Nigeria

Nigeria is black Africa's richest nation, the United States' second largest foreign oil supplier, and, currently, the world's fourth largest democracy. Last October, an elected civilian government took office after 13 years of topsy-turvy military rule. The new regime's prospects are uncertain. A decade after the cruel Biafran war, strong tribal differences persist. As in Iran and Mexico, petrodollars have created as many social problems as they have solved. But oil has brought Nigeria's views of Rhodesia, South Africa, and Angola increased attention in London and Washington. As the nation's new President, Alhaji Shehu Shagari, observes, "Nigeria's interest does not stop at our borders." Here, economist Sayre Schatz surveys the current scene; Africanist Pauline Baker traces the country's troubled history from colonial days; and novelist Charles Larson provides a sampling of Nigeria's world-class literature.

MOVING UP

by Sayre P. Schatz

Few visitors to the seaside city of Lagos ever forget it.

With boundless vitality, it has grown since 1965 from a city of 300,000 souls to a sprawling metropolis of 3.5 million. Already the city has spilled over from its original islet, one-tenth the size of Manhattan, to the adjacent islands and the mainland. New communities take root at the fringes every year. In all of "greater Lagos," there are perhaps 10 million people.

The city boasts a modern university, a sports arena, a theater complex, a national museum. Downtown, rising from the bustling marketplaces, pastel-tinted skyscrapers with surfaces of glass hold up a mirror to the great natural harbor dotted with freighters, low in the water, waiting for a berth. Lagos is a port, a commercial hub, a rail center, a national capital.

It is also choked with automobiles. The new "ring roads" and superhighways, coupled with on-the-spot police whippings of traffic offenders ("Operation Ease-the-Traffic") have neither appreciably eased the congestion nor shortened the casualty lists. (The monthly news magazine *Africa* has estimated that 300 people are killed in Lagos in auto-related accidents every month.) Undeterred, passengers squeeze into exhaust-belching, rickety old buses; others jauntily finesse the notorious "go-slows" and "hold-ups" by riding bicycles.

Dazzling Prospects

All about, people flow among stalled cars like a torrent around boulders: tailors carrying sewing machines; clothing merchants with their entire inventory on a pole; street hawkers selling fried *akara,* paper twists of peanuts, copies of the new 104-page constitution. Outside the air-conditioned department stores, lepers and beggars keep vigil, expectantly.

Lagos is, in short, a place to make a fast buck—to turn a *naira* (1 ₦ = $1.75). Today, the country's oil-powered economic boom beckons unending streams of Nigerian villagers to the city's squalid alleyways and satellite shantytowns. "For the next five years," one Nigerian intellectual commented recently in the *New York Times,* "even the most exploited wretch can still con himself into thinking he can make a million."

Foreigners are not far behind. The clipped lawns at the Ikoyi Club and the Lagos Yacht Club (whose membership criteria were suitably amended in the 1950s to embrace the black elite) are speckled with gin-sipping "expatriates" of every stripe: American salesmen, German builders, Indian demographers, British bankers. Unlike Algeria or South Africa, Nigeria has never had a large, resident European minority controlling the details of its internal affairs. Now there are strangers aplenty.

Lagos is unlike the rest of the country but somehow

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Downtown Lagos

epitomizes it. It is the focal point of the nation's development, a microcosm of its failures. The decisions made here will determine the future of Nigeria in two key respects: whether it can forestall another military coup, and whether its enormous economic potential can be put to good use.

Nigeria's big money is oil money—very new money—and in six short years it has opened up dazzling new prospects for this country of some 90 million, the most populous nation in Africa.* With net government petroleum revenues topping $16 billion in 1979, and climbing, Nigeria's federal government is bankrolling an ambitious development effort aimed at providing more infrastructure, more schools, more industry, more exports—and more participation by Nigerians in the economy. Nigeria has also begun work on a spanking new capital city, "Abuja," in the country's geographic center, a kind of West African Brasilia. When the basic outline of the new city was worked out in 1977, unpublished official estimates put the cost at $30 billion, then twice the size of the nation's entire Gross Domestic Product.

As the world's sixth largest petroleum exporter, Nigeria has also become, almost *ex officio*, a key actor in world affairs, thereby putting some substance into its leaders' old avowal that

*No one knows exactly how many people live in Nigeria. Census-taking is a divisive political issue, because census results determine political apportionment and, more important, allocation of state oil revenues. A completed 1973 census was scrapped after charges of under- and over-counting eroded its credibility.

"Africa is Nigeria's natural sphere of influence." At home, a new civilian government peaceably assumed power last October after 13 years of relatively benign military rule.

More than 30 daily and weekly newspapers keep the country informed; they range from tribal-oriented papers like *The Sketch* to the national (state-owned) *Daily Times*. Political debate is lively and largely unfettered, though newspapers are required to support the new constitution. Each of Nigeria's 19 states now has a state-run radio station; most have a TV station as well. Television offerings include the usual U.S. imports (children's cartoons, "Mission: Impossible"), as well as some unremarkable domestic programming.

A Slow Start

Nigerians are proud of their recent accomplishments at home; proud, too, of their new prominence in the world scene. But the pervasive problems of underdevelopment cannot easily be swept away. And so far, Nigeria's leaders have shown neither the wisdom nor the will to spend the oil billions effectively.

Nigeria was not prepared for affluence. Before the 1967–70 Biafran civil war, agriculture was the backbone of Nigeria's economy. Farmers made up about 80 percent of the labor force; without mechanical aid or even, in most cases, animal power, they worked their land with short-handled hoes or "matchets."

But Nigeria was able to grow 95 percent of its own food. Cocoa, palm products, cotton, peanuts, and rubber accounted for 75 percent of all export earnings, and for a comparable share of the scant attention the outside world paid to Nigeria.

Native businessmen, meanwhile, sought a niche in the economy. Nigeria's basic economic goals—initially formulated by the British colonial government in 1949 in response to nationalist pressures—have been twofold: "develop" the country, and increase the degree of Nigerian management and ownership in the largely foreign-dominated "modern" sector. Nigeria's economy is unabashedly capitalist, but the government's role is significant. It nurtures private enterprise with a variety of incentives, as well as through careful attention to roads, communications, and so on. It is also the country's biggest employer and spender.

Progress was slow in the pre–civil war years; the new native enterprises rudimentary. A shoe "factory," for example, might have consisted of eight employees, four of them unpaid apprentices, working in a poorly lit hovel. Even the largest Nigerian-owned companies—textile mills, tire-retreading plants, construction companies—were relatively small, costly to run, and often of necessity protected by a high tariff wall. Large foreign firms such as the United Africa Company and Michelin continued to dominate the upper reaches of the economy. The most profitable smaller enterprises tended to be run by Lebanese, Greeks, Indians, and other foreigners—a situation found in many Third World countries.

During these years, as many as half of all Nigeria's children died before the age of five. Most of the population was illiterate, and schooling was so scarce that parents in Lagos lined up overnight to enroll their children in what amounted to a first-come first-served school system. Annual growth in Nigeria's real per capita income—$83 in 1963—lagged behind that of the Third World as a whole.*

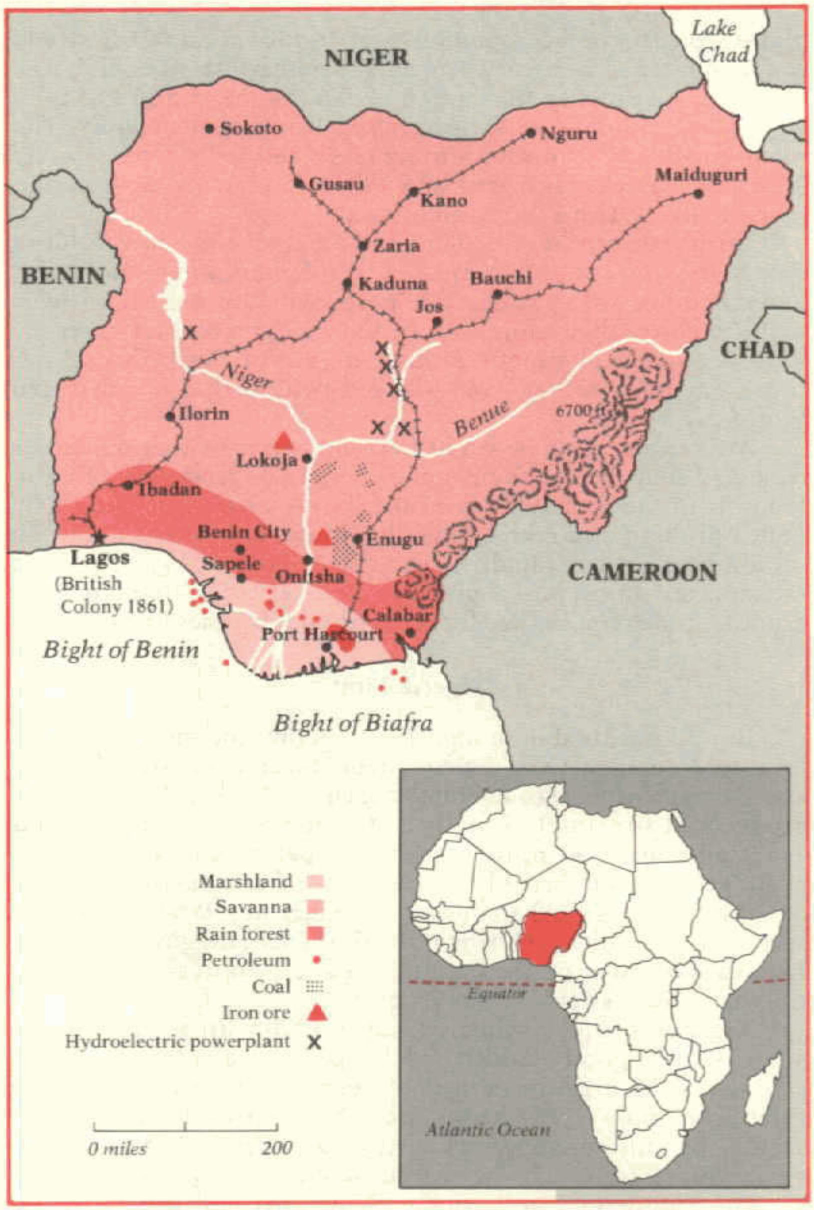
After exploration began in 1937, however, British geologists reckoned that there was oil somewhere in Nigeria. They finally found it in the mid-1950s beneath the steamy Niger delta. (By Saudi Arabian standards, Nigeria's proven reserves—about 20 billion barrels—are small, but the oil is of choice quality, and tankers can almost pull right up to the wells.) The first Nigerian crude shipment embarked for Rotterdam refineries in 1958.

Nigeria First

But oil hardly dominated the economy; the industry was a lucrative enclave that depended on foreign capital, foreign know-how, and foreign technicians. In 1964, Shell/BP (the only producer at the time) had only 2,800 employees in Nigeria and exported some $90 million worth of petroleum. In contrast, peanut production brought in about the same amount in export receipts and gave work to millions of Nigerians. When the Biafra secession grew into civil war in 1967, the federal government in Lagos relied more on the cocoa bean and peanut than it did on the contested oil fields to pay its bills.

Nigeria emerged from civil war in 1970 with an economy in surprisingly good condition. There was also a new self-confidence, an urge to get back to business. In keeping with the established policy of bringing more Nigerians into the modern sector, the military government in 1972 issued its famous "indigenization decree," which, with subsequent extensions, reserved certain commercial activities to Nigerians and otherwise re-

*Of course, comparisons of real income figures for developed and underdeveloped countries generally exaggerate the difference; they should be viewed skeptically and treated gingerly. This is particularly so in the case of Nigeria, where neither the GDP nor the population statistics are reliable.



Nigeria's 356,000-square-mile territory is more than twice the size of California. About half the country's arable land is under cultivation, and most of its people are farmers who work scattered plots averaging three acres.

quired foreign firms to sell off sometimes 40, sometimes 60 percent of their equity to local citizens. (Today, 60 to 80 percent of the equity of foreign oil companies' local operations is Nigerian-owned.) IBM and Citibank fled the country, but most firms gradually complied, in the process creating a class of affluent Nigerians known as the "Mr. Forty-Percenters." For most people, however, life changed little.

The 1973 OPEC price hikes transformed Nigeria. As the price per barrel rose from $3.01 to $11.20 between October 1973 and April 1974, oil's share of Nigeria's export earnings soared to over 90 percent. Combined with a boost in production, petroleum receipts quintupled. The military government launched a raft of new development projects.

Like Saudi Arabia and Mexico, Nigeria has been spending most of its new oil wealth on "infrastructure"—hospitals, schools, railroads, waterworks, harbors, pipelines, the foundations on which private enterprise is supposed to build. Six regional airports are being upgraded to international standards. Under 207 separate contracts totaling $6 billion, European, American, and Nigerian engineering companies are building 9,000 miles of new highway.

Corn Flakes and Caviar

Some striking industrial projects are also underway: steel mills, oil refineries, a petrochemical complex, a liquefied natural gas plant. Volkswagen and Peugeot have opened automobile assembly plants; British Leyland, Fiat, Daimler-Benz, and Datsun are on the way.

Thanks to massive government spending, Nigeria's gross domestic product grew by an average of more than 13 percent a year between 1973 and 1978, a fast clip, far outdistancing South Africa and even oil-rich Algeria. Needless to say, the immediate beneficiaries have not been the mass of Nigerians but rather those with political power, businessmen with "pull," and the lucky few who have landed jobs with foreign companies or in the swelling (1 million strong) government bureaucracy.

Nigeria, in short, has come a long way. Even the average citizen is without a doubt better off today than he was a decade ago. But feverish activity and conspicuous wealth create the illusion of greater progress than has in fact been the case. There have been headaches aplenty, some of them avoidable, some of them inevitable. To quote President Shehu Shagari's 1979 election manifesto, "too many things do not work as they should."

Ironically, government "planning" in recent years has been

SWEET CRUDE

In 1970, Americans got by without one drop of Nigerian oil. Today, the United States is Nigeria's No. 1 customer, and Nigeria accounts for 17 percent of total U.S. petroleum imports, second only to Saudi Arabia. The United States paid $6 billion for 350 million barrels of Nigeria's "bonny light" crude in 1978.

Since 1958, Nigeria has been producing low-sulfur ("sweet") crude—ideal for gasoline and hence in great demand. In 1978, Nigeria ranked sixth among the world's oil producers. With proven reserves of 20 billion barrels, Nigeria can maintain its present rate of production (more than 2 million barrels a day) for at least two decades. Currently, oil provides more than 90 percent of the country's export earnings, well ahead of cocoa.

But oil has not produced a simple success story. Corruption and incompetence within the state-owned Nigerian National Petroleum Corporation (NNPC) run high; in a scandal that is still bubbling to the surface, government audits have revealed that, during the 1970s, some *$5 billion* in revenues was somehow left off the books. Tactical miscalculations have also taken their toll. In 1977, an "adventurous" (i.e., high) pricing policy cost Nigeria $1.5 billion when North Sea and Alaska oil suddenly glutted world markets. Prices dropped temporarily, and Nigeria wound up on a "pricing limb."

Since then, the picture has brightened. The NNPC plans new oil exploration and hopes to exploit vast natural gas reserves. The oil glut has evaporated, owing in part to the upheavals in Iran. Last November, Nigeria ignored the OPEC benchmark by upping the posted price of its oil from $23.47 to $26.17 a barrel, which should mean record revenues in 1980.

part of the problem. Drawn up in 1974 at the peak of oil-triggered euphoria, the Third National Development Plan (1975–80) called for capital investment of $50 billion, far beyond Nigeria's capability. It was an oversize grab bag. Because government agencies could not hope to meet their targets, worried civil servants concentrated on the easiest and often the costliest projects, not necessarily those of most importance, in order to boost their departments' "plan fulfillment ratios." Government monitoring of costs and performance was relaxed, and contracts worth hundreds of millions of dollars were awarded without time-consuming competitive bidding.

Bottlenecks became more of a problem than ever. The most publicized example occurred during 1975, when Nigeria placed orders for 20 million tons of cement, although the annual ce-

Nigeria has used oil to back up its diplomacy. Last spring, for example, Lagos warned of an "appropriate response" if the Carter administration lifted economic sanctions against the new biracial government in Zimbabwe-Rhodesia. (The sanctions remained in place.) In July, Nigeria abruptly took over British Petroleum's equity shares in Shell/BP in retaliation for Britain's tentative overtures to the regime in Salisbury as well as for its oil exports to white-ruled South Africa. The other foreign oil companies in the country—Gulf, Mobil, and ENI-Phillips—were warned to "respect the policies of Nigeria."

Nigeria's latest move: a bid for more generous U.S. economic help to Africa. Nigerians cite an aid "imbalance"—Nigeria, for example, with 90 million people, will receive only $3 million in U.S. aid this year; Israel, with 3 million people, will get $785 million in economic assistance alone. Nigeria's President Shehu Shagari has explicitly tied future oil exports to stepped up aid for Africa from Washington. If an increase is forthcoming, he has said, "then, of course, it is our objective to reciprocate."

	1972	1974	1976	1978	1979
U.S. imports of Nigerian oil (thousands of barrels per day)	243	713	1,024	904	1,045
posted price per barrel	$3.18*	14.69*	13.80†	13.54†	23.47*

Source: U.S. Department of Energy; *Platt's Oil Price Handbook.*

*posted price
†landed cost

ment unloading capacity of Nigerian ports was less than 2 million tons. As a result of these and other exuberant purchases, a flotilla of 400 merchant ships soon gathered off Lagos. For months, they waited their turns to unload, all the while charging costly demurrage fees.

Even the most promising of plans have encountered some temporary obstacles. In September 1976, the government introduced universal, free primary education (UPE), at a projected cost of ₦17 million a year by 1982. Demand proved unexpectedly high, however, as perhaps 3 million new students suddenly flocked to the schools. Half of all the new students, ranging in age from 6 to 13, were in the first grade. By the time the 1978 school year rolled around, UPE was already absorbing ₦78 million annually—about one-third of the Nigerian government's noncapital budget.*

For all its undoubted ultimate benefits, public education, at least in the short run, will probably exacerbate one of Nigeria's chronic problems: the unplanned, uncontrollable influx of countryfolk to the cities. Historically, rural Nigerians with even a primary school certificate have disdained village life and set out for the relative affluence of Lagos, Kano, Ibadan, and Port Harcourt. Partly as a result, Nigeria's once thriving, if only moderately lucrative, agricultural sector is in serious trouble. Gains in domestic food production lag behind population (which is climbing by 2.5 percent annually). In 1978, Nigeria imported $1.5 billion worth of food, most of it staples but much of it luxuries, ranging from corn flakes to caviar.

Rapid urbanization is a fact of life in Nigeria, as it is in other Third World nations. While two-thirds of Nigeria's people still live in rural areas, farm income is low, and the work is hard. Most of the countryside lacks paved roads, electricity, running water, and medical care. For younger members of a family, the rural "push" factors are considerable. (A senior son, at least, stands to take over the property.) The chief urban "pull" factor is the prospect, generally illusory, of real prosperity in the cities—a stroke of business luck, a well-paying job.

And so the hopefuls come, often leaving their wives behind. Younger brothers, sisters, and cousins arrive to live with those who have "made it"—often in crowded and expensive slum settlements, pervaded by the stench of sewage in open trenches.

Cleaning Out of Dead Woods

Urban unemployment is high in Nigeria, but given the lack of accurate data, no one knows how high. (Some estimates put the figure at 35 percent.) Fear of worsening the situation is one reason why the federal government has slowed demobilization of the armed services.† The specter of armed, disgruntled, and recently cashiered soldiers roaming the countryside appeals to no one.

By and large, the most prosperous people in the country

*Free *secondary* education has also been decreed, which will mean substantially more expenditures if it comes to pass. With some 35,000 students, the 13 universities in Nigeria are all public; there is talk of doubling the number. Tens of thousands of Nigerians study at colleges abroad, including 12,000 in the United States and 6,000 in Great Britain.

†After the civil war, the regime planned to discharge some 130,000 men from the 230,000-strong armed forces. To date, however, only about 50,000 soldiers have returned to civilian life. Nigeria has virtually no Navy and only 24 combat aircraft, all of them aging MIG fighters. There are no threatening neighbors to bother the British-equipped Army, but a battalion of Nigerian troops is serving with UN peace-keeping forces in Lebanon.

From Nigeria: The Land, Its Art and Its People. Reprinted by permission of Felix Gluck Press Ltd.

Niger River scene, 1833

have not been those who arrived at impoverished urban settlements imbued with the work ethic. Ever since the British began transferring power to a venal Nigerian political class in the mid-1950s, corrupt use of state power—to land a contract, start a business—has been the most certain means of personal enrichment. After a 1975 coup ousted General Yakubu Gowon and installed General Murtala Muhammed as head of state, the military government conducted an extensive purge—"cleaning out of dead woods," as Nigeria's newspapers enthusiastically put it. Some 10,000 public employees, from full colonels to messenger boys, were fired or induced to resign. Ten of the 12 military governors were summarily dismissed.

No one believes that corruption has actually been rooted out. Lt. Gen. Olusegun Obasanjo, who succeeded Muhammed upon the latter's assassination six months after assuming power, lamented in 1977 that "ours is still a place where people are prepared to destroy anything, to cover up any crime, if doing so promotes their economic interest or might." That same year, Nigeria lost about $1.5 billion in foreign-exchange through currency scams. And everyone is aware that "dash" is often needed to get a job, secure a permit, get a seat on an overbooked Nigerian Airways flight, or "quench police troubles."

Venal manipulation of an oil-engorged state—by businessmen, politicians, bureaucrats—is a prime cause of the startling income inequality in Nigeria, made all the more conspicuous by a strong local tendency to flaunt one's wealth. Most Nigerians can barely afford ancillary school expenses—books, for example—and shoes are a luxury for many. But the elite send their children to chic European academies and dress themselves in the latest fashions. They live in modern, air-conditioned homes in districts like Ikoyi—once the exclusive foreign colony in Lagos—with their imported appliances, their china, their lace. Although millions are undernourished, and meat is a rarity in the average person's diet, Nigeria was, until recently, the world's biggest importer of French champagne. (Both champagne and lace have now been banned.)

The acquisitive frenzy in Nigeria today is obvious on all levels. Nigerians have always been willing to work long hours to improve their economic status; they have energy, resourcefulness, persistence, and a yen for education and self-improvement. But today, the quest for any way of turning a naira proceeds with an intensity far beyond that of the past. Self-help correspondence courses have proliferated—for bookkeeping, law, high-school equivalency, and much else.

Everyone, it seems, is scrounging around for someone with influence—someone with "long-legs"—to be his sponsor, his benefactor, his golden entrée to a rosy future. "The dog likes to run behind the well fed," one Ibo politician explained.

Cutting Back

But most Nigerians have been grievously disappointed. Inevitably, some turn to crime. Robbery is common, and Lagos has become one of the most violent cities in the world, quite apart from the carnage on its roads. The public executions of murderers and armed robbers are attended by thousands; they seem to be as much spectacle as deterrent, a shock to foreign businessmen staying at the Lagos Holiday Inn. (The hotel overlooks Victoria Beach, within earshot of the Army firing squads.)

It is only within the last year or so that the Nigerian government, first under the Obasanjo regime, then (after the return to civilian rule) under President Shagari, has moved to put the brakes on the country's frenetic, over-extended economy. Simply put, the aim is to get Nigeria to start living within its means again, and to put the development effort on a firmer, if less extravagant, footing. In material terms, this means restraint on imports, more careful government spending. In psychological terms, it means lowered expectations.

Imports have hurt. Despite its oil billions, Nigeria has been running in the red for four years. Its balance-of-payments deficit surpassed $2 billion in 1978, most of it due to the sheer expense of rapid development, some of it traceable to costly luxuries imported from abroad.

Drastic import curbs imposed that year resulted in widespread shortages and helped bring on a recession that has, in turn, helped bring down the inflation rate, which hovered above 30 percent in the mid-1970s, to a more manageable 9 percent. (At one point, yams, a staple in the Nigerian diet, were selling for more than $2 apiece.) At the same time, the government backed off from several huge capital projects and scrapped others already begun.

The three OPEC price hikes last year helped ease Nigeria out of its balance-of-payments crunch. Imports are being monitored closely, and money may be redirected to agriculture and light manufacturing, to reduce reliance on foreign goods. Outside consultants have helped rationalize the government's graft-prone import practices. A $16.6 billion "austerity budget" is in place for fiscal year 1980. With luck, Nigeria's development can now proceed with more logic, less waste.

There is much discontent, poverty, and anger in Nigeria today. Expectations, fanned by media images, conspicuous wealth, and politicians' promises, are still high. Nigeria's national income, though high by 1966 standards, is spread very thin among 90 million people. And while the bottom of the country's economy is home to millions of budding capitalists, established Nigerian businessmen often tend to wait for foreign investors to do the big-time pioneering, then hop on board as partners, as specified by the indigenization laws. Nigeria's "nurture capitalism" orientation has not been effective.

In sum, Nigeria faces many unknowns, perhaps too many of them, over the next 10 years. If the oil revenues are used well—as well as one can reasonably expect, anyway—the country might just be able to proceed peaceably on course. Unfortunately, even performing reasonably well may not be good enough. Nigeria's record does not inspire confidence.