Collection: African Affairs Directorate, NSC: Records
Folder Title: Nigeria – General 1982-1986
Box: RAC 8

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name AFRICAN AFFAIRS DIRECTORATE, NSC: RECORDS

Withdrawer LM 3/5/2024

File Folder NIGERIA - GENERAL 1982-1986

FOIA F12-045 DEVERMONT 2

Box Number 8

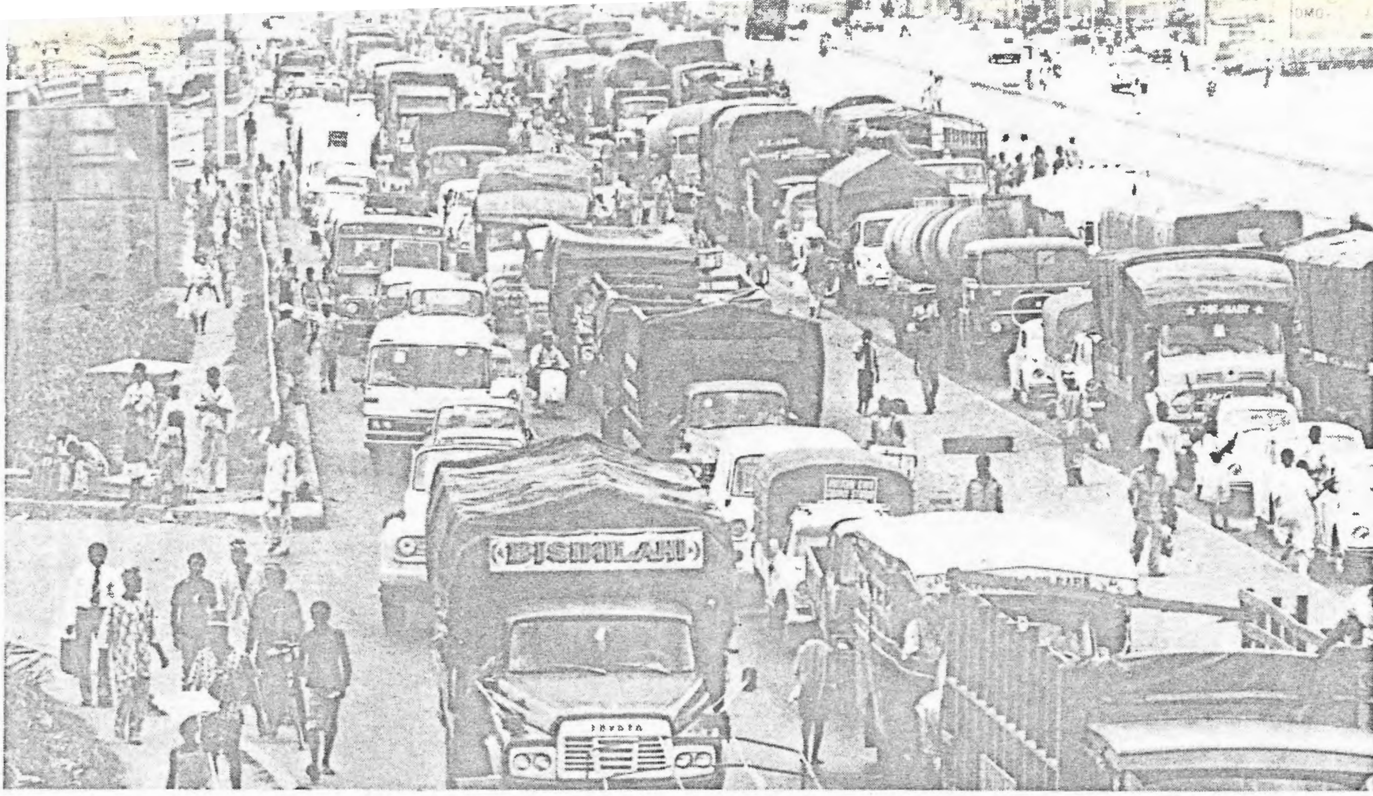
ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
256317	REPORT	PAGE 5 ONLY RE NIGERIA	1	ND	B1
256318	PUBLICATION	NIGERIA: POPULATION PROBLEMS AND POLITICAL STABILITY ***PAR 3/5/2024 NLR-8-8-24-2-6***	25	9/1/1986	B1

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]
B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.



file

The most African country

Nigeria is the giant of Africa, one of the world's 10 most populous nations, strategically vital, rich in natural resources (especially oil) and wooed by east and west, rich and poor alike. Nicholas Harman went there to ask where it may be heading next, and came back fairly sure it is downwards.

"Why can't they", wailed Professor Higgins of the female half of the human race, "be more like us?". With more tact but just as much impatience visitors to Nigeria tend to reel back baffled by their hosts' predicament. About a third of the people of black Africa live in this vast new nation. The oil along the shoreline of its south-eastern corner—in the armpit of the continent, where supertankers sail in still on charts inscribed Slave Coast—has enabled the country to multiply its exports by 10 times in 10 years, and its imports by 11 times. In only two of the past 10 years has Nigeria not recorded a surplus on its current balance of payments. No country in the world has been so eager to buy more foreign goods and services, and so well able to pay for them.

Its hotels and company rest-houses swarm with itinerant would-be salesmen of practically everything, including political influence. Russians get stuck in the lift with Taiwanese. Brazilians compete with Finns to hire the only taxi with a working air-conditioner. Americans paddle through fresh sewage to the headquarters of their own banks. Everywhere the British—Nigeria's former colonial masters, still its biggest overseas suppliers—struggle to modify their grammar to match that of west African pidgin.

These foreigners from every quarter of the globe wear a baffled look, sweating as much from psychological stress as from the steaming outdoor heat. How can so much money and such high hopes engender such chaos? Why won't the telephones, or the bureaucrats, work? Why can't you turn on a switch, or a tap, or turn up for a scheduled flight, with any confidence that light, or a wash, or a journey, will result? Why, at almost every level of public and private administration, do people expect bribes? Why is almost everyone so infernally aggressive, and why, when aggressive driving kills people, can't they at least clear the corpses off the streets?

Giant fortunes have been made lately out of Nigeria, by foreigners and locals alike. Some tremendous things have been done to strengthen the country's infrastructure—90,000 kilometres of hard-top highways built in 20 years, just for example. But the economic consequences of oil money on what was formerly a fairly simple, agrarian country have been problematical, and the social consequences could prove disastrous.

Oil money is paid not to people but to the government. Its immediate result is a growth of government jobs, and of offices for government servants. Nobody in Africa likes working on farms. Oil has monstrously speeded up the rush to the towns, to work for the government, on government contracts, or to service those so employed. The people off the land have gone on producing babies as though they were still on it—more mouths to feed, scarcer and dearer food. Despite the real efforts of successive governments, the supply of trained and educated people lags pathetically behind the demand for their services.

Constant miracles of ingenuity and improvisation do, somehow, keep some things in some areas working reasonably well. There are enough capable and energetic Nigerians around to prove that the inadequacy is not in the people, but in the circumstances they have to survive in. The well-off have their own bore-holes for water, their own standby generators for power, their own servants to run the endless errands.

But for the poor—and the overwhelming majority of Nigerians, despite oil, are very poor indeed, utterly uneducated, and increasingly separated from their roots in farm and village—life is very tough indeed. Disease, especially malaria, is rife, urban housing scarce. Exhausted, male workers drop off to sleep all the time. Women's everyday concern is not the price of oil, but the rapidly growing shortage of firewood for fuel. The gap is vast between the would-be modern bits of society and the stressful life of most people.

At best, Nigeria's friends can with the eye of faith discern some progress. A Frenchman put this case: "Of course it's hopeless. But it's 10 times less hopeless than it was five years ago". At worst—and a lot of it is at the worst—Nigeria is the realisation of a Broederbonder's bad dream, the place where Africans have their chance and are chucking it away.

Facts—what facts?

It might as well be admitted from the start. This is the first survey published by *The Economist* in which every single number is probably wrong. There is no accurate information about Nigeria. Nobody knows, within a margin of error of about one third, how many people the country contains, where they live or how much they produce.

In 1980 maybe a quarter of estimated gross national product came from oil revenues. Oil provided over 90% of exports. Practically all the oil money went straight to the government, forming 90% of its revenue. Here is the latest annual report of the central bank of Nigeria, on the government's accounts:

> At the time of writing this report (April, 1981) no actual data on federal government revenue and expenditure was available for the whole of 1980: the situation as usual was worse for state governments. External trade data in respect of 1980 similarly were unavailable . . . the data situation has in fact continued to deteriorate rather than improve.

By the end of 1981 the bank—and the electorate—was none the wiser.

The government's oil

The blessing of oil is that it brings in lots of money. The curse is that it concentrates that money in few hands. Only the Americans managed to trust-bust the stuff into fairly wide ownership, and tax it lightly. Everywhere else oil has massively increased the revenues of governments, and encouraged them to believe in their own omnipotence: not a belief that needs much fostering in the third world.

For over a decade—while they ended a civil war, endured the rule of three successive military dictators, re-divided their federation into a new pattern of states and litigated their way to elected democracy—Nigeria's leaders had to do practically nothing about oil except hand out production licences to foreigners, wait while other foreigners in Opec pushed the price up and then bag the takings. With the takings they were going—they said—promptly to build a new great power. A beacon for Africa, it would be prosperous, strong, compassionate to all except the wicked South Africans. They had the money, the resources, the will. What they did not have, at any level, was the competence to carry their fine ambitions through.

In 1981 reality began to break in. With recession in the countries that buy Nigerian oil—the Americans, an easy tanker-run across the safe Atlantic, buy most of it, and it forms about one fifth of their imported supply—the Nigerians tried to keep the price above what the customers wanted to pay. The government needed oil revenue, not just to sustain ambitious development plans but for everyday cash. So the oil companies squeezed that revenue, by cutting exports from Nigeria from a high in 1980 of around 2m barrels a day to a low in August, 1981, of somewhere near 500,000 barrels. (Non-Opec Britain briefly overtook Nigeria as a supplier to North America.)

Nigeria was forced to join Saudi Arabia in its campaign to lower Opec prices. The Nigerian price eventually stabilised at about $36 a barrel, 10% below the price set six months previously. Exports promptly crept up again to around 1m barrels a day, but at the new lower price, and with a great dent already made in what the government had expected to be its total income for 1981.

There was no formal credit squeeze, no sharp rise in local interest rates. Instead the federal government simply put off paying its bills, and delayed authorisation of remittances abroad. "Very sorry, old chap", said the civil servants who process the cheques and licences, "there seems to be a tangle down the line". In normal times a plain envelope of cash will swiftly loosen up such tangles. The envelopes got fatter and fatter, but the paper moved no faster. (This distressed some of the recipients: taking a bribe and not delivering results is an offence against Nigerian ethics.) Meanwhile, as is discussed later, a constitutional tangle stopped the transfer of federal money to the 19 state governments which finance much road-building, construction and other infrastructure projects, so the states stopped paying their bills too.

The foreign salesmen who beset Nigeria were faced with a new anxiety. They were scrambling for new federal and state contracts. They were also chasing payment for work already done, and cutting back as hard as they dared on work-in-progress. (Practically everything for the building trade in Nigeria is imported, from earthmovers to reinforcing bars to taps: slow down the construction business, lay off Nigerian workers, and you lay off men in Düsseldorf and Stoke-on-Trent as well.) Most foreign entrepreneurs have paid heavy "commissions" up front to get Nigerian business, and charged inflated prices to cover their inflated costs. Now paper profits begin to look like dangerous losses. The banks,

Firewood in Kano, oil in the Delta: fuel can run out

heavy lenders to the penniless state governments as well to the cash-flow-thirsty contractors, banged up against their lending limits. They at least made money from the cash shortage: bank interest charges cut further into private sector earnings.

For Nigeria, the slow-down that has followed the oil export slump could be a blessing. It could give a breathing space, for counting up the madcap expenditures and commitments of the 1970s, and calculating the speed at which the next burst of spending can realistically be undertaken.

Now everyone knows that there will be less money. But the president's budget proposals, just before Christmas, spoke of austerity but suggested no expenditure cuts. His vague but comforting suggestions for spending will certainly be swelled by political and regional pressures. Anyway the case for spending on "development" is as strong as ever, in this vast country most of whose people have barely entered the cash economy. The shortage of educated people to control the spending, and of trained people to do the work, remains acute.

Enterprise versus inflation

Both arms of Nigeria's national development policy (if you can call a scramble a policy, and why not?) act as machine-tools to manufacture inflation. The policy of massive spending has been tempered only by the government's inability physically to organise the handing out of all the contracts it meant to give. It is accompanied by the policy of banning many imports, putting others under heavy tariffs and subjecting the rest to licensing restrictions. This is meant to protect domestic producers, who in many sectors barely exist, and anyway have very high costs (for reasons, largely to do with the exchange rate, which we shall come to later).

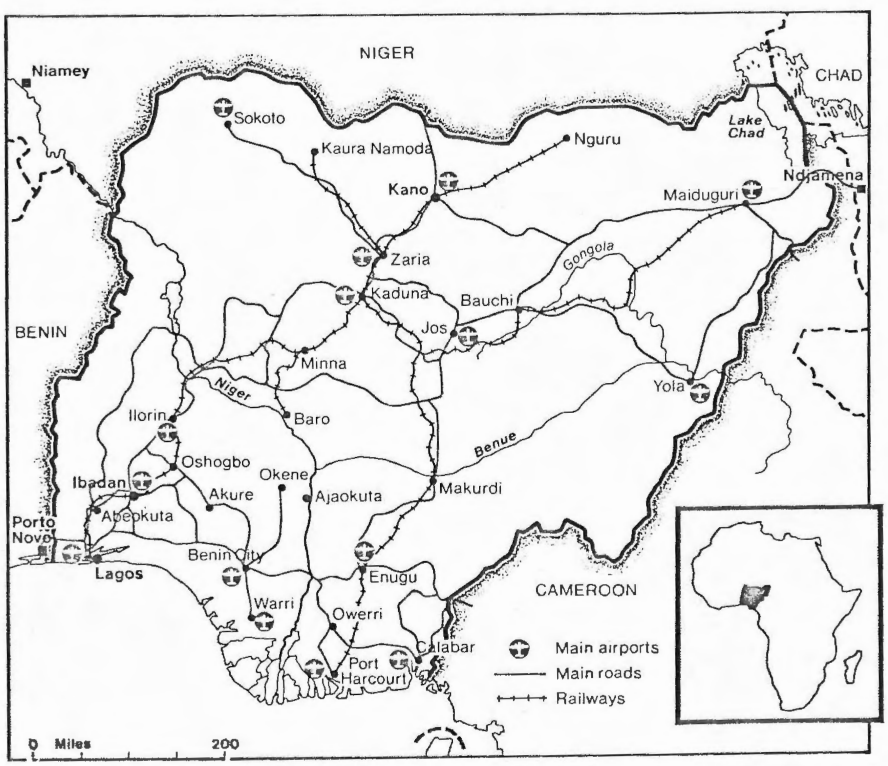
This is a formula for superimposing a shortage of goods on an excess of money. But the import-rationing part of it has mostly not worked. Take rice, which is in great and growing demand, as new wage-earners moving from farms to towns start yearning for more varied food after their traditional diet of home-grown yams or cassava.

Last summer Nigerian rice, smelly, broken stuff largely from new plantations where they are not yet used to growing and processing it, was selling retail in Lagos at around Naira (N) 1,600 a tonne. Fine, clean Carolina rice could be landed at Lagos at N400 a tonne (courtesy of the American taxpayer and his subsidies: slightly worse Thai rice fetched the same price). Rice bears no import duty, and may be imported only on special licence. Importers can then sell it at a 400% mark-up, so rice import licences are as good as money. They have been generously made available—to supporters of the federal majority party, in the areas where it is weakest, which happens to be the southern coastal cities nearest the ports. Of course rice imports—up from 1,700 tonnes in 1970 to 700,000 tonnes in 1979—are marginal to total food consumption. But the margin hurts. Nigeria's infant rice planters and processors, who had been promised a rising market for their product, have seen the most profitable sector of that market torn away.

Urban wants have been further satisfied and urban purchasing power mopped up by massive smuggling with the bought connivance of the customs service. It is the policy, for instance, to foster domestic tobacco growing, and raise government revenue, by banning imports of better foreign cigarettes. But in every town and hamlet gold-wrapped filter-tips are piled high on the stalls, and hawked singly or in cartons from house to house by Hausa urchins or Yoruba market-women: "Made in England", they cry, and break open the pack to show that they are fresh.

Minority brands of cigarettes, like wines and spirits and some other French-

The shape of the country

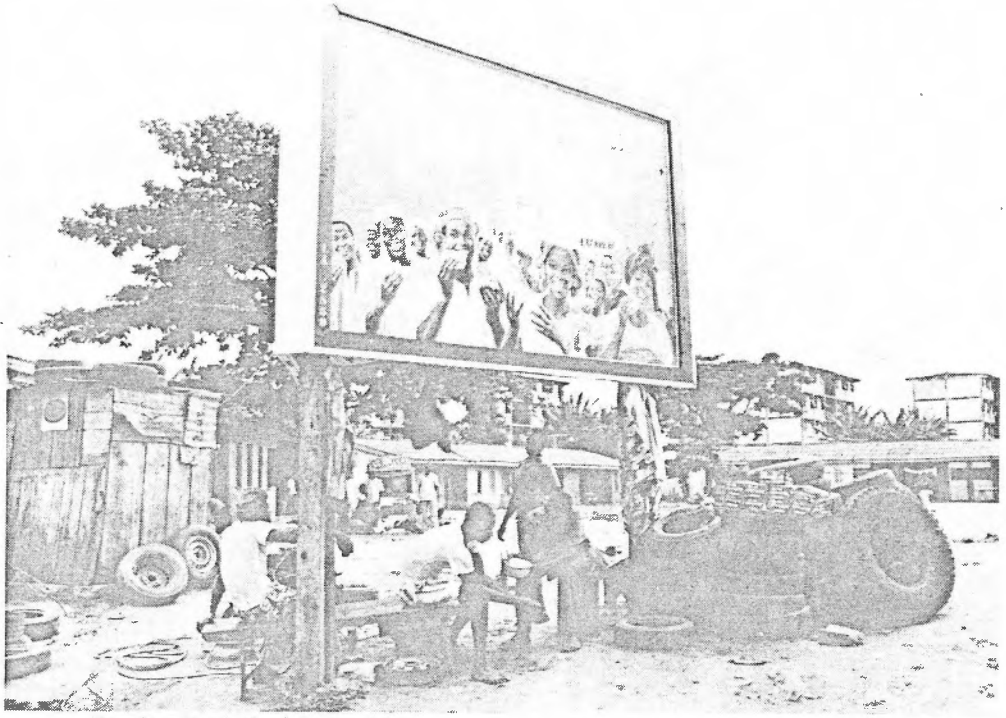


Nigeria is the juiciest of the chunks carved off west Africa in the colonial scramble of a century ago. It fills the basin of the Niger and Benue rivers. To the north lies the Sahara desert, which the British prudently left to the French. Drought and careless farming are now shifting the arid lands southwards.

The central band of the country is savannah, fed by seasonal rains—marvellous cattle country, if it were not for various foul diseases. The southern belt, formerly tropical rain-forest, produced valuable export crops in colonial times, but now grows only local foods.

Rich oilfields, and richer but barely exploited gas deposits, lie beneath the Niger delta. The government's spending of oil money is frantically attracting people into the cities: Lagos and Ibadan are, after Cairo, probably the biggest on the African continent.

The most promising new industries lie around Port Harcourt and the Niger delta, using the cheap natural gas, most of which is wastefully flared off. The worst new industry is being built at Ajaokuta below the Benue-Niger confluence, to produce expensive, poor-quality steel from low-grade local ore and coal. One day, when the rivers have been dammed for year-round navigation and power, this may seem a good idea.



Foreign food, the import drive

style luxuries, are smuggled across the borders, mainly from Benin. But the big business is by container-loads, through Nigerian ports. In the case of bulk cigarettes the importer, on notification from London that a consignment is due, may simply pay the customs men direct to clear it according to a false manifest. Or he may pay the customs to "detect" the illegal shipment, and then to arrange its sale by "auction" at an agreed price, as seized goods.

The same arrangements apply to digital watches, video-recorders, 10-speed bicycles, tape-decks, perspex images of Jesus in a snow-storm, French scent, Château Monopole "champagne", and children's clothes honestly marked "Made in the Republic of South Africa". All these things your correspondent enumerated on open sale in Gbajumo Street market in Lagos one warm afternoon. The local policeman quite sternly warned him: "No photographs", he said.

The big trading companies, which import legally and have to pay duty, agonise bitterly over their smuggling rivals—but make huge profits anyway. Much more damage is done to the real economy by the unpredictability of the way import licences are handed out. Firms are enticed to invest in high-cost Nigeria on assurances that their investment will be protected by quotas on imports. Building component makers, garment firms, even electronics assemblers have been attracted in this way: not to mention farm projects.

But import restrictions tend to be eased as soon as a temporary shortage of whatever it is appears—or as soon as someone in government is paid to ease them. Car and truck assembly, for example, has suffered bitterly from unpredictable floods of competing imports that cream off the market whenever it looks especially profitable. What rankles specially here is that the biggest customers for vehicles are government agencies—and that the government controls the price at which domestic manufacturers may sell.

There is only one way in which foreign investors can react, and that is to raise the price at which they transfer components from their overseas parent company to the Nigerian subsidiary. The never-ending cycle of unreal pricing and uneconomic manufacturing continues: and future potential investors in Nigeria mark the signs, and resolve either to stay out or to charge Nigeria absurdly high prices. Local workers have proved that they can turn out goods as efficiently as their counterparts in industrialised countries. But the government-determined commercial framework within which their employers have to operate stultifies their efforts, and works against the national interest.

Bribery and tribery

Expounding Nigeria to a foreigner, its citizens take pride in attributing the finest bump of commerce to some ethnic group other than their own: the Yoruba claim to be cheated by the Hausa, the Hausa by the Ibos, the Ibos by the Yoruba, and so on, in an infinite tribal circle which left your correspondent convinced that all must be pretty hot salesmen.

Let a minibus stop in the bush, and someone will appear to sell warm drinks to its occupants. Let there be a traffic jam—Lagos jams can last three hours, those in other cities less, proportionately to their lesser size—and you have an instant market-place ($50 for a gold Swiss watch, 10 cents for a Taiwan trinket). Haggling over prices is a national pastime: buy too dear and get yourself despised. "These guys are nature's capitalists", said an American visitor. But if capitalism is about investment and production, capitalists they aren't. Everyone wants to buy and sell: practically nobody wants to make or grow things. They may not have much experience of a modern economy, but they know that it is the middleman that makes the profit.

Nothing so annoys and worries foreigners as the universal demand for bribes, called "dash". So your correspondent inquired of several wise Nigerians why it should be. Not as an excuse but an explanation, here is what he understood.

People's deepest loyalty is to the home village and community from which most of them have very recently moved and with which even the most urban maintain strong personal links. The wants of families—infinitely extended, through auntships and cousinages, in a way incomprehensible to Europeans—are very real. The richest and best educated Nigerians feel this pull of the home community at least as strongly as the weak and rustic—because their father was often village chief, with feudal obligations to it. There is a real and admirable collective solidarity, extending beyond the village to the tribe and the whole language group (of which Nigeria has maybe 200); but not to the nation and society as a whole.

Getting power or money for yourself means sharing it within the group. The poorest relation basks in the glory, and may even get some of the money, attracted by the successful. Getting rich confers collective merit. Other loyalties—to the public service, the private firm, the hospital, whatever—can never be as strong as that to the family and its tribal or ethnic extensions. The man who takes bribes sees himself as Robin Hood, not the wicked sheriff.

The short-term economic manifestations of this are rather healthy. In a system where all resources are in short supply, ability to pay may well be the best way to allocate them. Disapprove as they may of the Nigerian method of enrichment, resident foreigners soon learn and practise it. They can't do business any other way.

The longer-term implications of collective corruption are more worrying. For if the purpose of getting money is to spread it around, among members of a group some of whom are in dire need of the barest necessities, where is large-scale saving to come from? Because of the way the exchange rate is managed, and because no rich person can feel quite safe within the country, people with substantial fortunes tend to put most of their money abroad rather than investing it at home. That means dodging exchange controls, and more corruption. So it goes.

Almost a nation, anyway a democracy

For two decades Nigerians have been trying to sort out the political arrangements they need before they can tackle the economic agenda: to acknowledge the diversity of the regions, while asserting the unity of the state.

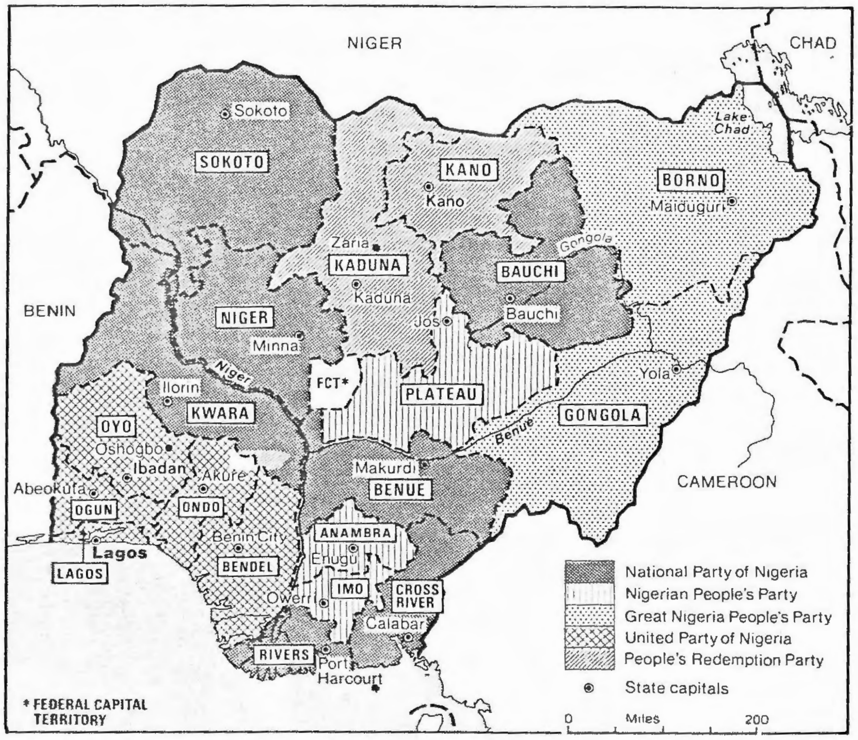
The British never tried to rule Nigeria as one nation. They took its southern provinces mainly to cut off the Atlantic slave trade at source, the north purely to stop the French getting it. In 1900, for administrative convenience and economy, they heaped their heterogeneous acquisitions together under a name invented by the Africa correspondent of The Times (who promptly married the first governor-general, and ruled as Lady Lugard over the place to which as Flora Shaw she had given a name).

Colonial rule lasted for less than a lifespan. The estate never made much profit. Its administrators cut costs by deliberately reinforcing the shaky tribal structures, choosing local chiefs and emirs to act as cheap officials. In deference to local feelings they encouraged Christian missions in the pagan south, while permitting the northern sultans to deny their people any instruction except in the Koran. The short-term aim was to "protect" the natives from dangerous external influences, the long-term objective to get out as soon as European rivalries permitted.

In 1960 the British scrambled out, leaving behind a constitution that gave each of the three large language groups—Hausa, Yoruba, Ibo—a province in which it dominated many smaller ones. The constitution was unworkable, and

How Nigeria voted, 1979

Most Nigerians vote on ethnic lines, with religious overtones. Most of the 19 states have a majority from one or the other of the three main tribal groups: the Hausa-Fulani confederacy in the north, the ancient Yoruba clans in the south-west, the Ibo-speaking peoples in the south-east. The map shows the winners of the state governorship elections held at the restoration of democracy in 1979.



In the presidential election, the well-born Hausa candidate of the **National Party of Nigeria**, Alhaji Shehu Shagari, won by a whisker with 33.7% of the national vote. NPN governors won in four Hausa-Fulani states in the north, squeaked into power with 51% in multi-ethnic Kwara in the centre, and easily took the two multi-ethnic non-Islamic states of the south-east coast, Rivers and Cross River. These states suffered badly in the civil war, when Ibo army officers dragooned them into the pseudo-state of "Biafra": they seem to have voted NPN to keep the Ibos out.

The **Nigerian People's Party** is led by the dynamic old Chief Nnamdi Azikiwe, Ibo and Christian. It got 80% of the votes for governor in the two Ibo states of Anambra and Imo. Plateau state, home of the still-exiled General Gowan, which is multi-ethnic and mixed Moslem, Christian and animist, also voted NPP, perhaps for want of a better hole.

The **Great Nigeria People's Party** split from the NPP just before the election, and fought on the same formal platform. The difference was that the GNPP's leaders are not Ibo, but are Islamic. The party won the two Islamic but non-Hausa states of Gongola and Borno in the north-east—the two poorest states of the federation.

The **United Party of Nigeria**, led by the Yoruba veteran Chief Obafemi Awolowo, swept Yorubaland, in the south-west. UPN candidates took 94% of the votes in Ondo, 93% in Ogun, 85% in Oyo, and 80% in the federal capital of Lagos, which is one good reason why all non-Yoruba politicians want to move the capital elsewhere.

The **People's Redemption Party** has a leftist-populist programme, and is led by Hausa aristocrats who dislike the NPN's compromises with southerners and Christians. It won the Islamic Hausa-Fulani heartland in the two north-central states of Kano and Kaduna. Alhaji Aminu Kano, the party's national leader, slipstreamed its candidate to a clear victory in the state his family used to rule. In Kaduna the PRP candidate won with only 45% of the vote—the only governor not to get a clear majority—and the NPN formed the largest party in the state assembly. The governor of Kaduna proved unable or unwilling to work with the assembly and has since been dismissed by impeachment; the NPN has in effect taken over, and now looks like a truly national party.

the amiable conservatives who inherited it were very unfairly murdered six years later for not working it.

The army then tried to run it like a regiment. A provincial commander, Lieutenant-Colonel Ojukwu, soon mutinied, setting up a dictatorship of his own in the south-east under the name of "Biafra". Its political strength was that of the Ibo peoples who inhabit much of the area (but not the oilfields). Ibos had been massacred in the north. This was their revenge.

So difficult was the terrain, so incompetent the federal army, and so weak in support its rightful allies (including Britain), that the civil war lasted 2½ years, during which the prosperous palm oil and rubber industries of the rebel area were destroyed for good. The federal government was kept too busy fighting to worry about the economy. With the war's end in 1970 Nigerian history began.

Good men, no policies

Four remarkable men served at the head of the state in the 1970s. None got a grip on the economy. The first was the supreme commander to whom the secessionists surrendered in 1970, General Yakubu Gowon. He was chosen by his army colleagues after the two lethal military coups of 1966, and kept office not because he was powerful but because he was nice. He repaired the hatreds of the civil war, and brought defeated men carefully back into the public service.

Under General Gowon oil began to flow again from the former secessionist territory. Opec promptly doubled its price, and doubled it again. The general could hardly be blamed for not understanding the impact of oil money. His less scrupulous army colleagues stole a lot of it. And the rivalry smouldered on between the three main tribes.

General Gowon honourably sought to hand over to an elected government. To placate the urban elites he lashed out vast pay rises to government workers and private employees. This disastrously affected the nine workers out of 10 (mostly in the countryside, but traders too) who did not have paid jobs. The rush to the towns grew faster. In July, 1975, General Gowon went off to an African summit meeting, and was asked by his colleagues to stay away: he took flight, on full pay and a scholarship, to study at Warwick University in Britain the politics he had practised with small success.

The new military junta was led by an energetic northerner, Brigadier Murtala Ramat Mohammed. He purged the public service, including the army and the universities, cancelled some particularly scandalous public contracts and restored the programme for return to civilian rule. In February, 1976, he was murdered in a botched coup d'etat led by a drunken physical training officer, Major Dimka. The conspirators were tried and shot.

The new head of state was another hero of the civil war, General Obasanjo, a Yoruba and an able and honest administrator with a sincere belief that the army should stick to soldiering. He cut the powers of provincial governors, increased the number of states to 19, and at once started planning for elections. But as power passed from the hands of the soldiers and their civilian aides, public service morale went on sinking. Yet more big public sector pay rises were doled out.

In July, 1979, the elections began. They lasted over a month: first for the senate, then the house of representatives, then the state assemblies, then the state governors, and finally for the national president. Five parties had qualified to take part, under rules carefully designed to eliminate purely local groups. The candidate of the National Party of Nigeria (NPN), Alhaji Shehu Shagari, took just over a third of the poll, and 5.7m votes. Chief Awolowo took 4.9m (mostly Yoruba) votes. Dr Azikiwe, the sometimes revered Ibo leader, took 2.8m. And two northern Alhaji's took 3.3m between them. After some wrangling Mr Shagari was declared the outright winner, and took office on October 1, 1979. General Obasanjo went off to his farm near Abeokuta, duty well done.

President Shagari set himself to reconcile everybody. He has carefully balanced appointments on ethnic grounds. He has sought to allocate revenues fairly to the states, whether ruled by opposition parties or not. He has asked General Gowon to come home with honour, and may have put out feelers to the arch-rebel, Mr Chukwuemeka Ojukwu of "Biafra", now a millionaire running a transport business in Ivory Coast. He gave Dr Azikiwe a bullet-proof Mercedes for his 77th birthday.

Mostly, however, the government has responded to political and regional pressure by doling out money, either directly from the federal treasury or by giving people lucrative jobs and contracts. The president's name is clean, his subordinates' are not all. Nigeria cannot be run by a strong central government, even if the electorate were to elect one. The country is too big, too diverse and far too badly served by communications for that. But, with around a quarter of the gnp passing through the federal government's hands, it may not be able to be run by a wholly conciliatory government either.

Gowon, Mohammed, Obasanjo, Shagari: conciliators at the top

Tangle at the top

Nigeria's political system is copied straight from the United States. The federation has a directly elected head, checked by an elected legislature and regulated by a supreme court. Each state has the same in miniature. In each of the 19 state capitals the state secretariat is matched by a federal secretariat: in the federal capital each state maintains its own liaison office. The bureaucracies are immense, their office blocks the glittering prizes of the construction firms.

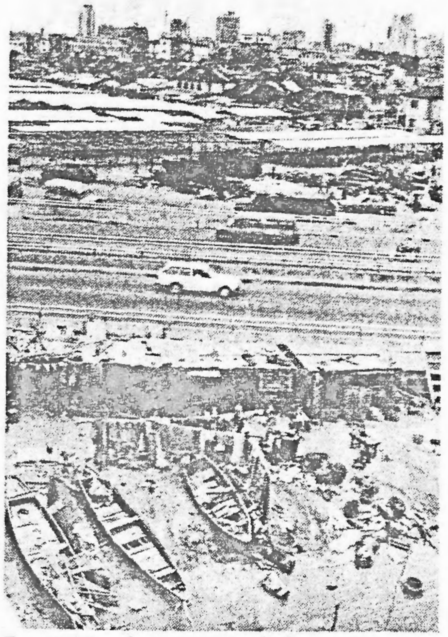
There is no clear demarcation of who does what. States without a federal university talk of setting up their own. Each state wants its own broadcasting system, and so on. Some states have tried to borrow money on the international capital markets without federal approval. Worse, there is no agreement that the present number of states is right. Most states are more or less ethnically homogeneous. Where there is a large tribal minority, there is usually a secessionist movement. It seems inevitable that three or four extra states will be carved out of the existing structure fairly soon.

The states have no significant revenue other than what the federal government gives them out of its oil takings. In February, 1981, after much political pushing and shoving, a Revenue Allocation Bill was signed into law by the president. It shared out federal revenue by the following formula. The federal government would keep 58.5% of the total, whatever that might be. The states would get 31.5%, each state's share being based on its area, its population and its oil production. Local governments within the states would get 10%.

After the bill was signed opposition politicians, claiming that it had not completed all the necessary parliamentary stages, appealed against its implementation to the supreme court, and won their case. The states had to live for some months hand to mouth on what the federal treasury chose to give them—which, as federal revenue dropped in the oil glut, was often nothing at all. Now a new bill, rather more generous to the states than the old one, has apparently been passed. But the total sum to be shared out is unknown. The central bank's annual report for 1980 wryly complained: "As was the case in calendar 1979, the federal government's fiscal operations in 1980 could not be analysed due to the unavailability of actual revenue and expenditure statistics during the year".

This seemingly abstract constitutional tangle has had very practical effects. The state governments are big spenders on things like roads, offices, colleges, waterworks. (As the president's economic adviser recently put it: "To draw up expenditure plans that exceed a state's revenue resources by more than 100% is not only prodigal but is tantamount to fiscal irresponsibility".) They are also shareholders and partners in practically every industrial or agricultural development in the country. But they do not know what money they have, if any. Rivers state, for example, has been so strapped for cash that it was at one point three months behind in paying its school-teachers—and Rivers has a governor and legislature of the same party as the president, so is presumed to be in friendly relations with the feds. Opposition states are almost certainly worse off.

Contractors and investment partners owed money by the states are not getting it. Many are seriously worried. Getting out means certain loss, and no Nigerian contracts ever again. Hanging on preserves a chance of getting paid, but involves heavy bank borrowing at 8½%. A few contractors have given up. Most are slowing down their outgoings, laying off workers and saving every penny they can. Some are bound to go bankrupt.


Dugout to skyscraper, via freeway

Muddle in the middle

The way the civil service is organised makes the political muddles worse. The constitution is on the American pattern, the bureaucracy British-colonial; that is to say, its techniques are inherited from the system that the British took over from the Mogul emperors when they captured India. In colonial times it permitted the employment of ill-educated native clerks within rigid controls, while enabling the tiny number of godlike foreign masters to override that bureaucracy.

The bureaucratic rigidities (and the ill-educated clerks) of the Anglo-Indian system survive. But the number of high administrators able to override the bureaucratic rules (call them safeguards or obstructions as you will) has risen hugely. Ministers do it, permanent secretaries do it, state governors and commissioners, secretaries-general of this and that parastatal agency do it. The endless form-filling and returning of files to a central registry continues. But it is combined with a wholly American style of pork-barrel local-interest intervention, a seedbed for arbitrary interference and outright corruption.

Since there are no reliable mail services or telephones or telex there is, there can be, no effective co-ordination of schemes between state and federal administrations. Nor can private interests coherently do business with public agencies. Contacts have to be made through people who call themselves "agents"—some respectable lawyers, others not much more than touts. Their invoices customarily bear a large subtotal headed "public relations", meaning bribes.

If an expatriate firm needs a work permit, or an import licence, or customs clearance for some special supplies, it probably has to send a senior man in person to the requisite government agency. Debt collection has to be done in person. One businessman operating in an outlying state claimed he had made six visits to Lagos, involving an overnight stay each time, at a total cost of N1,000, in order to extract payment of a firmly agreed sum of N100,000. He also called regularly at the state treasury, whose debt went back three years and totalled N500,000. The state government had reluctantly coughed up two payments of a mere N70,000 each.

The technical expert in charge of a project to which the federal government was committed to subscribe N2m, and the state government a little less, said: "I am meant to run a technical assistance scheme. I therefore refuse to pay bribes. So I spend 90% of my time chasing money that everyone agrees is due to my project. Luckily my Nigerian staff have learned the technical skills much faster than anyone expected, and get on with it while I am away. But I really believe the politicians and civil servants will be the death of this country".

8

Down and out on the farm

Nigeria can well afford to lose the goodwill of some foreign salesmen. The rip-offs of the past decade have cut both ways, and it is absurd for foreign firms to blame Nigerians alone for the corruption game that so many of them have so eagerly played. What the country cannot afford to lose is the ability to produce the food its people needs. It seems to be losing it.

Farming for export was the mainstay of colonial Nigeria, whose modest viability was based on palm oil, rubber, cocoa and groundnuts. The country may still export a little cocoa (but the world price is slumping, so that will probably stop soon). It is a net importer of all the rest. One big palm-oil firm established pipelines a quarter of a century ago, to run its product on to ships. It has now reversed the pumps, and brings out of ships the palm oil it so profitably grows in Malaysia.

Wiping out export agriculture might arguably be a perfectly sensible policy. In most colonies, after all, export crops were grown on vast plantations owned by expatriate firms and worked by sweated labour. In Nigeria it was never thus. Export crops were grown (or merely collected: oil palms grow wild) by local peasants and marketed by local middlemen, before they reached the trading companies on their way overseas.

Nigerian export agriculture put money straight into the countryside, and was the mainstay of thriving indigenous communities. Now it is dead, and the communities it supported are dying. Optimists reckon that Nigerian food production is growing by about half of one per cent a year, while the population is growing much faster (see box). Food now takes about 15% of total spending on imports, and will be taking more each year.

The country is vast, with fine rivers in the damp south, and underground water available the year round even in the sub-Saharan north. There is no reason why, with good husbandry, it should not double the area under cultivation and treble yields on already cultivated land. There is, after all, plenty of money that could be used for investment. Natural gas, the feedstock for fertilisers, is now flared off by millions of cubic feet a day.

Successive governments have talked their heads off about food. After the military-style National Accelerated Food Production Programme (1973) and Operation Feed the Nation (1976) came the civilian Green Revolution (1980). Each has spawned its cadres of civil servants and of urban office blocks to house them. Thousands of tons of fertiliser, tens of thousands of farm implements, have been given away to farmers. Tractor pools have been tried and failed. There has been some irrigation for rice, especially in the north near Lake Chad, some drainage and bush-clearing in the southern rain-forest. But the results have not been good, mainly because the prices offered to farmers have lagged miles behind what they can earn in the towns.

Banks at present are instructed to lend 8% of their total loans for approved agricultural projects. It is easy to lend money for administrative headquarters. But the military government in 1978, trying to sort out the myriad different systems of land tenure prevailing in different parts of the country, vested ownership of all land in the state governments. The effect is that no farmer, however large or small, can use land as collateral for loans. Most of the banks' lending for "food production" goes to build yet more administrative offices for farm schemes.

Large irrigation and land-clearance schemes demand large-scale management and foreign expertise. The latest set of investment rules allows foreigners to own up to 60% of agricultural enterprises, and an intergovernmental commission has been set up with the United States to promote investment from there.

But since the states own the land, they

How many to feed?

The best semi-public guess by an international organisation is that Nigeria contained 85.2m people in 1981. The Nigerian government's last estimate was 77.5m people in 1979. The last officially accepted census, held in 1963, found a total of 55.7m people. Extrapolating from that at the officially estimated growth estimate of 2.5% would give a 1981 total of almost 88m.

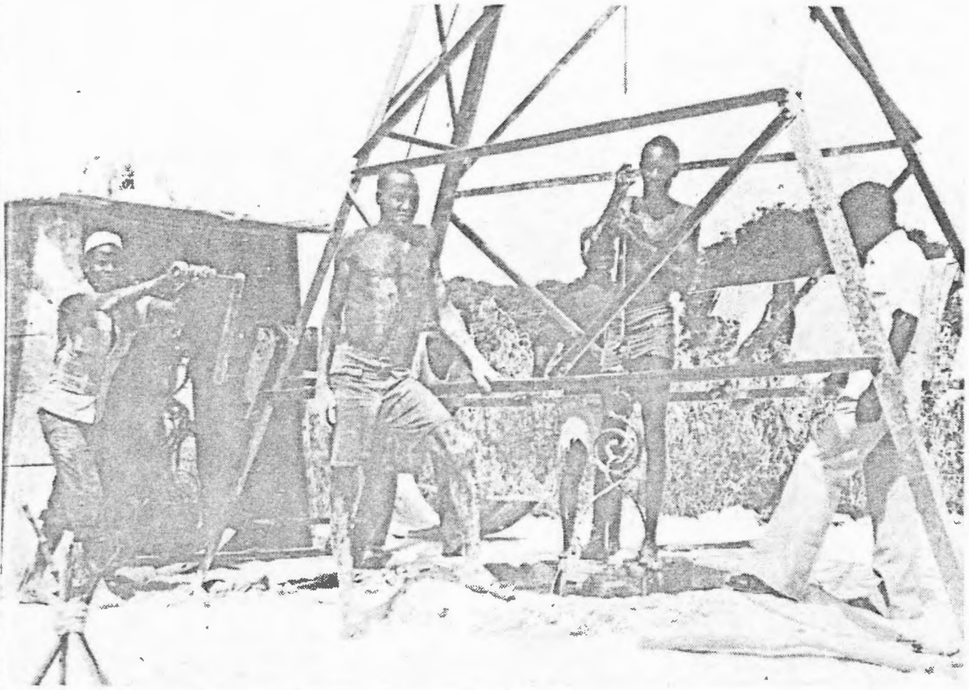
The census of 1973 was taken, but officially cancelled and its results declared a state secret. It had found a total of 79.7m. The reason for its cancellation was the suspicion (especially in the south) that the total was fraudulently swollen by the registration of millions of non-existent Moslems in the north. In ethnically sensitive Nigeria demography turns immediately into politics.

The next census is due in 1983. The same year there are meant to be national elections. Several areas simultaneously want to secede from the states they are now included in, and set up on their own within the federation. In the resulting political atmosphere it is highly unlikely that census-takers could do their work properly, and even more unlikely that their findings would be believed.

There is another basis for guessing the total population. In 1978 the election commission registered 48,650,000 people as over 18, and so entitled to vote, the following year. Half the population must be under 16. So reckon the 1979 population at a round 100m. (In fact, if the total of eligible voters was correctly registered, turnout for the presidential election in 1979 was a mere 34.5%, which seems improbably low. So the election commission's registration may have been as faulty as the previous census.)

So here are your correspondent's guesses. First, there has obviously been massive immigration into Nigeria, from war-torn Chad, drought-stricken Niger and ruined Ghana. Second, it seems unlikely that Nigeria's natural increase is lower than the west African average of 3%. Machismo, and whatever the feminine of that may be, are evidently high in Nigeria. Population growth could be at least as high as that in Kenya and Zimbabwe, the official world record holders with around 3.5%.

Maybe Nigeria's notorious filth, and the absence of piped water practically everywhere, will kill enough babies to make up for the present zealous propensity to breed. Maybe war, or epidemic, or some unthinkable calamity, will intervene to curb the growth of population. Setting aside such dreadful fantasies, it seems that Nigeria entered the 1980s with a population of around 100m, and that it will start the next millenium with over 200m people. At present rates they would consume as much oil as Nigeria now produces, with none over for export. They would certainly want to eat twice as much food as Nigeria's farmers now grow. It is a formula for catastrophe.



Well-digging in Bauchi state: clean water for life

are necessary partners in any big farm scheme. Their reluctance to come up with their share of investment is notorious. One spectacular warning of what can happen is the Savannah sugar development scheme, meant to cover 12,000 hectares of prime land in the great plain where the Gongola and Benue rivers meet. The Commonwealth Development Corporation, which has successfully created bigger sugar plantations elsewhere in Africa, was appointed managing agent for the scheme in 1975.

Practically everything possible has gone wrong. Only token quantities of sugar have been produced. Relations between the two main shareholders, the federal and the Gongola state governments, have been non-existent. Relations between the Savannah Sugar Company and its managing agent have been quarrelsome.

Investment costs have risen wildly, and so have labour costs under government orders. The Jugoslav technical team leading the dam construction project in November, 1981, walked off the job because it was not being paid, leaving the dam leaking. There have been strikes by the workers, and menacing agitations by villagers whose land has been taken for the dam and irrigation works. That sugar can grow on the ground is not in doubt. Whether it can be grown commercially is most questionable.

The new conventional wisdom is that small farmers are the people to back. In several parts of Nigeria teams from the World Bank have been working on these lines, sometimes with undoubted success. The six-year-old agricultural development programme centred on Gombe in the north-eastern state of Bauchi is now being extended to cover the entire state.

The basis of the scheme is the provision of rough roads to open up the back country (federal plans speak of 25,000 kilometres of rural roads, to be built within five years). Wells and small handpumps are provided, increasing the villagers' health and productivity. Small dams are scraped out to water the wandering Fulani cattle. Maize, vastly more productive than the traditional guinea-corn and millet, has been offered to farmers, who enthusiastically adopt it as soon as they are shown how to apply the necessary fertilisers and weed-killers in the short cropping season. There are the beginnings of a co-operative movement, to buy bulk supplies and organise sales.

Expatriates run the large-scale organisations and the accounting systems for these schemes. Nobody seriously believes that Nigerians with the necessary qualifications will, for a long time yet, want to involve themselves in the humdrum business of helping small farmers make relatively small improvements in the way they do their job. There are too many opportunities in more lucrative and interesting urban work.

Nor, for that matter, is there any apparent reason why foreign private firms should come in. The profits, however welcome to small farmers, are tiny. No large-scale sales of imported machinery are involved, to catch the interest of foreign capitalists. If small-scale farm improvements are to supply significant extra amounts of food, there is no substitute for the sort of technical assistance that goes with World Bank loans.

What the bank cannot do is to ensure that farmers get attractive off-farm prices for their produce. Better roads, better seeds and better husbandry make increased production technically possible. But the farmers will not take up the possibilities unless they get good money for their crops. And the government's main agricultural priority so far has been to keep food prices down, to satisfy the growing populations of the towns.

The dangerous strength of the petro-naira

The best reason for not investing in Nigeria is that things produced there are almost without exception more expensive than things produced elsewhere. Over the past decade, as the construction boom has roared ahead, and as the government has progressively raised the minimum wage (from 70 naira a month in 1979 to 150 naira a month in practice now), Nigerian costs have soared.

Meanwhile, behind a battery of exchange controls, the central bank has kept the exchange rate of the naira (N) as near as possibly stable in terms of the United States dollar and the pound sterling (N1 equals, just now, £0.83 or $1.59). Practically all Nigerian exports, being oil, are priced in dollars. At least one fifth of official imports are from Britain, while many other imports are priced in sterling. So Nigeria's even more rapid (but unmeasured) inflation has not been reflected in a relative decline of the value of its own currency. Foreign-produced goods have become steadily cheaper in naira terms.

At the official exchange rate Nigeria is an absurdly expensive country. In a Lagos street market in December, 1981, N6—officially just under £5, or just over $9.50—would buy one scrawny local chicken weighing just over one kilo, or one huge pineapple. (Because domestic fuel prices are heavily subsidised, it would also buy 40 litres, over 10 American gallons, of petrol—one reason why road transport is by miles the most profitable and efficient industry in the country.)

Politically, keeping the naira high serves short-term government interests. Construction—mainly of offices and bureaucrats' housing—takes the biggest slice of all government "development" projects. Practically everything in a modern building, from bulldozers for the foundations to reinforcing bars to taps, has to be imported. An artificially high naira keeps such imports cheap in naira terms. It thus helps sustain the attractions of the towns against the countryside. Further, the new urban population soon gets a taste for imported luxuries: manufactured goods like radios and western clothes, and foods like rice and wheaten bread in place of home-grown yams or cassava. The exchange rate keeps these things artificially cheap and helps spoil the market for Nigerian farmers. Between 1976 and 1980 domestic food production was probably static. Food imports rose by 250%.

The effect on foreign investors and experts is dire. The current rent for a senior executive's house in Lagos is around N45,000 a year, or over $70,000. Such property being scarce, landlords can demand and get three years' rent in advance. (One most respectable organisation, badly needing a decent house for its top man, could find nothing suitable for less than $100,000 a year, three years in advance, payable straight to a Geneva account. It swallowed its scruples and paid.)

On top of rent comes pay, for two nightwatchmen (to guard against armed robbers), cook, houseboy, driver. The minimum monthly wage-bill for a respectable Lagos household is unlikely to be under $1,000. Construction costs are amazing. An oil company had to build some middle-level workers' housing at a south coast site, and could not get it done for under N110,000 for each basic unit.

The growing Nigerian professional and administrative class is deeply affected by the exchange rate too. They are great travellers, particularly in quest of education as the Nigerian universities get worse and worse. If, legally or otherwise, they can get some money out of the country, they have every incentive to spend or invest it there rather than bring it home at the official exchange rate.

Despite the smugglers' methodical work, the shortage and the high price of luxuries in Nigeria can turn a short holiday abroad into a worthwhile venture: fly to Rome, spend the weekend, buy a couple of fashionable handbags and some shoes, fly home and you have a profit. That is what smart Lagos secretaries do: no wonder there is a shortage of people who can type a letter, if the financial temptation to do other, more amusing things is so strong. The Nigerian diplomatic service is the fattest of all its bureaucracies. The Nigerians' London mission is the largest of all countries', with 102 diplomats—31 more than the United States has.

Naira can be bought in London for about half their official sterling price. This seems a fair enough rate of exchange. The chronic overrating of the currency encourages fiddling, discourages productive investment, inconveniences individuals, deters the import of knowhow and damages farmers.

Foreign economists wanting to help Nigeria argue endlessly about the exchange rate: the most knowledgeable fear that, by swelling naira receipts from dollar earnings, devaluation would only increase government revenue and redouble inflation. They also rule out a dual exchange rate, wide open to fiddling.

Your correspondent raised the problem with a very senior Nigerian economist. "You're quite right, of course it's central", he said. "But I really don't think we've got a politician who would understand what I was talking about if I tried to raise it". At the new year the elected government of Ghana was overthrown by an urban-military coup, when it had just raised farm producer prices and looked like devaluing soon. Nigerian politicians understood that.

Imported knowhow; advertising agency, Kano style

Capital blues

In 1916 Sir Frederick Lugard, first governor-general and creator of the nation of Nigeria, wrote this of his capital city:

> After nearly 12 years as Governor here, I am free to say that the people of Lagos are the lowest, the most seditious and disloyal, the most prompted by purely self-seeking money motives of any people I know.

Even before Nigeria was invented Lugard had hoped to have its capital outside Lagos, and practically every ruler of Nigeria since then has wanted to move the capital out. President Shagari has committed his prestige to moving the government into the brand-new capital city of Abuja, square in the centre of the country, by September this year. That is as may be. There is little to be seen at Abuja yet but dusty highways and a lot of building sites—no water, no power, no resident people. But even Lugard did not have such strong motives to leave Lagos as its present inhabitants.

On a series of sandbars in a steaming brackish lagoon, the city was always unhealthy. Now it verges on the pestilential. When independence came in 1960 it had about 500,000 inhabitants. Now it may have nine times as many. At the present (impossible, one hopes) rate of growth it would have around 15m inhabitants by the end of the century. Unlike most third-world cities, not much of it consists of tin shanties. Instead, its people live crammed, six or eight to a room, in solid colonial houses that have degenerated into tenements of unbelievable squalor.

Electric power, as usual in Nigeria, is supplied erratically. When the power goes off the pumps stop and the water fails. In every street are open drains; stalls and small food shops are perched on sticks above them. Sewage buckets from the tenements are emptied into the drains; many people do not bother with the buckets, using the drains direct. When the water fails the drains cease to flow. Blockages build up. When the water comes on again the drains brim over, swilling down the street.

The important have air-conditioners in their offices, which grunt and strain as the standby generators switch on and off, coping with the fluctuations in mains

Downtown Lagos, down the drain

power. But even such offices tend to stink, from their visitors' shoes. The poor wear no shoes. Cholera is not uncommon in the city. The most prominent advertising hoardings sell beer. The next most common advertisements are for anti-malaria drugs and worm doses for children.

Lagos is dangerous. The poor get sick. The better-off run constant risks in the traffic: "I feel frightened every time I drive to work, and frightened again coming home", said a senior executive. New flyovers and bypasses have much speeded the traffic over the past five years. But they have encouraged mad driving. And traffic jams at the motorway exits can last three hours, in honking, hateful chaos.

On the flyovers each day the police mount road-blocks. They are hunting for the armed robbers who plague the prosperous quarters. The robbers, it is said, prefer not to raid foreigners, knowing that if they kill one it will mean real trouble. ("Don't worry: he only bites black men", said a kind hostess to this correspondent of her big Alsatian dog). But the police are not so scrupulous. "Give me five naira", said a patrolman apropos of nothing, poking his rifle barrel in the taxi window. Told not to be a fool he backed off, saluted, and replied, "Yes, master".

To escape this urban absurdity the federal government has allocated a notional N11 billion—$17 billion—over the next five years to creating the brand-new capital of Abuja. Contracts are steadily being handed out, with long delays and at prices so high that even foreign contractors are reluctant to name them. Everything has to be carried in by road, from the railhead at Kaduna 150 kilometres away, or from Lagos port 500 kilometres off. Armed robbers hang around the expatriates' work-camps: the first big Lagos industry has arrived before the first building is complete. Nobody now even pretends to believe that Abuja will be ready for any significant government activity by the scheduled date this year. But the work goes on, and the expense too.

Educate if you can

It simply is not possible to run the modern bits of Nigeria's economy, and to coordinate the workings of its federal system, without decent mail services and telephones and telex. It now has none of those things. The problem is partly the climate. Strange moulds attack telephone cables. Radio signals are blanketted in the wet season by electrical storms, in the dry by flying silica from the Sahara.

But the real problem is human. Maintaining and operating a communications system demands trained and educated people. Even if the system did work, messages would still not be reliably and swiftly transmitted, because there is such a shortage of people who can use a keyboard accurately in English, the country's only common language.

Twenty years ago there were about 6,000 places for undergraduates in the three existing Nigerian universities. About as many students were in colleges abroad. There are now 13 federal universities in the country (seven were established in 1976 alone): seven more are planned, and some states seem set on establishing their own. Standards are abysmal. Nobody knows how many students these establishments contain. The current academic year opened with all university teachers on strike for more pay.

Young Nigerians understandably yearn for places in colleges abroad. There may be as many as 10,000 in higher and further education in Britain. Since the British government now tries methodically to keep third-world students out of its colleges, there are now more in West Germany. About four times as many are in the United States, where ability to pay rather than qualification to take the courses is often the main criterion for admittance: the drop-out rate from American colleges is alarmingly high.

Primary school enrolments in Nigeria went up from around 3½m in 1970 to (probably) over 10m now. Around half of all primary teachers have no qualifications. To staff the secondary schools the state governments have trawled the world in search of English-speaking teachers. A quarter of poor Ghana's trained teachers are said to be employed in Nigeria now. In Bauchi state a high proportion of the secondary teachers are from the Philippines, with minimal English, and Roman Catholics in a strongly Moslem area. The West African School Certificate no longer guarantees the ability to write comprehensible English. This disaster is bound to get worse as the number of children born each year increases.

Whatever next?

The commonplace of discussions about economic development is that the developing nations' woes arise largely from their dearth of foreign exchange. Contradictorily, the commonplace of Nigerian conversation is that oil money has brought disaster on the country. Neither proposition is necessarily so. Other African nations—poor, sad Ghana, or ruined Tanzania, to mention only English-speakers—face problems similar to Nigeria's, but without oil. Having oil, it could just be able to waste most of its effort, and still come out all right in the end.

The country has survived a civil war. It has had military dictators, well-meaning but incompetent, and the praetorian revolutions that go with dictatorship. Perhaps it is inoculated against those ills. Anyway, it is trying to make a go of the least worst sort of government for so vast a country, which is (Indian-style) a decentralised freeish-enterprise democracy.

Maybe the oil slump of 1981 came just in time to save the two-year-old democratic experiment. Without some such reminder of reality, 1982 would have been a year of even more appalling

12

government extravagance and waste than had gone before: the third year of a four-year election cycle is always the dangerous one. Sure enough, President Shagari's 1982 budget proposals, just announced, sounded like more of the same overspending. The various oppositions, appealing each to regional and ethnic loyalties, keep up the cry after unsustainable extravagance, which may destroy for good Nigeria's chances both of political and of economic liberalism.

Nigeria's new attempt to make democracy work deserves the sympathy of every western nation. If, through economic failure, it were thrown back into civil war or military dictatorship, the claim that democracy and development can go together would be seriously, perhaps fatally, damaged. Lavish spending of its oil revenues has made it a very important customer for some western industries in a time of general recession. (Its custom has been particularly useful to Britain, which has not yet quite thrown away its historic advantage in this ex-colonial market.) Nigeria's continued development is a western interest that cannot be denied.

For a few years yet the Nigerian oilfields' continued supply of petroleum to western customers will continue to be useful, although the quantity is not so great as to make it indispensable. If domestic petrol consumption in Nigeria goes on doubling every three years or so exports will dwindle into insignificance within a dozen years. A sharp rise in the domestic (and heavily subsidised) price of motor fuel is what the oil-exporting companies would like now. But raising the petrol price would cut sharply into the present highly profitable sales of European and Japanese road vehicles and components. So it might not be an unmixed gain for the west, and it would harm the most successful local entrepreneurs, the legendary truck-driving alhajis.

If, to contemplate the worst, Nigeria were to break up into fragments, western supplies of oil could be very easily secured. The oil comes exclusively from a coastal strip of swamp and forest which it would be no problem to protect. Many Nigerians believe that the "Biafra" episode was a botched attempt by European oil marauders to detach the oilfields from the rest of the country, and that the attempt could be made again.

If Nigeria were to fall apart, the Yoruba-speaking peoples of the south-west could no doubt form a self-reliant nation. So, maybe, could the Ibos. But the inland regions would be condemned to bitter poverty. The conditions of life are bad enough, goodness knows, in the existing mini-states of the sub-Saharan fringe. But none of the Chads or Nigers or Upper Voltas contains anything like the great city of Kano, with (probably) well over 2m people whose existence is secured only by money pumped in from the southern parts of the federation.

The greatest danger to Nigeria's continued existence as a federation does not come from any external threat. The Islamic-populist influence from the Sahara has pressed into northern Nigeria for two centuries: coupled with the name of Qaddafi it now has a bogey-man sound, but has not changed its nature. Nor does the main threat come from simple economic rivalry between its states and regions, but from the signs of a general breakdown of law and order within them. "Religious" rioting in Kano itself in December, 1980, claimed an official total of around 4,000 dead, but probably many more. In almost every one of Nigeria's large towns and development projects armed bandits have created the need for an armed and active police force. Nobody feels safe. One alarming result of this generalised insecurity is an outflow of rich Nigerians' money, and their children, to safer homes abroad. It is a loss the country can ill afford.

There is little well-wishers can do to help democratic Nigeria. It does not need financial aid, and often resents advice. It already has about as many foreign experts and advisers as the government can accept without having to face criticism for "handing over the nation to foreigners". Only the Indians, working skilfully in areas of their special expertise such as running old-fashioned railways and sorting out tangles on the steelworks that the Russians are building by the Niger river, have the political tact to make themselves entirely welcome. Americans, black as well as white, are usually unwilling to put up with the sheer discomfort of Nigerian everyday life.

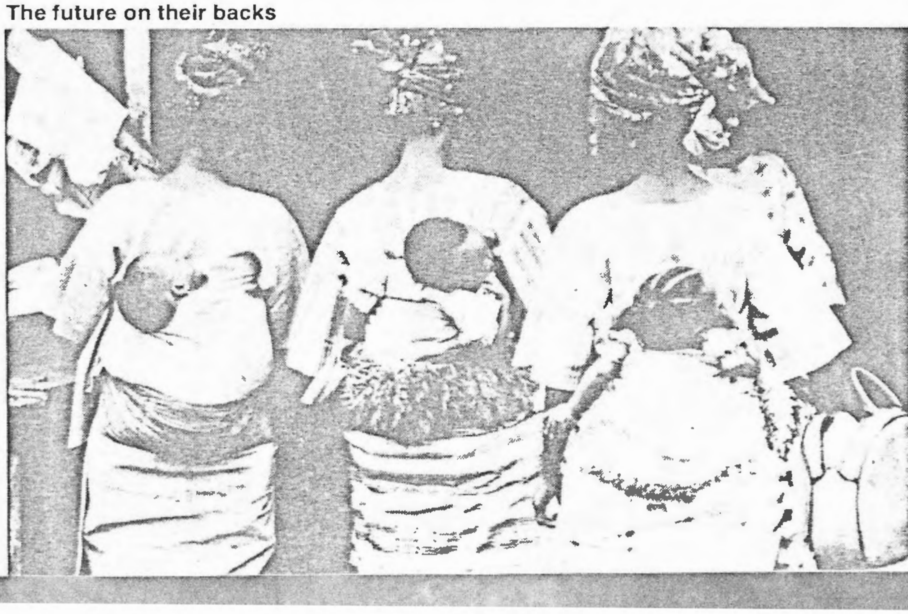
One attractive notion is that Nigeria's main trading partners might agree not to sell it really useless things, and thus help to conserve its scarce human resources for developments it actually needs. This has been quietly tried and failed. During the civil war western governments concerted their refusal not to sell the federal government complicated fighting aircraft that Nigerian technicians and pilots could not cope with. Western steel-plant salesmen have also received advice that the establishment of a steelworks in Nigeria would do positive harm to the country's development.

In the late 1960s the Russian government sold Migs to Nigeria, which have since rotted away on the tarmac. Having a foot in the door, the Russians followed up this sale with an advisory mission. It sold the blast furnace complex that, even before completion, is turning out to be a white elephant.

Progress, if there is to be progress, is up to the Nigerians themselves. For that, they need a stable and realistic government with enough authority to enforce tough economic priorities—curbing the bureaucracy, disciplining the states' finances, skewing the distribution of incomes towards farmers not townspeople, stopping the smugglers, and so on and so on. There is still a fair chance that elections will be held in 1983. If they are held, there is more than a fair chance that they will be won by President Shagari, and that his party will build behind his prestige the platform of nation-wide support that it failed to get at the first post-dictatorship elections in 1979. That would offer a first basis for stable rule: certainly a far better one than a return to military government.

Meanwhile, at a rate nobody knows, the babies are being born, and for each one born the chances of any getting educated grow slimmer. In Nigeria, as in all tropical Africa, the economic theories under test are not those of Marx or Marshall or Keynes, but of the more ancient Malthus. Gloomsters like this correspondent must remind themselves that Malthus's vision has never come true—yet.

The future on their backs



WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name
AFRICAN AFFAIRS DIRECTORATE, NSC: RECORDS

Withdrawer
LM 3/5/2024

File Folder
NIGERIA - GENERAL 1982-1986

FOIA
F12-045
DEVERMONT

Box Number
8

2

ID	*Document Type* / *Document Description*	*No of pages*	*Doc Date*	*Restric-tions*
256317	REPORT PAGE 5 ONLY RE NIGERIA	1	ND	B1

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]
B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

14

~~(1) NJC~~
~~(2) A.B.~~

Good summary of Nigeria's current situation
(3) Pat - file - Nigeria

CSIS

Center for Strategic & International Studies
Georgetown University • Washington DC

TO: Readers of CSIS Contingencies Reports D Wendt

FROM: David A. Wendt, Director of Contingencies Project

RE: "Nigeria: Taking the Oil Price Collapse in Stride"

DATE: August 1, 1986

The second in our special series of Contingencies reports on the "Geo-political Consequences of the Oil Price Drop" is entitled, "Nigeria: Taking the Oil Price Collapse in Stride" by Gerald A. Funk. As the title implies, the author foresees no great potential for Nigerian political instability arising from the present decline in oil prices, provided the present ruler, General Ibrahim Babangida, is able to hold together the present consensus on implementing austerity measures "the Nigerian way."

Other reports in the special series to follow include reports on the Soviet Union, the Persian Gulf states, Mexico, and Algeria. In addition, a report is forthcoming on prospects for political stability in Egypt, where the effects of the oil price drop are also, of course, crucial.

I am grateful to those of you who have taken the time to give me your reactions on this year's series of reports. Please keep your comments coming.

1800 K Street Northwest, Suite 400 • Washington, DC 20006 • Telephone 202 887-0200
Cable Address CENSTRAT TWX 7108229583

15

CONTINGENCIES SERIES

Nigeria: Taking the Oil Collapse in Stride

by

Gerald A. Funk

August 5, 1986

CENTER FOR STRATEGIC &
INTERNATIONAL STUDIES
GEORGETOWN UNIVERSITY

16

Nigeria: Taking the Oil Collapse in Stride

by

Gerald A. Funk

August 5, 1986

Gerald A. Funk is a frequent participant in activities of the CSIS African Studies Program. His broad range of experience in African affairs includes residence in Ethiopia from 1968 to 1974, while serving as regional director of the African American Labor Center (AFL-CIO); a three-year stint as senior staff member (Africa) on the National Security Council in the Carter administration; and two years (1981-1983) as a vice president of Banker's Trust. In 1983, he served as full-time political media advisor to Nigerian President Shehu Shagari's reelection campaign and has made extended trips to Nigeria in 1985-1986. He now heads a Washington-based consulting firm, Jerry Funk & Associates.

C o n t e n t s

Executive Summary

Nigeria has been seriously, but not mortally, wounded by the collapse of the international oil market that culminated in early 1986. Africa's most populous nation (est. 100 million) had grown accustomed since the 1970s to earning in excess of 90 percent of its foreign exchange (and 80 percent of its budget) from oil. Earnings were slashed by 60 percent in less than two years (1981-1983), and foreign exchange reserves have fallen from $12 billion in 1982 to less than $1 billion in 1986. The official foreign debt as of mid-1986 is approaching $18 billion.

After two bloodless military coups in three years, the regime now headed by Major-General Ibrahim Babangida was already seriously addressing Nigeria's economic problems at the end of 1985, when it drew up an austere but viable budget for 1986 based on the then-conservative assumption of $20 oil. The 1986 "shock," with oil prices falling to $13 and below, was enough to make grown generals cry. Instead, they have tightened the austerity screw, reworked the numbers, and embarked on some serious economic planning with the international economic community. With a little help from friends abroad and careful attention to domestic political calls, a Nigeria led by the committed nationalists of the Babangida regime has a reasonable prospect of muddling through to better days.

Background

In 1960, as the "winds of change" swept across Africa, the British granted independence to a Nigerian federation which they had cobbled together over the years, comprising three very distinct nations -- the Hausa-Fulani north, the Yoruba south, and the Ibo east. The economy was well-positioned on a moderately prosperous and promising agricultural base. By the mid-1960s, revelation of the potential oil riches of the east had kindled latent ethnic and regional political differences. In July 1967, the nation lurched into a bitter and bloody civil war over the attempted secession of an Ibo "Republic of Biafra." The war ended in January 1970 with the nation intact and manifesting an astonishingly magnanimous will to heal its wounds. The booming new oil industry provided the balm. By the end of 1970 production was up to 1 million barrels a day, at a comfortable $2.25 per barrel.

With the first OPEC price surge in 1973, Nigeria was caught up in a breathtaking boom economy. By 1974, with oil bringing a then awesome $15 a barrel, production was over 2 million barrels per day. At the peak, in early 1981, production hit 2.3 million b/d, and the world was paying $40 and promising more. International bankers and suppliers were enthusiastic participants in the festivities, "recycling" petro-dollars and selling lots of everything on 30-day accounts. The debt seemed very manageable -- almost incidental. There appeared to be no limits to growth.

But later in 1981 and in 1982, with non-OPEC production and alternate energy sources coming on line, the oil market buckled and sagged, and Nigeria's boom economy began to pop and sputter. OPEC introduced stiff production quotas (which Nigeria generally honored more than most) and by the end of 1983 Nigeria was producing only 1.2 million b/d at $28. International earnings had plummeted by more than half since 1981, foreign exchange reserves had fallen by $11 billion, bank debt was $2 billion in arrears, $6 billion (perhaps more) in 30-day trade debt was not being paid, and Nigeria was scrambling to reschedule its suddenly burdensome debt.

This numbing state of affairs helped to precipitate a bloodless military coup at the end of 1983, bringing some four years of civilian rule under President Shehu Shagari to an end. The new leader, Major-General Muhammadu Buhari, tried to adjust the economy the army way, with a maximum imposition of tough military discipline and a minimum of dialogue with the body politic. He managed to squeeze imports down to under $8 billion, and to avoid debt default, but at a price unacceptable to the highly politicized Nigerian press and population.

In August 1985, the popular chief of army staff, Major-General Ibrahim Babangida, took power in a bloodless shift, amidst speculation that he would turn to the IMF for a $2.5 billion bailout. A committed "consensus builder," Babangida instead opened the IMF issue to a national debate that was more notable for its passion than for its clarity of argument. The emotion-charged central issue became the specter of an IMF-imposed devaluation of the naira, officially valued at about $1, but selling on the flourishing black market at 25 cents. By December 1985, it was clear that the debate had been won by the incredibly complex network of urban-based "decision makers" -- in the government bureaucracy, the financial community, the business sector, and the military -- which has since independence directed the "commanding heights" of Nigeria's essentially "state-capitalist" economy. The authority (and income) of this elite group would have been threatened if the naira had been allowed to float on the free market. Having achieved his consensus, Babangida announced the government's decision: no IMF "conditionalities," no IMF "loan." Nigeria would put its own house in order, in its own way.

The Nigerian way, as interpreted by Babangida and his colleagues, was to impose hard discipline through an austere 1986 budget, which included virtually all of the dreaded IMF medicine, except drastic, one-time devaluation. Subsidies were slashed; parastatals were subjected to new standards and moved toward the auction block; heavy new import duties were imposed; the civil service and the military were severely retrenched; and pay was cut across the board. And, it was announced, a "second-tier" foreign exchange market would be established to bring about the effective devaluation of the naira in easy stages over two years. The army received a modest $90 million increase, at the expense of others, but this $15.5 billion budget was to have been the first <u>balanced</u> budget in several years -- given the then reasonably conservative assumption of $20 oil.

Response to the 1986 Collapse

When the false bottom of the 1986 oil market fell out, with prices heading from $24 or so to $13-$15 and below, Babangida and his political and economic advisors were temporarily immobilized. Most were psychologically prepared to see $18 oil, but not $15 or less.

Deciding to bite the bullet rather than panic, they took stock of their options and then moved (1) to hold the line on expenditures; (2) to tinker with the budget numbers gingerly while waiting for the market to stabilize somewhere and for the debt to be rescheduled; (3) to market their oil more aggressively

I-21

(the 1.3 or 1.45 million barrel per day OPEC quota came to be viewed as a more flexible concept); and (4) to work out an acceptable World Bank "structural adjustment" program (in concert with the IMF "enhanced surveillance") that would allow the Paris Club (bilateral government loans) and the London Club (international bank credit) to reschedule a combined $10 billion debt. The debt service ratio had topped 40 percent in 1985, and was destined to reach 65 percent or more in 1986 in the absence of rescheduling. Nigeria let it be known that a "target" of a 30 percent cap on debt service seemed to be in everyone's best interest, and much of the international financial community was inclined to agree.

The Long-Term Political and Economic Outlook

Elements of "Muddling Through"

In the longer term, as the Babangida government clearly recognizes, the Nigerian economy must be redirected toward its agricultural base. But because most of Nigeria's citizenry live in the short term together with the rest of us and because total foreign exchange earnings on non-oil exports, mostly cocoa, came to only $200 million in 1985, any reasonable pronouncements on the shape of things to come must focus first on oil production and price, together with debt management.

Oil Production Trends. The following figures are rounded off and generalized, but give a fairly clear picture of the trends of production, price, and income:

Year	Price	Production[a] (million b/d)	Foreign Exchange Income from Oil
1980	$34-$36	1.8-2.1	$25 billion
1981	$36-$40	2.3-1.4	$26 billion
1983	$28	1.2	$10.4 billion
1984	$28	1.3	$10.9 billion
1985	$24	1.4	$10.5 billion
1986			
Jan.	$22	1.2	$ .7 billion
Feb.	$18	1.4	$ .7 billion
Mar.	$15	1.6	$ .7 billion
1986 (projected)	$15	1.6	$ 8.2 billion

a. Domestic consumption runs at approximately 100,000 to 200,000 b/d.

Debt Rescheduling. As of mid-1986, Nigeria is engaged in serious -- and absolutely vital -- discussions with the World Bank, the IMF, the Paris Club, and the London Club, aimed at working out an orderly rescheduling to get around a deadly 1986-1989 debt service "bulge." The scenario that seems on the verge of being accepted by the major players calls for a structural adjustment program devised jointly by the World Bank and the government of Nigeria (as palatable stand-ins for the IMF) to serve as the basis for rescheduling -- with 75 percent of the 1986 and 100 percent of the 1987-1989 Paris and London debt to be rescheduled, with a four-year grace period and an eight-year payout. Assuming a $15 oil price in 1986, and a drift up to $19 by 1990, and the ability to prevent imports from rising quickly from the present level of $7.5 billion a year, and a very modest increase in agricultural exports, and a modest infusion of new money on the order of $3 billion (from the Bank and/or IMF and/or London and Paris Clubs) over the next three years, Nigeria should be able to crawl out of the hole. The rough figures are as follows:

Year	Present Debt Service[a]	Rescheduled Debt Service	Income[b]	Imports	Balance
1986	$5.8 billion	$2.9	$ 8.4	$ 7.5	(-)$2.0
1987	$5.6	$2.8	$ 9.6	$ 7.6	(-)$ .8
1988	$5.2	$2.8	$10.3	$ 7.8	(-)$ .3
1989	$4.6	$2.7	$11.0	$ 8.0	(+)$ .3
1990	$2.9	$2.8	$11.7	$ 8.5	(+)$ .4
1991	$1.0	$2.7	$12.4	$ 9.0	(+)$ .7
...					
1995		$1.2	$13.0	$11.0	(+)$ .8

a. Includes $1.2 billion amortization of trade arrears per annum.

b. Based on a flat 1.6 million b/d, an oil price of $15 in 1986 rising to $20 by 1991, and agricultural exports rising from $.2 billion in 1986 to $.6 billion in 1990.

Borrowing Capacity. "New" money will be somewhat difficult to find, but Nigerian debt -- once rescheduled to spread the four-year 1986-89 burden out over a more reasonable eight-year period -- will not be difficult to service, even given conservative oil market forecasts. And the World Bank and IMF, as well as the Paris and London Clubs, will probably, amongst them, find ways to finance a modest 1986-88 shortfall.

Production Capacity. In 1981, Nigeria was able to produce, for a while, at a rate of 2.3 million barrels per day. Current production at about 1.6 million b/d is approaching current capacity, variously rated at from 1.75 to 1.9 million b/d. The country's oil fields are numerous and relatively small in size, and explorations have fallen off markedly during the past few years. Although new exploration is now being pushed, it seems a fair assumption, on the basis of existing proven reserves, that an upper limit of 1.8 to 2.0 million b/d pertains for a period of perhaps 20 years.

Barter Arrangements. Nigeria experimented with a range of barter negotiations in 1985, and the generally unhappy experience (notably an uncontrolled barter with Brazil for Volkswagens at above-retail prices) contributed to the downfall of Buhari and his immediate associates. New barter deals are being explored on a more rational basis, particularly for capital projects.

Net-Back Arrangements. The Nigerian National Petroleum Corporation is actively entering into a series of net-back contract discussions. Although it is proceeding with deliberate caution, some contracts are being signed with a view to expanding its market into new areas, insuring sales at the present level, and securing an overall market share for the long run.

Pricing. Nigeria remains a mainstream OPEC member, and Minister of Energy Rilwanu Lukman is now serving as the organization's chairman. The Babangida government is taking a moderately liberal interpretation of its OPEC quota. While supportive of ongoing efforts to limit total OPEC production to 17.5 million b/d in search of a $17-$19 price, it is also fighting for a modest increase in Nigeria's share of that production, on the grounds of basic survival.

The Personal Popularity of Babangida. Babangida became a minor legend as a young officer when he played a dramatic role in saving the Murtala Mohammed/Olusegun Obasanjo regime -- the mainstream army -- from a potentially divisive coup attempt in 1976. Later, as a charismatic chief of army staff, he played perhaps the key role in the popular overthrow of the civilian government of Shehu Shagari in 1983 and apparently was the kingmaker who put Buhari in power in the wake of that coup. When he reached the conclusion that Buhari was too ineffective and arrogantly dictatorial to lead Nigeria through the mounting economic crisis, he stepped into power with almost universal backing in the army and with widespread support among the population at large.

Babangida's consensus-building handling of the "great IMF debate" of late 1985 increased his popularity, and he now seems to be maneuvering effectively toward an economic bailout without direct use of the vilified IMF and its dread conditionalities. He not only thwarted but used to his advantage a somewhat bizarre countercoup attempt in December 1985. Although Babangida has stubbed his toe from time to time (notably in his handling of Nigeria's relationship with the Organization of the Islamic Conference, which threatened to bring to the surface long-term tensions between the Muslim and Christian communities), he has managed to work his way out of most corners by invoking a tried-and-true British tradition. He refers the most controversial issues to the slow and deliberate and meticulous long-run scrutiny of a commission of respected citizens.

Elements of Potential Unrest

This is not to say that Babangida is immune. The outlook could change if the international financial community were unexpectedly to shoot itself in the foot by failing to reschedule Nigerian debt this year, if further disaster in the oil market were to force foreign exchange earnings below some minimal level (say $6-$7 billion), and if the Nigerian body politic were not to begin to feel that things were at least leveling out by the end of the year. In such circumstances, an uprising by some younger radical officers could trigger a violent coup and countercoup, placing Nigeria in some danger of disintegration into its constituent parts.

Moreover, about half of Nigeria's population is Muslim, traditionally centered in the north. In general, however, the mainstream Islam of Nigeria has found little in common with either fundamentalist or Qadhafi radicalism to date, and the army, using northern leadership and northern troops, has not hesitated to smash fringe groups decisively when they step out of line. The issues that drive these groups seem thus far to be exclusively theological in nature and not related to the economy, Middle Eastern issues, or the secularization of Nigeria's modernization. A prolonged downward spiral in the economy could, however, bring the radical sects closer to center stage.

As the economy has in fact continued to deteriorate, the government has faced increasing criticism from the several university campuses and seems to have overreacted in a May 1986 police-student clash at Zaria where some dozen were killed. The urban-based trade unions have also been critical from time to time and present a potential for serious opposition in spite of their legendary lack of cohesion and effectiveness. For the present, however, neither the students nor labor constitute a significant threat to continuity. Nor is it likely that the army or police, where Babangida retains a high degree of respect among all ranks, will opt for a change under present circumstances.

The army is, in fact, the only national mass organization, and its command and control structures are well organized. The army is led by some highly intelligent, well-trained, and disciplined officers, and, having provided political and administrative leadership to the nation for some 16 of the 26 years of Nigeria's independent statehood, it is a highly political body with a sense of national purpose and obligation to provide national leadership. Although regional identities persist, the officer corps more and more tends to see itself as loyal to Nigeria and the corps first and less to various ethnic groups or regions.

Geopolitical Considerations

Regional and International Factors

Nigeria has been described as the "regional influential" of black Africa. It is viewed as such certainly by its immediate neighbors, by the wider community of the Organization of African Unity, by most U.S. and West European Africanists, and, not surprisingly, by Nigerians. Its population is the largest in Africa; its oil wealth, potential agricultural strength, and fairly well-developed economic infrastructure make it far and away the most important market in the region; and its military strength, while perhaps more potential than real, is nonetheless an important geopolitical factor.

Nigeria's various strengths, together with its tradition of moderate to conservative nonideological leadership (and perhaps its inclination to focus its major energies on its own affairs), have contributed to regional stability for 25 years, even during the civil war of the late 1960s. The neighbors generally don't want to irritate Nigeria, and Nigerian leadership has never shown a penchant for intervention outside its borders that is not blessed by the Organization of African Unity. The two African issues of lasting concern are (1) South Africa and (2) the ability and intentions of Libya's Mu'ammar al-Qadhafi to keep things stirred up in neighboring Chad, and, more important, among small groups of fundamentalist Muslims in Nigeria's north.

On the larger international scene, Nigeria has sought since independence to play a fairly straight game of nonalignment. The government was severely irritated by the West's failure to help during the civil war and was genuinely grateful for modest Soviet aid. Moscow courted Nigeria ardently during the 1970s (with MiGs and $5 billion worth of outdated steel technology and equipment, on good terms), but successive governments have remained tied economically and culturally to Britain and, to a lesser extent, to the United States.

A violent shift in Nigerian military leadership to the radical left (highly unlikely) would create uncertainty at least, and could pose a severe threat to regional stability and to the country's Westward-leaning nonalignment. This might encourage other radical, or pseudo-radical, African regimes to step up the volume in the United Nations and other fora.

The East/West Chessboard Factor

The army, trimmed back to well under 100,000 this year, is still large, reasonably mobile, well equipped and trained, efficiently posted in all regions, and tied together with good command and control infrastructure. Soldiers (all volunteers) get paid on time, if not generously. The navy is adequate to the task of coastal control, and the air force is at least adequately equipped, with several C-130s, a dozen old MiGs, and some Jaguars. All in all, Nigeria's military is respected, and certainly stands out as the primary muscle in the region from Morocco to Angola to the Horn.

Nigeria has never accorded anything remotely resembling basing rights, or even serious landing rights, to any military other than its own and does not encourage friendly calls by foreign sea or air units. It trains its army in the British tradition and sends some officers to Britain for training and a lesser number to the United States. It has toyed with the idea of bringing in the French to do some air force training, but mostly Nigeria trains its own and avoids dependency on anyone.

In the unlikely event that the political leadership were to shift its policies to a more radical stance, the bulk of the military would act as a moderating force. Such a shift could have serious geostrategic consequences, however, if ideology or economics led Nigeria to enter into landing, port-of-call, or basing agreements with others. This is not likely but it is possible.

Conclusion

Nigeria's future is of considerable importance to the United States. As a major oil producer (some 10 percent of OPEC production), and as by far the largest developing market in sub-Saharan Africa, Nigeria is a preeminent economic and political regional influential. Its tradition of moderate to conservative domestic economic and political policies, its external policy of nonalignment, and its close economic and cultural ties with the West are positive forces for regional stability. In spite of a somewhat misleading history of military coups (mostly bloodless and orderly affairs), the Nigerian military is a well-trained and disciplined organization, led by an educated and singularly nationalistic officer corps that sees its duty as providing responsible political and administrative leadership. In the wake of the oil market collapse of 1986, the Babangida government has demonstrated an acute understanding of its predicament and a political will to face its problems with imagination and resolve.

Unless the Western financial institutions undercut their own interests by failing to reschedule Nigeria's debt this year, and unless the oil market fails to stabilize and at least begin to promise a gradual recovery by year's end, Nigeria should be able to continue to provide a measure of stability and leadership that will affect African developments well beyond its borders.

Directorate of Intelligence

Secret

25X1

HC
~~AR~~
file

Nigeria: Population Problems and Political Stability

25X1

A Research Paper

Secret

ALA 86-10041
September 1986

Copy 481

Page Denied

Directorate of Intelligence

Secret [redacted] 25X1

32

Nigeria: Population Problems and Political Stability [redacted]

25X1

A Research Paper

This paper was prepared by [redacted] Office of African and Latin American Analysis. It was coordinated with the Directorate of Operations [redacted]

25X1

25X1

Comments and queries are welcome and may be directed to the Chief, Africa Division, ALA [redacted]

[redacted]

25X1

25X1

Reverse Blank

Secret

ALA 86-10041

September 1986

Nigeria: Population Problems and Political Stability [redacted]

25X1

Summary

Information available as of 29 August 1986 was used in this report.

Nigeria, the richest and most populous state in black Africa, has served over the years as a reliable source of crude oil for the United States and its Western allies, and as a supporter in Third World forums. Nigeria's explosive population growth against a backdrop of dwindling oil revenues, however, not only poses serious domestic challenges to the regime of moderate President Ibrahim Babangida, but over time is likely to create conditions conducive to serious political instability that could open the door further to external meddling from Libya and Iran. [redacted] 25X1

We believe two key population trends are influencing Nigeria's socio-economic balance:

- ***Rapid Population Growth.*** We estimate that the Nigerian population will increase rapidly well into the next century and that this growth will act as an important constraint on efforts to achieve national unity. The current population of 105.4 million is projected to double over the next 24 years to reach 211 million by 2010.

- ***A Fast-Growing Youth Population.*** The majority of young people between 15 and 24 are poorly educated and lack well-paying jobs. As a group they will increasingly strain an already overloaded educational system and face dim employment prospects. Their numbers, expected to increase from today's 20 million to 30 million by 2000, will provide increasingly fertile ground for recruitment efforts by radical political leaders and religious zealots, in our view [redacted] 25X1

This population surge, in turn, is almost certain to affect Nigeria's socioeconomic balance, and we believe a number of issues are likely to take on increasing importance in determining overall stability in Nigeria:

- ***Regionalism.*** We expect north-south rivalries to intensify against a background of rapid population growth, sluggish economic growth, and divisive regional competition for shrinking social and economic resources. The growth in absolute size of regional populations will put serious stress on the country's resource base. The north's 37 million people are estimated by the US Census Bureau to nearly double to 72 million by

2010, while the south's 51 million will more than double to 105 million by 2010, and alone will equal the population of the whole of today's Nigeria. Moreover, we believe Muslim northern leaders will be especially frustrated by the ongoing migration of northern young people seeking jobs and schooling in southern cities, reinforcing the leaders' fear that their traditional power is being eroded in favor of better educated, more Western-oriented southerners. This migration is estimated to be on the increase, demographically signaling a slow, but inevitable drop in the proportionate size of the north and the middle belt in favor of the south.

- ***Ethnicity.*** Judging from our review of academic and US official reporting, we believe ethnic divisiveness—which parallels and reinforces regional rivalries—is also deepening under the twin threats of high population growth and a shrinking economy. The Hausa-Fulani of the north, the Yoruba of the southwest, and the Ibo of the southeast will retain their approximate two-thirds share of the total population, but will each double in size over the next few decades. This growth will put increased demands on their ethnic communities and traditional leaders to secure for them the largest possible share of a dwindling supply of basic services and goods. Although the remaining 250 minority tribal groups will grow nearly as quickly as the three largest tribes, their larger size will not be an advantage, but rather will increase their need to fight for scarce national goods and services.

- ***Religion.*** Religious tensions, coinciding with ethnic and regional factionalism, continue to polarize Nigerians and could become even more contentious as rapid population growth aggravates deep-seated socioeconomic differences. Nationally, about 50 percent of the population is Muslim and concentrated in the north, 40 percent is Christian and lives largely in the south, and the remaining 10 percent are adherents of traditional animist beliefs and are scattered throughout the country. Religious controversy flared recently over Nigeria's membership in the Organization of the Islamic Conference, which fueled Christian fears of a Muslim takeover of national powers. Religious unrest has not erupted on a national scale, but local outbreaks of sect-related violence are frequent, according to US Embassy reporting.

25X1

- ***Explosive City Growth.*** Demographic pressures resulting from rapid population growth are intense in Nigeria's cities where nearly one-third of the total population lives. Urban ranks are swelling at an annual rate of nearly 4.5 percent, over one and one-half times the national growth rate. In addition to the rapid natural growth of the population, internal migration is also increasing city size. A vast rural-to-urban migration of some 5 million over the last decade is expected to increase threefold in the next 10 years, according to the US Census Bureau. If this occurs, the urban infrastructure—housing, power, water, sewerage, drainage, and roadways—is almost certain to deteriorate across the country. At the same time, a continuing exodus of people to the cities will intensify unemployment problems in urban areas as well as fuel the need to ensure adequate food, housing, and medical and educational services for the growing population concentrations. 25X1

If, as we believe, Nigerian authorities remain incapable of halting the country's economic decline and are unable to find a formula to ameliorate societal divisiveness, the odds for the emergence of increased social instability will grow. An environment of increasing demands and dwindling resources, fueled by unabated population growth, could bring about conditions that would undermine moderate government and provide the opportunity for a radical regime to gain acceptance, or, alternatively, promote the spread of violence. 25X1

34

25X1

Contents

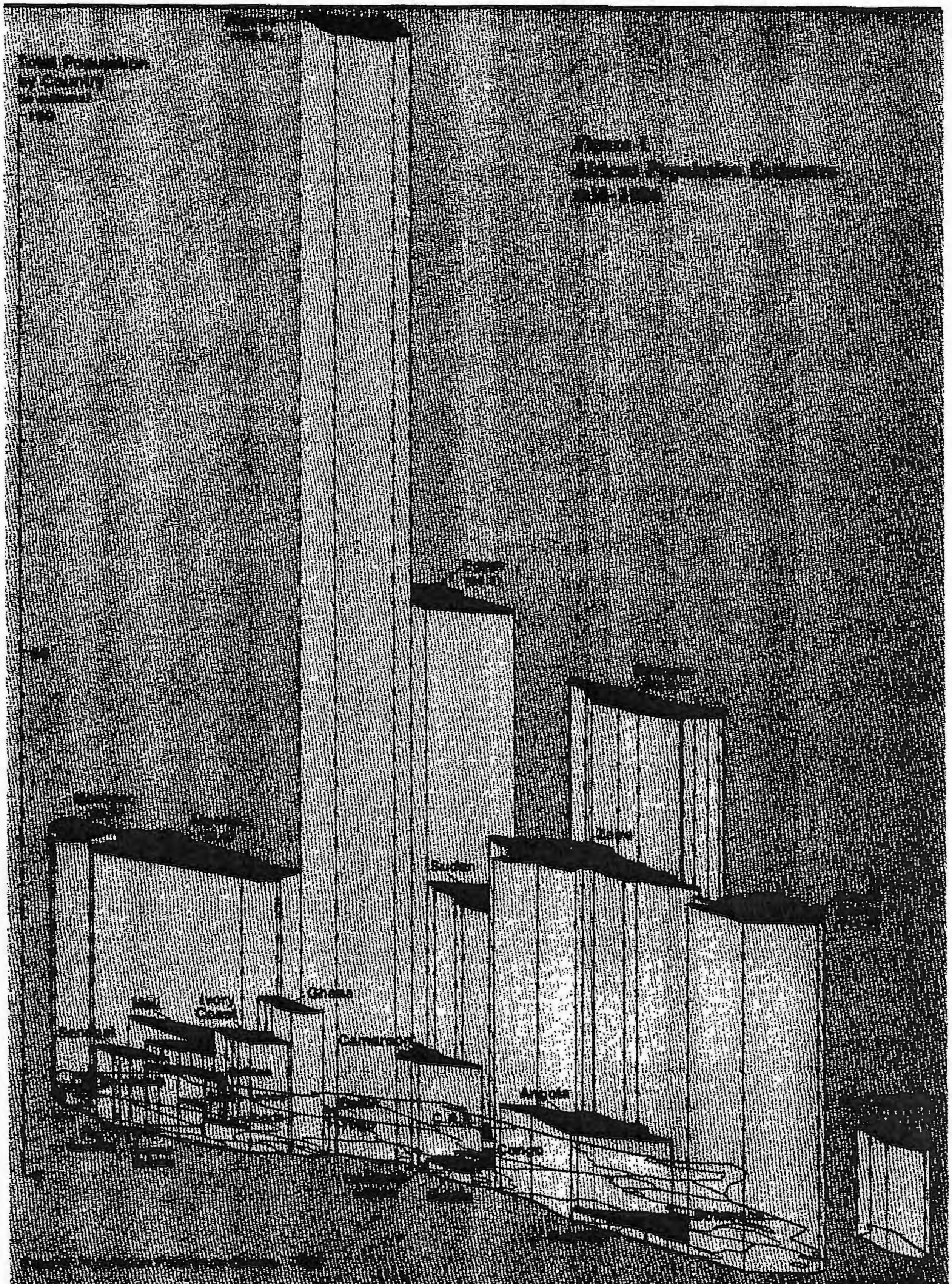
Scope Note

25X1

Demographic estimates and projections obtained under contract from the US Bureau of the Census are the basis for the statistical judgments made in this paper. Although data on Nigeria's demographic, social, and economic situation are often inadequate, and sometimes nonexistent, the Bureau drew on numerous sample surveys and UN estimates dating from 1932 through 1985 to estimate trends in fertility, mortality, and migration. The incomplete results of the Nigerian 1963 census were adjusted through the use of indirect demographic techniques using the survey estimates. This adjusted census base was used to make the projections. We also consulted official Nigerian sources, academic studies, and US Embassy reporting to obtain social and economic data 25X1

~~Secret~~

25X1



708491 (E00023) 9-86

25X

25X1

Nigeria: Population Problems and Political Stability

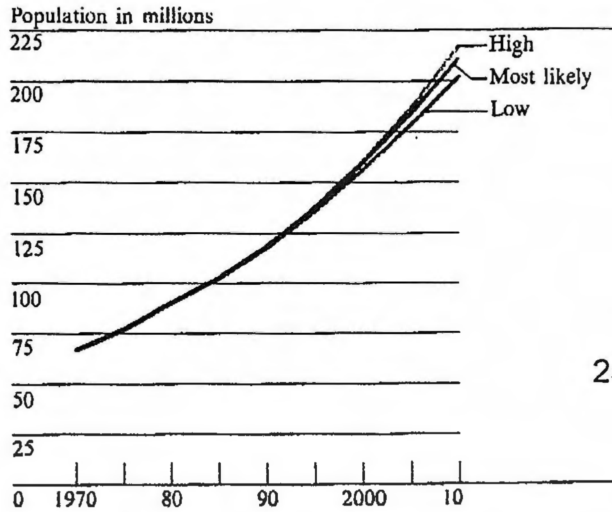
25X1

Introduction

Nigeria is the demographic giant of Sub-Saharan Africa. Approximately one of every five Africans live within its boundaries, and its 105.4 million people make it more than twice the size of black Africa's next largest population, Ethiopia's 43.9 million. According to UN statistics, Nigeria is currently the 10th most populous country in the world, and demographers estimate that by 2025 it will take over fourth place, immediately behind China, India, and the USSR, and followed by the United States in fifth place. Despite its rich human resource base, however, rapidly changing central governments and a declining economy have hindered efforts to unite the diverse population into a cohesive national entity.

This assessment focuses on Nigeria's population dynamics and the impact they have for altering the balance among regional, religious, and tribal groups, as well as the implications for rapid urbanization. These factors will be important determinants in Lagos's attempts to maintain political stability.

Figure 2
Nigeria: Population Growth, 1970-2010



Source: US Bureau of the Census, 1985.

25X1

25X1

310411 1 25X1

Rapid Population Growth: The Bottom Line

The causes of Nigeria's explosive population growth—high birth rates coupled with a more rapid decline in death rates—will be sustained and translate into high growth well into the 21st century, in our view. US Census Bureau projections show Nigeria's population doubling over the next 24 years, reaching a total of some 211 million by 2010. This figure—projecting an average yearly addition of slightly fewer than 4.5 million people—assumes a decline in both birth and death rates. If birth rates do not decline by the estimated 10 points, or if death rates drop more quickly than projected, yearly population additions will be even larger and the resulting total will be closer to 217 million.

We foresee no slowdown in this pattern of growth. Because birth rates have been so high for so long, and to a lesser degree because of the decline in mortality, there is a built-in demographic momentum for rapid growth that can be altered only by an unrealistically massive emigration, an equally unrealistic precipitous drop in fertility, or by a catastrophic loss of life. The US Census Bureau data show that Nigeria has a very young population; approximately 45 percent is under 15 years of age (compared with 22 percent in developed countries). Births currently outnumber deaths by more than 2.5 to 1, a ratio that will increase to 3 to 1 in 15 years as the disproportionately large numbers of children grow older and have children of their own (see figure 3).

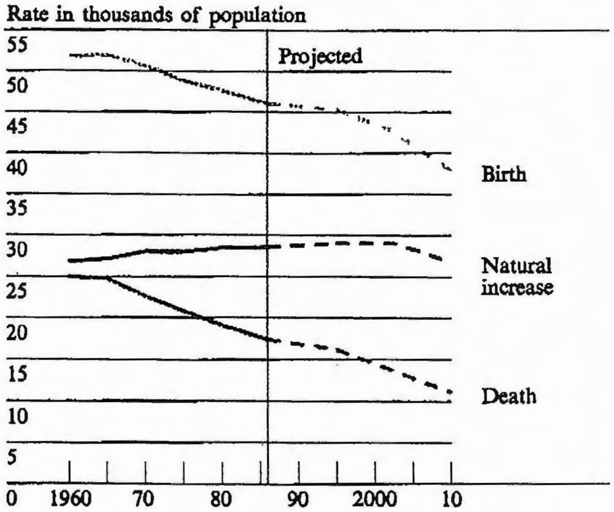
25X1

25X1

25X1

[1] There have been six military coups and eight different heads of state in Nigeria since independence from Britain in 1960.

Figure 3
Nigeria: Birth, Death, and Natural Increase Rates,[a] 1960-2010



[a]Natural increase rate is a birth rate minus a death rate.
Source: US Bureau of the Census, 1985.

[redacted] 310412 10-86

Demographically, the six- or seven-child family of Nigeria today is decades away from the two-child replacement level, when individual couples just replace themselves, births and deaths become equal, and growth begins to taper off. Even when, and if, the two-child family becomes the norm, the population will continue to increase. It will take 50 years before the large numbers of youth are no longer replaced by even larger new generations, and growth stops. Theoretically, if replacement-level fertility were to begin immediately, Nigeria would still grow by another 80 to 100 percent due to the momentum inherent in its youthful age structure [redacted]

We believe that Nigeria's failure to effectively address the population question precludes a significant drop in the growth rate through the end of this century. Data from the Nigerian portion of the World Fertility Survey of 1982 reveal that, while women have six or seven children, they would prefer to have more, and that only 6 percent use family planning. A new draft population policy calling for enhanced family planning and health programs is currently under consideration by the Nigerian Government. The draft, formulated by a national consultative group with assistance from international donors and sponsored by the Ministry of Health, asserts that family planning programs are the most effective and low-cost measures for controlling social problems and stemming rapid growth in the shortest possible time. The government has taken no public stand on the issue as yet, but the Nigerian press has opened a lively debate both for and against the new initiative. [redacted] 25X1

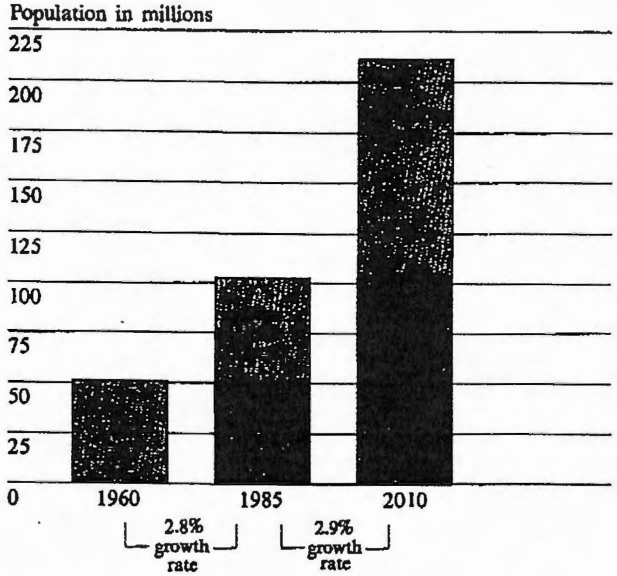
According to experts working with Third World countries where substantial fertility decline has occurred, programs as sensitive as family planning have little chance of success unless there is strong support from the highest levels of government and grassroots involvement in planning and managing outreach programs—elements that have been absent in Nigeria's case. Political caution, rather than energetic programming, has characterized Nigeria's approach to family planning policy in the past. During the 1970s and early 1980s, successive governments reacted to rapid growth and high fertility by launching development programs to try to meet growing social and economic needs, but avoided policies that dealt directly with the birth rate and thus would be controversial, according to Nigerian planning documents. The government's recent willingness to propose a new population policy specifically naming family planning, however, may finally signal the beginning of serious efforts to grapple with the country's difficult population problems [redacted] 25X1

25X1

Rapid population growth will clearly intensify the problem of achieving any meaningful degree of social and economic development in Nigeria. At a growth rate of about 2.9 percent annually, the population is increasing by more than 15 percent every five years. According to the Health Ministry, Nigeria would have to double its food production and provision of health services, water supply, housing, sanitation, and electricity over the next 20 years in order to maintain the present, but already inadequate, standard of living—an unattainable goal, in our view (see figures 4 and 5) [redacted] 25X1

25X1

Figure 4
Nigeria: Compounding Population Growth, 1960-2010



Source: US Bureau of the Census, 1985.

[redacted]

310413 10-86

The Fast-Growing Youth Population

From a manpower perspective, Nigeria's demographic surge is having its most profound impact on the youth population. While population growth overall seems almost certain to outpace government capabilities to meet social and economic needs, rapid growth in the young adult age group may pose a further complicating factor in Nigeria. Various academic and government studies point to the youth sector as a factor inducing political instability.[2] We believe that in the Nigerian case, young people in the 15-to-24 age group—frustrated by unmet expectations for education and employment—constitute a potentially volatile group that can present a ready audience for radical political and religious leaders. In our view, this sector of society is likely to emerge as a major source of social and political unrest [redacted]

[redacted]

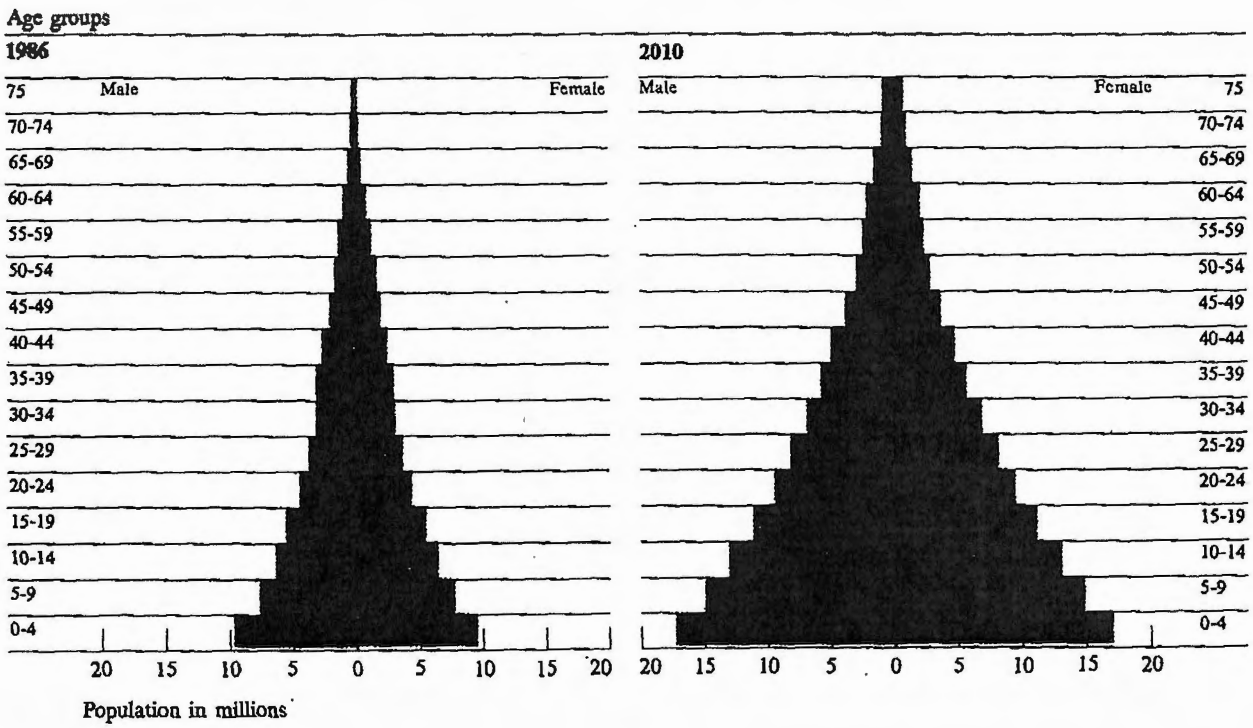
Youths comprise slightly over one-third of all persons of working ages—those between 15 and 64. Today, there are nearly 20 million youths searching for jobs or advanced training in an economy that has been shrinking since 1981. Their numbers will swell to 30 million by 2000, a consequence of especially high population growth rates in the 1970s and early 1980s. We estimate that there will be approximately 40 million in this age bracket by 2010, an increase which will only intensify this group's potential impact on Nigeria's social and political life (see figure 6). [redacted] 25X1

Employment
The absence of jobs, especially for educated youth, is a major element leading to serious youth alienation. Indeed, academic studies indicate that, when young people are denied an opportunity to secure even a first job, their unemployment can become a major ingredient for future political instability. Youths are now the victims of a stagnant labor market; over the past six years, the labor force has moved from manpower shortages to growing surpluses, according to Western academicians and reports by Nigerian labor unions. The US Embassy expects that this prolonged period of high unemployment will wear down the patience 25X1 Nigerians over the next several years and raise the potential for outbreaks of serious social unrest. [redacted] 25X1

Although labor force data are notoriously inadequate, Nigerian estimates show that approximately 70 percent of the unemployed are under 25. Some 108,000 students are now enrolled in Nigerian universities, and education officials estimate that 60,000 university graduates over the past three years have yet to find employment. The highest unemployment level, however, is among the 614,000-per-year secondary school graduates, according to Nigerian manpower experts. At the bottom rung are primary school graduates, who also expect a job in the modern sector, according to the US Embassy [redacted] 25X1

Education
Neither the expectation of attaining higher education nor that of upward mobility through education appears to be coming true for Nigerian youth today. T 25X1 majority have only a primary education, most fin
25X1

Figure 5
Nigeria: Population Pyramids, 1986 and 2010



Source: US Bureau of the Census, 1985.

310414 10-86

25X1

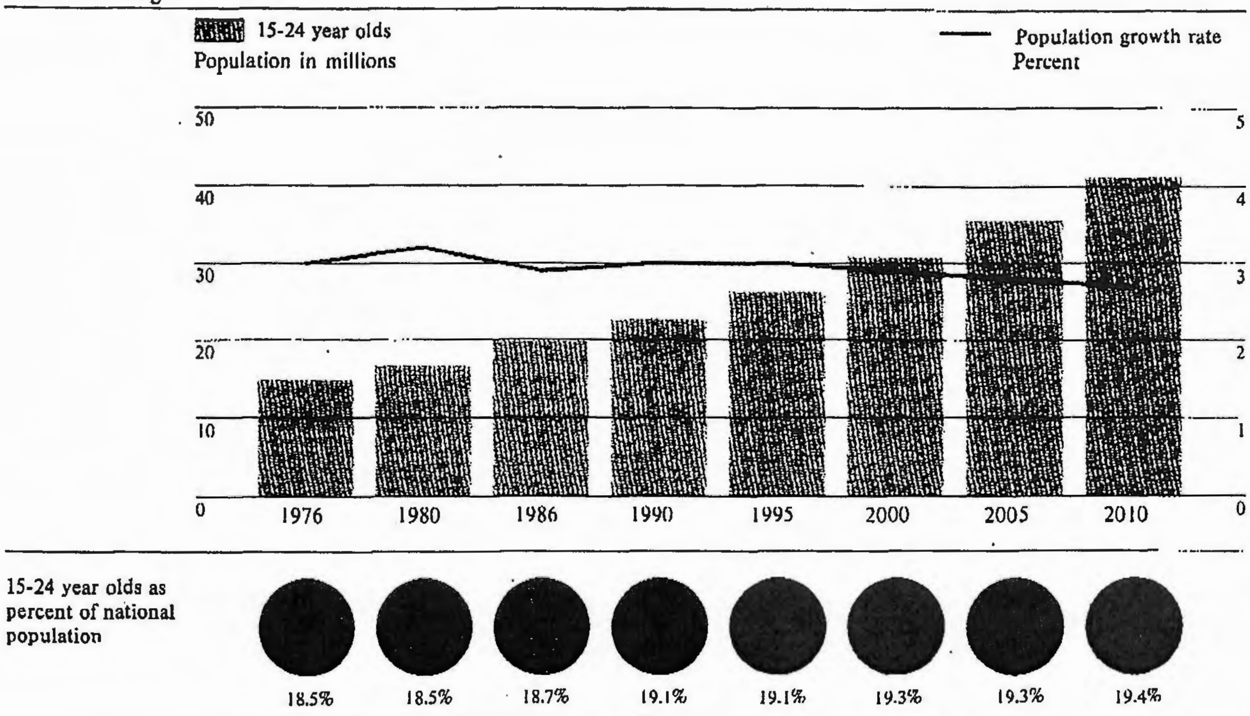
it difficult or impossible to win places in secondary schools or universities because of rising costs and lack of facilities, according to US Embassy reporting. Secondary and higher education graduates discover their skills inadequate or unneeded in a contracting modern-sector job market, according to Embassy sources. Meantime, austerity measures are shrinking the already inadequate number of trained teachers, school buildings, and supplies, according to Education Ministry officials. World Bank data for 1982—even before the most recent deterioration in the economy—show that, while nearly all children in the primary ages go to school, only 16 percent are enrolled in secondary school, and 3 percent in higher education. As a consequence, undereducated and unemployed young people are pushed into the streets or subsistence society of rural areas, where, in our judgment, they are likely to blame the central government for depriving them of opportunity 25X1

We believe the potential for violent unrest is especially high on university campuses. The US Embassy reports that Nigerian students are politically aware and have a reputation for speaking out on issues through student organizations. President Babangida, who took power in a military coup last August, initially received student support when he announced the restoration of free speech and lifted the bans on

41

Figure 6
Nigeria: Youth Growth Persists Despite Slowed Growth Rate, 1976-2010

Note scale change



310417 25X1

student organizations. Subsequently, however, controversial questions such as Nigeria's membership in the Organization of the Islamic Conference (OIC), the proposed institution of Islamic law courts in non-Muslim areas, and debate over acceptance of an IMF program have proved divisive issues. The honeymoon between government and students ended abruptly last May when a wave of protests against police brutality swept many university campuses, according to the Nigerian press. We believe violent student protests will become more frequent if, as seems likely, Nigerian leaders prove unable to stem economic decline or resolve contentious political issues.

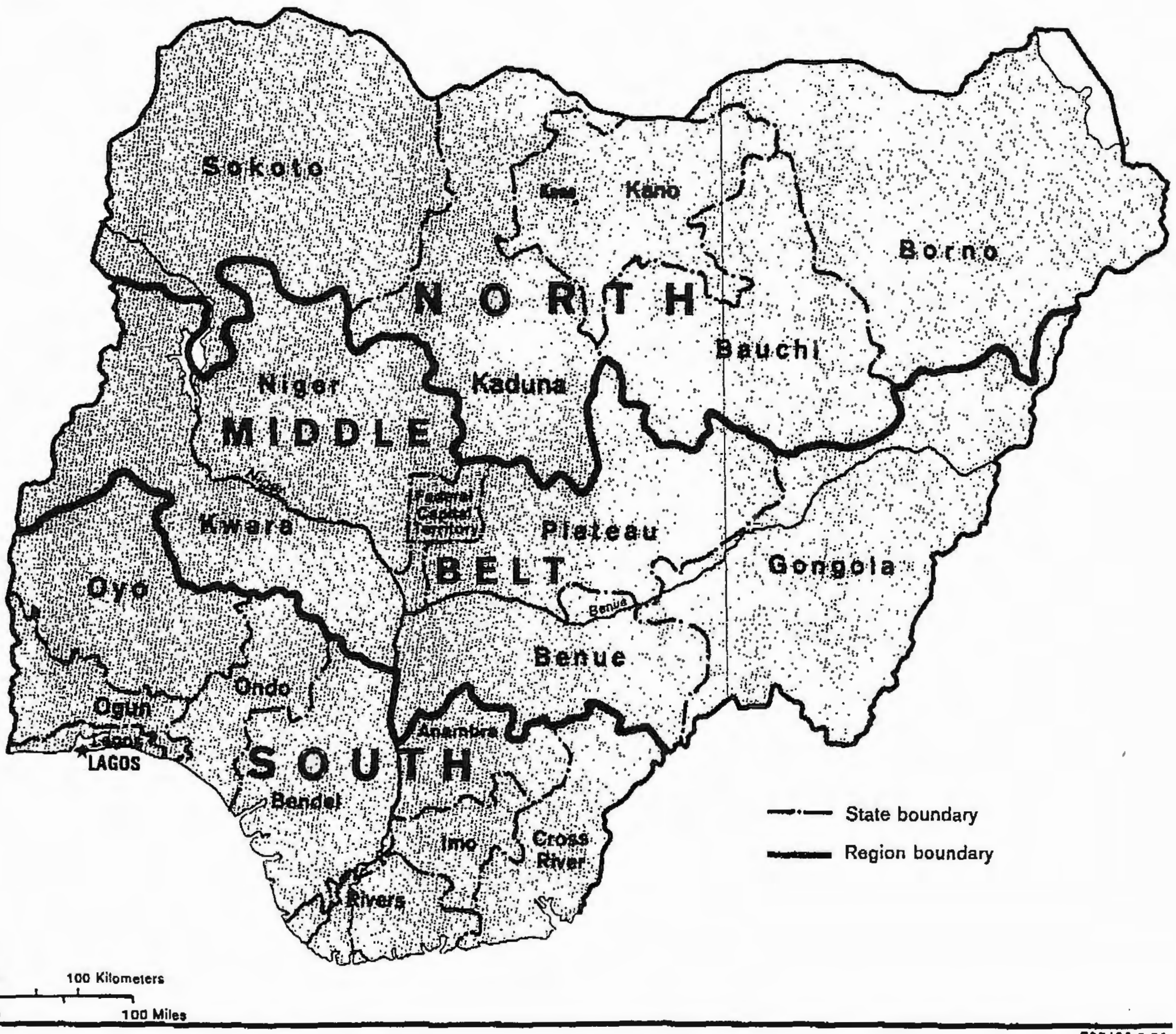
Regional, Ethnic, and Religious Divisions

We believe that the rapid rise in population coupled with slow economic growth will intensify longstanding rivalries between regional, ethnic, and religious groups as the size of the per capita economic pie declines. With fewer resources to pass on, the central government will find it increasingly difficult to avert open conflict between the various groups amid the escalating competition for dwindling economic and social resources needed to support their burgeoning populations.

25X
25X

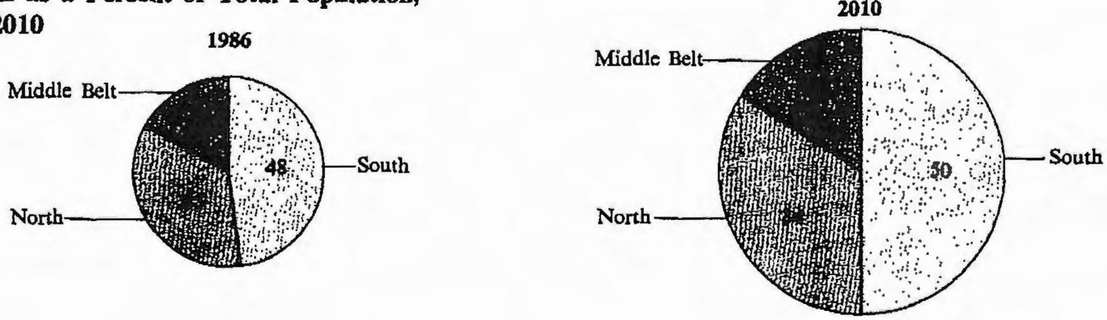
42

Figure 7
Nigeria's States and Regions



708492 9-86

Regions as a Percent of Total Population, 1986-2010



Total population = 105,448,000

Total population = 211,449,000

310576 10-86

25X1

Nigeria: Regional and State Populations, 1986 to 2010

North

	Population (millions) 1986	Population (millions) 2010	Growth Rate, 1986-2010 (percent)
Total	**36.8**	**71.6**	**2.8**
Bauchi	5.1	10.8	3.1
Borno	5.7	11.6	2.9
Kaduna	8.2	17.0	2.8
Kano	10.7	20.7	2.8
Sokoto	7.1	11.6	2.0

Middle Belt

	Population (millions) 1986	Population (millions) 2010	Growth Rate, 1986-2010 (percent)
Total	**17.8**	**34.5**	**2.8**
Benue	3.7	6.1	2.1
Gongola	5.4	11.5	3.1
Kwara	3.2	6.4	2.8
Niger	1.6	2.7	2.1
Plateau	3.8	7.8	3.0

South

East

	Population (millions) 1986	Population (millions) 2010	Growth Rate, 1986-2010 (percent)
Total	**19.7**	**34.9**	**2.4**
Anambra	5.0	7.2	1.5
Cross River	4.0	5.8	1.5
Imo	6.7	13.5	2.9
Rivers	3.9	8.4	3.2

West

	Population (millions) 1986	Population (millions) 2010	Growth Rate, 1986-2010 (percent)
Total	**31.2**	**70.4**	**3.4**
Bendel	4.6	9.0	2.9
Lagos	6.4	20.0	4.7
Ogun	3.6	7.8	3.2
Ondo	6.2	13.2	3.1
Oyo	10.3	20.3	2.8

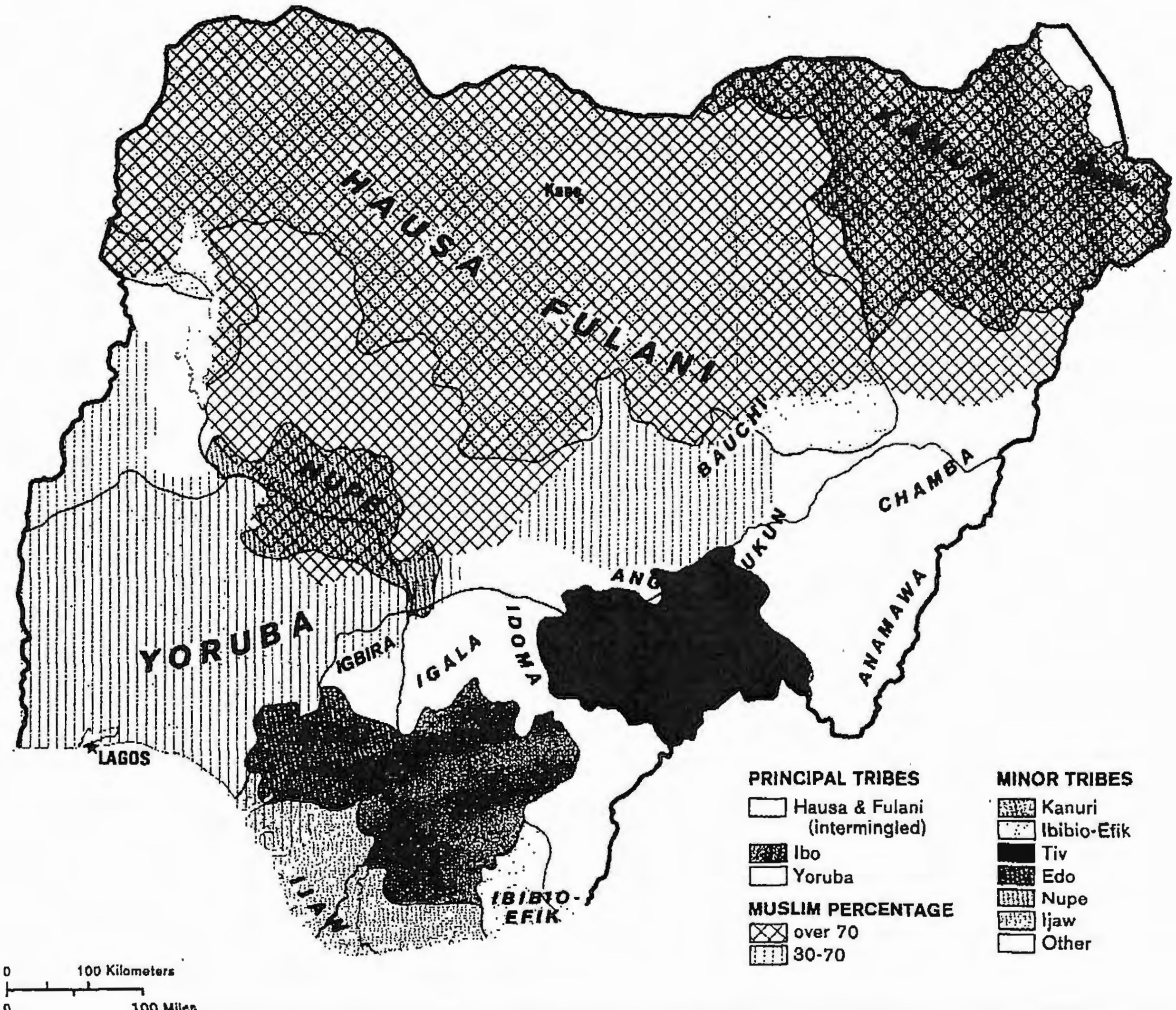
Note: Regional groups are estimated by CIA on the basis of historical, geographical, and tribal considerations. They do not imply tribal, religious, or political homogeneity. Population data for states are from the US Bureau of the Census.

25X1

Regional and Ethnic Tensions

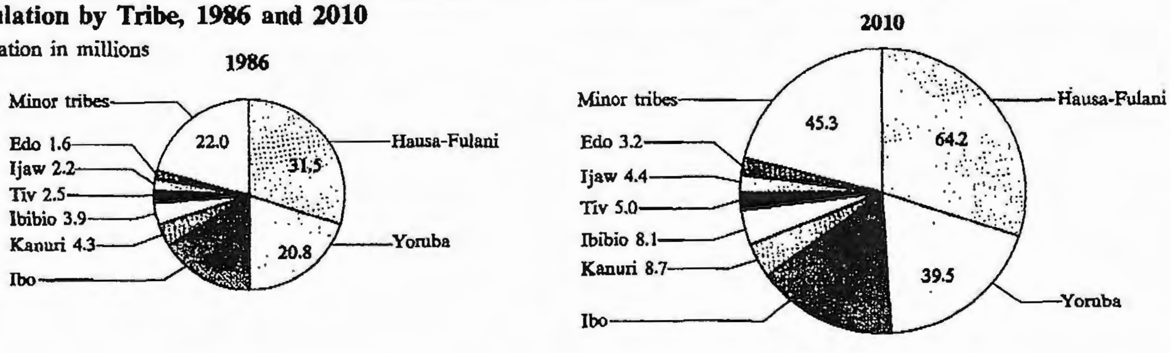
The demographic composition and rapid growth of the population, along with intense regional loyalties for ethnic homelands, explain in part the nature of the present regional and ethnic divisiveness and give indications that these rivalries are likely to intensify in the future. Nearly two-thirds of the population belong to three major tribes—the Hausa-Fulani in the north, the Yoruba in the west, and the Ibo in the east—that aggressively compete for favored treatment by the central government. This political struggle can be traced through the efforts by former regimes to restructure Nigeria's regional boundaries. The three principal regions at the time of independence became four by 1963, followed by a complete breakdown during the civil war from 1967 to 1970 caused by the former eastern region's (Biafra's) threatened secession. After the war, states were formed—first 12, and by 1976 the present 19—which broke up the large regional bases of the majority tribes and granted some measure of autonomy to ethnic minorities, particularly in the middle belt states that occupy the center of the country (see inset, "Regionalism and the Population Census Fiascoes"). 25X1

Figure 8
Nigeria's Tribal and Religious Distribution



708493 9-86

Population by Tribe, 1986 and 2010
Population in millions



Total = 105.4 million

Total = 211.4 million

310575 10-86

25X

Although the approximately 250 minority tribes have gained readier access to the smaller state bureaucracies resulting from the regional breakup, the overwhelming size of the Hausa-Fulani, Yoruba, and Ibo groups and their geographic concentrations perpetuate their ethnic advantage. High growth rates for all groups, estimated to be between 2.8 and 3.2 percent by the US Bureau of the Census, assure that all of the tribal populations will double in size over the next two and one-half decades, leaving the present tribal percentages nearly static between now and 2010. The larger size of each group, especially if the economy does not have commensurate growth, will mean the scramble for basic social and economic services will become even more intense (see inset, "Economic and Social Disparities")

Growth Imbalances. The demographic imbalance in regional size and growth further aggravates ethnic divisiveness and contributes to the longstanding north-south conflict. Nigeria's northern and southern regions each are many times larger than most African nations, and, at their current rate of growth, almost certainly will provide colossal management challenges for the government in the future. With 51 million people, the south by itself could be the most populous country in Africa, and the north's 37 million could give it the fourth-largest population of black Africa's 48 states. Projected to grow by 3 percent annually, the southern population will more than double to 105 million in 24 years, equaling the present population of all of Nigeria, according to US Census Bureau projections. The north, growing at only a slightly lower rate, will nearly double its population to reach 72 million over the same period. The smaller 18 million population of the middle belt states—still larger than 80 percent of African countries—will also almost double to reach 35 million during this time frame. Coupled with what the US Embassy reports has been the slow erosion of its political superiority, the north's relatively smaller population could become another weakness that southerners might seize upon to loosen the northern grip on the central government.

Although growth is explosive in all regions, the percentage shares of the total population of the north and of the middle belt are slowly dropping, a result of an expanding flow of predominantly young migrants seeking jobs and education in the cities of the south, according to population studies. The southwest, home to the Yoruba tribe and the site of the capital, Lagos, is the fastest growing and most Westernized area in Nigeria. The outmigration of the most able northern youth, along with the more general perception that the south could overwhelm the north by sheer numbers, almost certainly adds to the frustration and distrust of the established northern elites toward the more aggressive southern tribesmen. 25X1

Religious Divisiveness

A deepening of ethnic and regional divisiveness could provoke a surge in religious tensions as well. Never far from the surface, and often paralleling ethnic and regional factionalism—with Muslim influence centered in the north among the Hausa-Fulani people and Christianity predominant in the south—divisive religious issues often take on the air of a north-south confrontation, according to the US Embassy. Moreover, intense ethnoreligious frictions often result in localized violence, when pockets of Christians in the north—usually members of minority tribes—come under attack by Muslim Hausa-Fulani, according to numerous reports from Western missionaries and Nigerian officials. 25X1 25X1

Western and Nigerian sociologists report, however, that among the Yoruba of the southwest, where Christians and Muslims each account for about 40 percent of the population, religious tensions are diffused by a strong acceptance of their common Yoruba culture and tradition. Nevertheless, we agree with the US Embassy that on national issues, where religious affiliation often has ethnic and regional implications, the Christian and Muslim communities tend to stand together, each fearing encroachment and domination by the other. 25X1

Given the pressures building from declining oil revenues and a shrinking economy, religious and ethnic strife could intensify unless the government is seen as evenhanded and meticulously neutral, according to

25X

[1] In 1966, just prior to the civil war, an estimated 30,000 Ibo living in the north were killed by northern mobs and another 1 million fled to safety in the eastern region following an Ibo-led coup attempt that claimed the lives of several senior northern religious and political figures. 25X1

Regionalism and the Population Census Fiascoes

Regionalism played a decisive role in the failures of four population censuses since the early 1950s. The politicization of the census process by regional power brokers has resulted in counts so obviously biased that none is able to stand as a reasonable population estimate, according to US and Nigerian scholars. Nigeria has officially accepted only the 1963 census, disregarding or officially repudiating the other three. [redacted]

Controversies over census counts began before independence when the 1952-53 enumeration found 30 million people, with 55 percent attributed to the northern region, according to census historians. US and Nigerian academics report that southerners protested, charging that colonial authorities had inflated the northern total in order to achieve a northern majority in the Federal House of Assembly. Southern politicians expected that the next census would favor the south, thereby setting the record straight, according to the academics. Demographers today agree that the population was undercounted by at least 10 percent, even though undercounts are highly unusual in Third World countries. Further, a reliable differentiation of population as belonging either to the north or south is technically impossible because of the incompleteness of the data [redacted]

The 1962 census was more of a political debacle than the previous one, in our view, doing little to reassure southerners that they had finally received a fair enumeration. Although the results were never published, it is understood by population specialists that the national count was 45 million, of whom 22 million were in the north. Nevertheless, the Federal Census Office announced that the north officially contained 31 million people, giving it nearly 70 percent of the population. The enumeration throughout the eastern region was described as "false and inflated," and failure to enumerate large areas of the western region was laid to weaknesses in the regional organization—the census document reports that the western region was under a state of emergency and the regional government was suspended during the enumeration period. Rising political turmoil forced the federal prime minister to acknowledge the failure of the census and announce plans for a new count, according to the United Nations. [redacted]

25X1

25X1

The recount in 1963 was both a demographic and a political failure, in the opinion of most US and Nigerian scholars. The final results appear to have been produced by the determination of all regions to match the east's capacity for falsification the year before, according to academic reports. The vastly inflated total population was announced to be 56 million people, nearly 54 percent of them in the north. The growth rate between 1953 and 1963 was calculated at 6.3 percent annually, a demographic absurdity for a country that did not have massive immigration, according to UN demographers [redacted] 25X1

Miscounting the population had become an accepted political ploy by 1963, used as yet another way of swaying official decisions on political and development issues, in our view. Regional politicians publicized the 1962 census as the basis that would determine political representation and establish claims to public services, according to population and development specialists. The resulting willingness, and indeed, the enthusiasm with which ordinary people falsified the census record shows the extent to which the regional politicians were able to mobilize local support of regional rather than national interests. [redacted]

25X1

25X1

The 1973 census, conducted in the buoyant atmosphere of rising oil revenues and successful recovery from the civil war, had perhaps the best chance of success. It was one of the necessary measures for a return to civilian rule and would have provided the statistical base for the distribution of social and economic services under an ambitious development plan, according to international development planners. The military government, in an effort to ensure a complete and accurate count, deployed the Army to accompany census enumerators in the field, according to Nigerian census experts. Nonetheless, complaints that northern troops coerced the populace and slanted the enumeration in favor of the north arose from all quarters and the stage was set for yet another failure, according to Nigerian newspaper accounts. The implausible national total was overlooked as public attention again focused on the regional numbers. According to the official count, the six northern states had grown by nearly 6 percent and comprised 64 percent of the population, while the south showed only negligible growth; the populations in the southwestern and southeastern states were smaller than in 1963. The outcome was unacceptable to most Nigerians and the census was officially declared null and void, an action few countries have taken, according to UN records.

Both US and Nigerian demographers report that, since 1973, census taking has been effectively removed from the national agenda. Political representation and economic policies are shaped by using the token results of the 1963 census, corrected by additional data from sample surveys.

the US Embassy. Yet, the Babangida regime already has stirred controversy by opening religious questions to national debate, according to press reports. We agree with the US Embassy's assessment that tension between religious groups has been fueled by issues such as Nigerian membership in the OIC, the question of whether southern states should have civil courts using Islamic law, the problem of religious schools, and the disagreement on the duties of a secular state. These tensions were already high in northern cities, where thousands of lives have been lost in the last six years in sectarian riots, according to US Embassy reporting. The Nigerian press reports that local incidents of church burnings in Muslim areas and other forms of religious harassment continue to occur despite calls for tolerance by state officials and traditional leaders. Muslim elders keep a watchful eye on potentially violent groups like the Muslim Student Society in order to help control the volatile youth population, according to US Embassy reports.

25X1

Explosive City Growth

Nigeria's cities are especially vulnerable to demographic pressures. One outcome of rapid growth is that internal migration will increase and rural migrants will flood the cities, contributing to already deteriorating living conditions amid increasingly inadequate public services, high unemployment, and elevated crime levels. High population growth, low living standards, and limited opportunities are some of the factors that create a climate conducive to political instability, in our view. 25X1

25X

Fed by the inflow of rural migrants, cities througho 25X1 the country are likely to continue to grow at the rapid annual pace of nearly 4.5 percent for the next two decades. The urban share of the total population will rise from a current level of about one-third to slightly over 40 percent soon after the turn of the century, according to US Census Bureau projections. We believe conditions in the countryside will continue to provide the impetus for large-scale migration to the

Economic and Social Disparities

Population growth is not the only factor affecting regional cohesion. Keeping the lid on regional jealousies and charges of government favoritism remain a major challenge for the regime in Lagos. Every government since 1970 has attempted to overcome traditional inequities and promote the appearance of regional fairness in the distribution of economic goods and social services in order to allay tribal and regional tensions and muster broad support, [redacted] *The provision of social services, especially health care and education, is an indicator of modernity and the quality of life, and represents to the majority of people the degree to which the national government serves them, according to numerous studies by social scientists. Nevertheless, regional balance has not been achieved in the social-service sector, as demonstrated by the movement of migrants to the south. Although social data are woefully inadequate, our review of the available information suggests that the north and the middle belt have been shortchanged in both health care and education, with the regions still suffering from historical disparities that date back to the colonial period and not addressed by the northern elite who have been in power after independence. Nigerian official statistics show that, while only 35 percent of the Nigerian population is covered by any form of modern health services, the north, with only a 14-percent share of hospital facilities, and the middle belt with 11 percent, get only a small piece of an already small pie.* [redacted] 25X1 25X1

[redacted]

In education, the south again enjoys the largest share of opportunities, especially in training beyond the primary level. In the early 1980s, northerners comprised 35 percent of the national population, but only about one-fourth of the national primary school enrollment was in the north, and only 9 percent of all secondary students were northerners, according to Ministry of Education data. This is partly due to a cultural bias against nonreligious schooling in the northern states, but academic studies indicate that this is changing. Northerners now bitterly complain about rising school costs for modern education, according to US Embassy reporting. The middle belt's 17 percent of the population has fared somewhat better, with 22 percent of primary school enrollment and 10 percent of secondary school enrollees. [redacted] 25X1

cities, where migrants account for slightly over 40 percent of all urban growth. Numerous academic studies show that migrants believe economic and educational opportunities lacking in the rural areas can be found in the cities, and that urban housing and social services will raise their standard of living. Demographic studies estimate that massive migration occurred over the last decade—on the order of 5 million people—and despite deplorable economic and social conditions in many large cities, migration could increase to over three times that in the next 10 years. [redacted]

Its characterization in numerous open sources shows that Lagos is an international symbol of rapid growth and chaotic urban life. Average annual growth rates of 7 percent over the last 20 years raised the city's population from 1.5 million in 1966 to the current 6 million, according to the US Census Bureau. This very high sustained growth would have been closer to 10 percent if large numbers of illegal aliens had not been expelled during the last three years. The US Census Bureau estimates that 80 percent of the aliens expelled from Nigeria were expelled from Lagos, as many as 1.6 million in 1983 and 560,000 in 1985. Although the growth rate of the city has dropped somewhat to about 5.5 percent per year, projections indicate nearly 16.5 million people in Lagos within 20 years. [redacted] 25X1 25X1

The potential for serious urban unrest already exists in Lagos, but will increase over the longer term, in our view. The federal government commits significant portions of economic development funds to the capital, but many parts of the city are without water, electricity, waste disposal, or good roads, according to economic studies. Lagos is crime-ridden despite severe penalties imposed for robbery and lesser crimes, according to local newspaper accounts and studies by UN organizations. The demand for housing and transportation has far outstripped the supply, resulting in sprawling slums and squatter settlements interspersed among better neighborhoods and, on occasion, massive traffic jams. A recent UN study reported that a substantial percentage of the people were still illiterate, and only a small portion had education beyond the primary level. The unemployed are concentrated in the 15- to 29-year group, and of those employed at any age more than 50 percent are in the informal sector working for very low wages as petty traders, roadside mechanics, or the like, according to the study. Still, migrants from the rural areas continue to pour into the city, over 1 million of them in the past 10 years, accounting for 44 percent of city growth, according to estimates by the US Census Bureau. Many of these migrants, along with communities of West African aliens, congregate in specific localities chosen for affinity with family, village of origin, or tribe, where ethnic enmities often flare in the competition for limited jobs and services.

The long-held plan to build a new federal capital in Abuja, 1,100 kilometers from Lagos near the center of the country, has been heralded since 1962 as the answer to the congestion in Lagos and a means of making government accessible to more people, according to UN documents and Nigerian newspaper reports. Although the first federal ministry began its move to Abuja in June 1986, with three others slated to move this year, much of the planned construction has been abandoned because of the government's failure to pay the contractors, according to the US Embassy. The lack of housing, schools, infrastructure, and telephones and deteriorating sanitation in what has been a dormant city for several years will continue to slow the transfer of the majority of ministries, according to US officials. An International Labor Office study points out that, so long as Lagos remains the financial center and principal transportation hub for the country, it will continue to grow and draw a significant share of migrants. In our view, Lagos will continue to command a substantial share of urban resources to keep it a viable center of the Nigerian economy and government for some years to come.

25X1

While other large cities may be less critical to the central government from an economic and political standpoint, they nevertheless are of key concern to regional and ethnic-based political constituents, and are likely locations for urban unrest, in our view. Most are afflicted by problems similar to those in Lagos, but on a smaller scale. Kano State officials last year blamed an influx of rural jobseekers into Kano City and other smaller towns for rising tensions in the region as the newcomers competed with longtime residents for limited jobs. City officials also cited an inadequate educational system that has failed to train the rising numbers of unskilled, unemployed workers. Moreover, while growth is slower than in Lagos, the population of Kano City will more than double in the next 20 years, from 813,000 to 1.8 million, with migrants comprising somewhat more than 20 percent of the total increase, according to US Census Bureau projections

25X1

Outlook and Implications for the United States

25X1

Current demographic trends indicate that Nigeria's rapid population growth and pervasive social problems will continue unabated for several decades, and we believe governments will be unable to stem the consequent erosion of living standards. Problems arising from large annual population increments and deepening societal divisiveness are likely to create an environment conducive to mounting unrest among volatile youths—especially students and the unemployed—the urban poor, ethnic and religious factions, and radical Muslim fringe groups.[4] (S NF)

25X1

US and Nigerian Mutual Concerns

Although Nigeria supplied only 5.6 percent of US oil imports in 1985, Lagos remains an important source of crude oil located outside the Persian Gulf and relatively accessible to the United States and its Western allies. In the event of disruption in the supply of oil from the Gulf, Nigeria almost immediately could increase production from the present average of about 1.5 million barrels per day (b/d) to 2.2 million b/d within a few months, according to the US Embassy. The exposure of US banks in Nigeria is over $1 billion, according to US Federal Reserve data. US-Nigerian trade rose during 1985 to some $3.1 billion, while Nigeria emerged as the fifth-largest importer of US wheat. [redacted]

As one of black Africa's most influential nations, Nigeria also can serve as a useful ally for the United States in Third World forums. US Embassy officials report that the current regime of Gen. Ibrahim Babangida hopes to bring Nigeria closer to the West and repeatedly seeks US advice and assistance. In return, Lagos has offered to support US policies in southern Africa, and more recently—despite Libyan efforts to bring pressure on the president through Nigerian Muslim leaders—Nigeria refused to denounce US antiterrorist action against Libya, according to US Embassy sources. [redacted]

It appears unlikely to us that the government will be able or willing to commit major resources to slowing population growth. In particular, we doubt that top officials will risk the almost certain divisiveness that would be set off by their backing a policy calling for family planning. Although some Muslim leaders say that family planning is allowed under Koranic law, fundamentalist groups would be sure to charge that family planning is a plan by Christian southerners to weaken Islam. Moreover, both Christian and Muslim Nigerians would probably object to such a policy as Western interference in traditional African life. We expect the regime to pay lipservice, but little more, to the urgings of Western donors to inaugurate an effective population program. [redacted]

The size and growth of the youth population constitute Nigeria's most volatile demographic problem, in our view. Expectations of young men and women for greater opportunities and a high standard of living were raised during the years of rising oil revenues and a booming economy, [redacted] 25X
We see no indication that the ever-larger youth population no longer expects to receive the education and jobs that will lead to a better life. This group is likely to become increasingly impatient with and vengeful about its lot. Student protests, such as the violent ones in late May, for example, are likely to occur more frequently. [redacted] 25X

Discontent in Lagos and other fast-growing cities is likely to reach dangerous levels as competition for education, health care, and jobs exacerbates tensions 25X between various ethnic, religious, and generational groups. Inept administration, bad planning, and nonexistent or unworkable transportation, water, sanitation, and power systems are likely to add to urban frustrations and focus attention on the shortcomings of both the local and federal governments. Further, we believe urban groups will become increasingly vulnerable to mobilization by radical political or religious activists who blame Nigeria's moderate leaders for the country's problems. [redacted] 25X

In this environment of increasing demands and shrinking resources, intensifying religious and north-south differences could make Nigeria an attractive target for external subversion by regimes hostile to moderate African governments. [redacted] 25X Muslim fringe groups in several African countries are particularly vulnerable to Libyan infiltration, money, and influence. According to US officials, Iran also actively recruits candidates in Nigeria for military and religious training and periodically introduces radical Muslim propaganda on university campuses. We believe heightened domestic unrest in Nigeria would tempt Libya and Iran to seek common cause with Nigeria's Islamic north. For example, Libyan and Iranian support could encourage Muslim leaders to step up their demands for the imposition of an Islamic state and thereby create a climate for increased Muslim-Christian violence. [redacted] 25X

Nigerian leaders, faced with dividing a shrinking economic pie, will almost certainly turn to Western governments and international financial institutions for increased levels of assistance. Moreover, Lagos would probably argue, correctly in our view, that social, economic, and political turmoil will provide growing opportunities for meddling by Libya and Iran, particularly in the northern, Muslim areas of the country.[5] [redacted] 25X

If, as seems likely, Nigerian authorities remain incapable of confronting population problems, slowing economic decline, and finding a formula for national unity and social peace, we believe the prospects for serious regional and ethnic conflict will escalate. In a worst case scenario, the Nigerian federation over time could split along religious and ethnic lines. Violence—like that during the Biafra war, which took over a million lives and destroyed the former Eastern Region's economy—would probably spread throughout the country, damaging or isolating oil installations and undermining Lagos's ability to counter external meddling. Ethnic, regional, or religious factions seeking outside support would probably find the USSR, Libya, and Iran ready and willing to help to try to install a radical government—or even an Islamic revolutionary state modeled on the Iranian experience. [redacted] 25X

[redacted] 25X