The 1990 Budget," p. 2.

[44] ***West Africa***, March 12, 1990.

[45] See ***African Concord***, November 13, 1988.

[46] ***West Africa***, November 13, 1989, p. 1901. "Social conflicts" refers to those that did not or had not yet resulted in strikes or lockouts.

[47] Rasaki and Aminu have arrogantly pursued extremely unpopular policies, with the former calling on Lagos residents to lynch suspected armed robbers without recourse to the police.

[48] See the text of the coup broadcast in ***Newswatch***, May 7, 1990, pp. 37-38.

[49] ***Loc. Cit.***

[50] ***Loc. Cit.***

[51] According to no less a person than the then Secretary to the Federal Military Government, Olu Falae. See ***The Analyst***, Vol. 3, No. 4, 1988.

[52] See ***The African Letter***, March 16, 1990, p. 3.