

Nigeria's future: Can Obasanjo save Nigeria?

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The task facing Nigeria's new president is immense. Is he up to it?

AS HE surveys the state of his country in the aftermath of his election victory on February 27th, President-elect Olusegun Obasanjo might be forgiven for thinking that what Nigeria needs is a sharp kick from a military boot. Yet, once a general himself, Mr Obasanjo of all people knows how years of military rule have corrupted and weakened his country. Can this crusty old warrior, who last ran the country-in uniform-in 1979, now drag Nigeria back from the brink of chaos?

For an ex-general, his political credentials are good. As military ruler in 1979, he nobly handed over to an elected civilian government. That government borrowed, stole and squandered until it was overthrown by the soldiers again four years later. Then the army, once seen as the only institution capable of running the country, turned instead to looting, and destroyed it. Nigeria's descent into chaos accelerated. In the 20 years since Mr Obasanjo last held the reins of power, this vast, shambolic but energetic country of more than 100 million people has seen its income per person slide from \$788 to \$679. Nigeria's currency, the naira, has gone from nearly \$2 then to little more than one cent now. Today's Nigeria has no constitution. Its economy, already plundered by high-level theft and corruption, will be further damaged by the continuing slide in the price of oil, the commodity that provides 98.9% of export earnings. More and more Nigerians now live in poverty, angry and demoralised. Can one man, however well-intentioned, make a difference?

Mr Obasanjo will be given no period of political grace, either before he takes office on May 29th or after. His defeated rival for the presidency, Olu Falae, a former finance minister, has already challenged the election result, claiming that voting was rigged and ballot boxes were stuffed. International monitors agree up to a point, but say that any rigging was done by the political parties, not by the government, and that anyway it was not on a big enough scale to affect the result.

With 7m more votes than Mr Falae, Mr Obasanjo has a comfortable-sounding margin. Yet he may still lack the clout to govern effectively in such a divided country. He won a clear majority in most central and northern states, yet did quite poorly in four south-western states (see map on next page). Both he and Mr Falae are Yorubas from the south-west, but Mr Obasanjo is distrusted there as a man co-opted by the north. In Lagos, Nigeria's commercial capital and the engine-room of what is left of the non-oil economy, he won only 12%.

Perhaps the new president's greatest asset is that he comes to office after General Sani Abacha, the worst ruler Nigeria has ever had. Under pressure from international donors, Abacha had been planning a return to civilian rule, but his plan entailed all five officially sanctioned political parties proclaiming him their candidate for president. That prospect proved too much even for Nigeria's pliable political elite. It drove 18 northern leaders and another 16 from the south-known as the Group of 34-to join forces with a handful of democracy campaigners and oppose publicly the general's plan to "succeed himself". Last June, as they braced themselves for the general's wrath, Abacha died (whether from natural or unnatural causes is still not certain). Luckily for Nigeria, his relaxed and affable interim successor, General

Abdulsalam Abubakar, did a prompt about-turn, released some political prisoners, and set in train the process that led to this week's flawed but free election. Luckily for Mr Obasanjo, General Abubakar had already begun to restore relations with Nigeria's western donors and to persuade them to lift sanctions imposed in 1995, after the hanging of Ken Saro-Wiwa, a prominent minority activist. Negotiations began with the IMF and the general abolished the dual exchange rate that had allowed Abacha's cronies to buy cheap dollars. Until May 29th, when Mr Obasanjo takes over, the country will be run by a Provisional Ruling Council (PRC) of senior military officers.

Mr Obasanjo could use this time, first, to build a national coalition government, second, to work on his promised blueprint for Nigeria. Top of his agenda should be three issues: corruption, weaning the economy off its dependency on oil, and finding a more democratic federal system that spreads power and money more evenly through the country.

Hardest of all, perhaps, will be to eradicate Nigeria's culture of theft. Take just one example. Nigeria is the world's eighth-largest oil producer, pumping about 2m barrels a day, yet for the past five years it has had a fuel shortage. The country's three refineries should provide Nigerians with oil, yet there is almost none. Queues of vehicles wait days at garages for a few litres. Why? Because Abacha found fuel import licences an effective source of patronage for his cronies, so he made sure that the refineries were not maintained and therefore that Nigeria had to import fuel. Much of it was then sold on the black market at twice the official price.

The fate of Mobutu's Zaire, where the state had withered away completely and the only system was corruption, now hangs over Nigeria. Some public servants still try to stay honest, but most, from bureaucrats to policemen and nurses, will not lift a finger without a bribe. Ordinary Nigerians are only mimicking their political masters. Corruption spreads from the top down. The Nigerian state does not command loyalty or service. It is regarded as a vast pie to be eaten-or "chopped" as Nigerians say at every opportunity, especially by those who run it. Pat Utomi, director of the Lagos Business School, says: "Nigeria is the most privatised state in the world, only those who now own it did not pay for it."

Nigeria's public and private institutions-including foreign companies-are being eaten away by corruption. Roads, hospitals and schools disintegrate as funds for maintenance are pocketed. Daily power cuts in the cities force factories to close. Drug smuggling, money laundering and all sorts of frauds have made Nigeria synonymous with international crime. American drug officials speak almost in awe of the inventiveness and audacity of Nigerian crime syndicates.

The injection of petrodollars has meant that Nigeria's governments, particularly its military governments, have not been accountable to the people. They have relied on foreign oil companies and the army, rather than votes or taxes, to keep them in power. Local leaders, emirs, kings or chiefs could always be bought. It is a system most Nigerians seem to accept with a shrug.

If Mr Obasanjo wants to change this, he will also have to start at the top. But that means taking on some of the ex-military men who bankrolled his campaign. Here he could join forces with General Abubakar. Early on in his interim administration, the outgoing general trumpeted the discovery of \$800m, stolen by Abacha. The Abacha family finances were to be investigated. But then silence. Diplomats say that the

stolen money has been distributed to members of the PRc, as their final pay-off before leaving office.

Chances are, the first demands on Mr Obasanjo will come from campaign backers, who will now want to recoup their outlay through government contracts and concessions. Some of Nigeria's richest men, many of them former generals, hope that because they backed their former comrade in arms, they will now be spared any probe into their fortunes. But Mr Obasanjo has promised an investigation into corruption. That would help win over some of his opponents in the south-west. Forcing a few prominent generals to turn out their pockets would make him the most popular man in Nigeria. Lebanon, Britain and Switzerland, where much of the stolen money lies, have indicated they would be willing to freeze bank accounts of those accused. The money recovered could be spent on the roads, hospitals and schools it was meant for. It would be a start, at least.

The economy, meanwhile, is in a critical state. Oil, or rather the misuse of oil money, has been the downfall of Nigeria.

After the price leapt in the 1970s, Nigerians abandoned almost all other economic activity in the mad scramble for a sop of oil wealth. The professional middle classes devoted themselves to getting government contracts and licences to import goods, while the oil-driven, high-valued naira destroyed Nigeria's traditional agricultural exports of cocoa, cotton and groundnuts. Millions of small farmers were quickly impoverished.

Running on empty

Now the state's coffers are empty, just when some extra spending might give the new government a breathing-space and a chance to appease angry losers. The arithmetic is horribly simple. The economy is expected to shrink by more than 1% this year. If the oil price drops to \$11 a barrel, Nigeria will receive only \$7.3 billion from its oil exports this year. In 1997, oil revenue was \$15.2 billion. After debt repayments and investment in oil, there will be little left for the government to pay its army of public servants, let alone the country's twitchy soldiers. Forget about new roads or school books or medicine. The budget gap will widen if the oil price falls further. And with billions in unserviced debts, Nigeria cannot borrow more to fill the hole.

In January General Abubakar reached a tentative agreement with the IMF. Its staff will monitor basic economic policy until June, when they will negotiate an economic reform programme for Nigeria. Once the IMF is satisfied that Nigeria is on track, the country will be able to renegotiate its debt (the amount is disputed: \$28 billion, says the Fund, \$31 billion, says the World Bank, \$26 billion, says Nigeria) In the meantime the Bank, which has had minimal contact with Nigeria since 1993, is trying to arrange a meeting of western donor countries to provide support for the new government in its first difficult year. The meeting, however, will not take place until next month at the earliest.

In the short term, the new government will probably be blamed for doing little or nothing to make life easier for the people. Yet, if it can survive this recession, Nigeria may find some harsh benefit in a lower oil price. Its future political and economic stability depends in large part on ending the dependency culture oil has created. The government needs to learn to collect taxes, for proper social spending, and Nigerians

need to find more productive livelihoods. Like many a bust economy, Nigeria has talent, energy and creativity in abundance. Mr Utomi estimates that unrecorded economic activity, from metal bashing to bun selling in the streets, already produces double the output of the more formal non-oil part of the economy. The difficulty is to harness such entrepreneurship to make things Nigeria can export, alongside its oil. Following the example of others with empty coffers, Nigeria has already begun to prepare its decrepit national power supply and telecoms for privatisation. Any benefit, however, will be long in coming. A more dramatic sell-off would be the oil industry. Were the government to sell its majority share, it would be relieved of the yearly burden of "cash calls", the millions of dollars needed for its share in continuing exploration costs.

But selling at this time would bring in less than the government might wish. And privatisation is still politically unpopular in Nigeria. Some see it as selling off the family silver. Others fear that all the most valuable companies will be bought up for a song by the corrupt generals who milked and ruined them in the first place. To the outside world, however, such sales, managed tolerably decently, would at least be a sign that Nigeria now understood its salvation no longer lies with oil and the political corruption the business has spawned.

Split and fractured

Oil, however, has not only cursed Nigeria's economy. By making people believe they should be rich, it has also blighted politics, especially among those who live over it. The people of the Niger Delta have watched billions of dollars flow out from their soil as they have grown poorer. Now they are angry. The delta is home to some 8m people, split into thousands of small communities divided by language and ethnicity. The government's policy in the past, followed to some extent by the oil companies, was to play one group off against another. That has merely exacerbated rivalries: small wars have broken out in some areas.

Young militants have started to attack oil installations, kidnap oil workers and damage pipelines to demand compensation for oil spills. Some radical groups campaigning against the oil companies are demanding "control of resources and self-determination". This sounds like a call to break away from Nigeria, but the radicals say they will settle for direct negotiations with the oil companies for a slice of their income. Last year such agitation managed to halve Nigeria's on-shore production for several months.

The oil companies are chary of anything that suggests the oil belongs to anyone except the Nigerian government. However, Royal Dutch/Shell, the main onshore operator and chief victim of the disruption, is trying to head off local anger by spending some \$40m on "community relations" this year, spread across the 1,500 communities in Shell's operational area. This sum does not include the millions more spent on compensation and ransom. Yet the rivalry between and within local groups is now so bad that Shell's well-intentioned efforts building roads and schools, may only exacerbate jealousies and rivalries between villages, rather than pacify the delta region. For now, the fighting is done with old guns, bows and arrows. But these conflicts could yet turn the area into another Sierra Leone or Liberia.

Only Nigeria's government can stop this. General Abubakar, having withdrawn some soldiers from the region, has been trying to keep the temperature down by talking. Mr Obasanjo's new government, when it takes office, may be forced to look again not only at the land law, which designates all minerals as government property, but

also the amount of revenue given back to the oil regions from central funds. The figure was once 15%, but has fallen to 3% under successive military governments. Almost none anyway reaches the ordinary people of the delta, who have become some of the poorest in Africa.

The delta crisis is also forcing a rethink of Nigeria's federal structure. Under military rule, the number of states was increased from 19 to 36, so that senior officers could be given jobs as governors and the opportunity to "chop". Real power however remained firmly at the centre. A consensus is now emerging, at least in the south, that Nigeria should be allowed to develop as six regions; north-east, north-west, middle belt, south-west, south-east and the delta, called south-south. Mr Obasanjo could transfer funds and power to these regions and allow the present states to become provinces within them, with local government functions.

Will the new president be allowed to go beyond thinking about it? Election fraud and a loser crying foul are classic excuses in Nigeria for military intervention. This time, however, the soldiers are unlikely to try to step in immediately. They know that Abacha-and their own greedy behaviour have made them too unpopular. Meanwhile, senior officers still provide the governors of the states and the bosses of the country's big companies-positions that have made them extremely rich. With luck, that means that most senior officers will be content to retire from their posts in government after May 29th. Rank insiders?

The bigger danger will come from the second rank: colonels and brigadiers who have patiently lived on measly army pay, waiting for their turn at the trough. Many of them were promoted for loyalty to Abacha, rather than skill. They will feel slighted if Mr Obasanjo now passes them over to appoint his own men to top army posts. Another threat could come from junior officers, inspired by idealism rather than money, who want to purge the country of corruption by a violent revolutionary coup.

There have been coup attempts along these lines in Nigeria before, but none has succeeded because of the sheer size of the army and because its senior officers are too numerous and powerful. These days, however, a large part of Nigeria's 80,000-strong army is serving in the West African peacekeeping force in Sierra Leone-and suffering hundreds of casualties. This makes junior officers, who have borne the brunt of the fighting in a small country they care little about, even more dissatisfied. There have been reports of desertions and of troops refusing to be sent to Sierra Leone. Mr Obasanjo has said he will review the commitment to Sierra Leone. A strong internationalist, he is unlikely to pull the troops out willingly, but pressure from within the army may force his hand. Then how would the army spend its days? In an attempt to head off any brewing discontent, Mr Obasanjo needs to work closely over the next few months and beyond with General Abubakar, making sure that he does not alienate the army completely, even as he seeks to restructure it and implement economic reforms to rescue the country from the army's own past excesses. He also needs a vision for Nigeria and a plan to bring it about. He revealed little of either during the election campaign. As for those army officers who stand to lose some of the perks they have grown rich on, many are confident that the civilians will mess things up again-and, sooner or later, they will be back in charge.