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## The Paradox of Nigeria's Political Economy

Didymus Tamen

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### Introduction

Political economy is the of study how communities pursue collective economic goals and deal with conflicts over resources and the other economic factors in authoritative way by means of government (Sodaro: 2001). In other words, political economy is about the relationship between the economy and the state to improve their economic welfare. Viewed in the general terms, political economy is interested in two broad sets of questions. How does economics affect politics and how does politics affect economics?

Because economic transactions and political activities go on all the time, the relationship between politics and economics is frequently interactive. That is, economic variables affect political variables. Thus, according to Thomas (2010), a central purpose of political economy is to clarify these interacting relationships. One of the most important of these relationships is the relationship between states and markets. They apply broadly to the production, buying and selling of goods and services by private companies and individuals with prices and salaries determined largely by the forces of demand and supply rather than by government fiat.

The foregoing is the bourgeois or the liberal-capitalist conception of political economy. The Marxists perspective is the radical political economy. According to Engels (1975), Political economy is the science of the conditions and forms under which the various human societies have produced and

exchanged, and on this basis have distributed their products. The subject matter of political economy also includes the social relationships into which human beings enter in the process of production, distribution and exchange (Marx 1977). This chapter will appraise Nigeria's political economy up to 2015.

### Theoretical Framework

For the purpose of this study, we are going to adopt the theory of Historical Materialism as the basis of our analysis. Historical materialism considers the object laws that give the development of human society. It emphasizes the importance of productive activities in society as a fundamental factor in explaining the kind of ideas prevalent in a society – people's ideas, consciousness, values, morality, religion etc; and the interpretation of society.

According to Marx (1977), Historical materialism investigates the general phases of world history, social economic formation and objective study of appearance and disappearance. It also proceeds to studying the lower and higher forms of organization. It laid emphasis on the idea of class struggle which is the seed of change. It again treats the relationship between social beings and social consciousness. This enables it to explain the laws of historical movement in the society which manifest in the activities of men.

Historical materialism is the foundation for understanding the society because it is based on the fact that, the economic structure of society is central to the understanding of any society. Historical materialism means that the history of any people is derived mainly from the way in which they produce their material livelihood. Therefore, to understand any society in all its ramifications, you must look at the economic structure.

According to Marx (1977), to understand society, you must start with;

- What are the materials assets available to that society?
- How is the production organized to meet the material needs of that society?

- How are those goods produced distributed?
- What type of social relations arises from the organization of production?

Therefore, according to historical materialism, the history of a people is mainly a history of their trying to work in order to control and use nature. It assumes that it is the economy that shapes the nature of society.

Ake (1981), has further expanded on this. He has shown how economic factors affect man. If you look at all societies, people from economically privilege group turn to be better educated. They also have higher social status, they are as a consequence politically more successful.

Secondly, Ake asserted that, those who are economically privileged turn to preserve and maintain the status-quo. On the other hand, those who are disadvantaged especially from the distribution of production are seriously concerned with change. This explains that, the economic structure of society is a strong factor that determines people's alignments, alliances and interests.

Thirdly, Ake has shown that societies that have economic inequalities cannot have durable, enduring and lasting political democracy. Hence the foundation of political democracy is the economic structure which must be democratic.

Finally, Ake has shown that even the morality and values of society are greatly influenced by the nature of the economic structure of the society. Societal values therefore have a linkage with the economic structure of society.

However, historical materialism has placed too much emphasis on the structure of the economics of the society as a determining factor that is guiding all that happens in the society. What actually happen in the society has a reciprocal relationship of causality between the "base and the superstructure". That is, the superstructure also at times determines the base. There is therefore a dual relationship between the two.

Historical materialism is useful in appreciating historical events from a scientific point of view thereby enabling us not

only to analyze such events but to also predict them with a high degree of confidence. It provides a reliable guide for foreseeing prospects and trends of social development, thus providing the theoretical basis for revolutionary action in the understanding of the paradox of Nigeria's political economy.

### The Political Economy of Nigeria

The political economy of Nigeria can best be described as a neo-colonial economy. This is an economy that we inherited from Britain (1861-1960) and thereafter. It is a dependent economy where the peasants produce cash crops and are exported cheaply to the countries of the West, processed and sent back to Africa in form of finished products and sold at exorbitant price. In between the peasants and the Western states there are some agents such as marketing board, consultants, contractors, importers, middle men (agents) and representatives of dubious manners and characters.

With the discovery of oil, Nigeria remains a mono-economy and is as dependent as ever on the export of crude oil, which forms 20 percent of the country's Gross Domestic Product (GDP), this to the neglect of agriculture, the backbone of the economy employing about 90 percent of rural dwellers and contributing about 45 percent to the GDP (Agbro, 2014). The country is heavily endowed with 25 percent of all the natural resources in the world deposited in Nigeria. Even with this, the economy has failed as to pass the three basic tests of any healthy economy. It is such a shame that whereas between 6 and 7 percent figure is bandied about as the economy's annual growth rate, and the country has been reaping bountifully from oil exports both in terms of volume and the amount per barrel, the citizens are ever sliding into poverty.

The Nigeria political economy is dominated by Multinational and Transnational Corporations – Julius Berger, Coca-Cola, PW, Arab Contractors, PZ, Texaco, Shell etc, and the Bretton Woods institutions of the World Bank and International Monetary Fund (IMF). These are the ones

dictating and directing the management of our economy, leading to the formulation and implementation of dubious economic policies with huge capital flight. The implication is enormous for the country as Nigeria continues to be one of the most unequal societies on this planet, an island of billionaires surrounded by a sea of disdained, disrespected and dispirited multitudes. Sadly, many of these billionaires attained their new status simply by being commission agents, fronts and cronies of the country's politicians and MNCs and not because they have produced anything.

Furthermore, the Nigerian economy is not creating employment. Nearly 1/3 of Nigeria's population made up of able-bodied young men and women lacks employment opportunities. There is no way an economy can develop when such an important and huge number of productive citizens are shut out of meaningful economic activity. Thus, the economy continues to work well for only a tiny minority, and government is not doing anything to aid a fair distribution of our national resources. The oil economy does not provide for the poor, or protect the weak. Nigeria's economy is made for the rich.

Nigeria's political economy lacks any ideology. Once upon a time in Nigeria it was fashionable to prefix one's ideology with something catchy even though meaningless. The main line was socialism. The hot-headed ones with either scientific socialists or democratic socialists. No one was bold enough to call oneself a capitalist because it sounded politically leprous. But the great Nnamdi Azikiwe adapted British Fabian socialism as his own brand. He explained "Fabianism as he who fights and runs away lives to fight another time" (Lawrence: 2014). Azikiwe's intervention somehow mellowed the competition for socialist excellence between its democratic and scientific adherents. Ahmadu Bello and Tafawa Balewa did not bother themselves with any meaningless "isms". The press labeled them as feudalists. But Bello was practicing de facto socialism or call it welfarism – schools were free in Northern Nigeria and health care was also free. Government was participating in agricultural and industrial developments, and

westernization peaked in that region as never before known in the history of the Sahel.

Today, to be called a socialist is to be defamed because of the mad rush for Nigeria's black gold. Almost everybody on the scene now is a free marketer without goods to sell except those stolen from the state. Yet the arrogance about its righteousness stinks to high heavens. Banditry and kleptocracy have been elevated to statecraft. That is what is exhibited at weddings, birthdays and funerals by those expected to set the stage for reason and order in the society. Nigeria carelessly enrolled in that 19th century school of thought version of capitalism that banned government participation in economic activities, but only to collect rents from its naturally endowed resources for a few to share. With this bureaucracy, the engine room of any nation was destroyed.

The state pretended that it was not relevant in economic pursuits, and industrial and infrastructural growth came to a standstill. The country became socially and politically restive with coup attempts. Gen. Ibrahim Babangida changed course and moved back to the middle to steer politics with human face-mixed economy. Life returned to the economy and the society, although so much harm had been done by tampering with the national currency. Gen. Sani Abacha seemed to have stabilized all the indices for growth in a mixed economy with the wise counsel of Prof. Sam Aluko until the new free marketers and the do-nothing gang seized the initiative during the second coming of President Olusegun Obasanjo.

After the dexterous challenge to President Obasanjo's policies engineered by the National Assembly under the duo of Chuba Okadigbo (Senate President), and Ghali Na'aba (Speaker, House of Representatives), he brought in some of the most politically inexperienced crop of neophytes in his second term to ruin Nigeria. The new song became to sell everything government, except Aso Villa. The result of their action is unimaginable decay and decline of everything that should create a base for the take-off of any society for the major league. It became worse under President Goodluck Jonathan with his lack of vision, direction and the installation in the



driving seat of Ngozi Okonjo-Iweala, an IMF and World Bank disciple as Minister of Finance and the coordinating minister of the economy.

True, when Nigeria practiced socialism in its many versions, she led the world in exporting many agricultural produce, she developed her physical infrastructure and broke into the class of industrialists producing intermediate goods. Nigeria even served neighboring African countries with finished goods made here. She started to assemble cars – the first in Africa, with up to a third of the components locally derived. The country had enough jobs to the extent of accommodating unemployed neighbors.

In fact, a lot of informed Nigerians who saw the past are wondering whether democracy is a curse or a blessing. They would easily refer to the major development under Yakubu Gowon, the dynamism of Murtala Mohammed and the Buhari-Idiagbon regime that produced food and goods in surplus to export. Ritual murders, kidnappings, terrorism, armed banditry did not feature like national craft under those leaders. But the new found religion has buoyed these evils because of the attendant unemployment caused by primitive capitalist acquisition. There are now private armies everywhere. We fought a 30 month civil war and demonstrated discipline on both sides of the conflict. When dishonest men get to the top, they use every artifice in their stock to stave off integrity so as to install indiscipline. Indiscipline thrives when leadership is bereft of vision and character. Every leader brings government at his level.

### **Nature and Character of Nigeria's Political Economy**

Nigeria's economy gets more curious everyday while its managers revel in plentitude and empty boastfulness. Yesterday, the people were told that the economy would collapse unless full subsidy was removed. The subsidy was removed and it soon turns out that it was not subsidy but economic brigandage in high places that was plaguing the

nation by a cabal in government. That has been the nature and character of Nigeria's political economy. Let us therefore examine all this in details.

*(a) Debt Management*

Debt, both foreign and domestic has been one of the biggest challenges facing Nigeria. The management of this debt is one of the paradoxes of the Nigerian political economy. A few years ago, the story was that the country must pay back a chunk of her external debt in order to mitigate her huge debt servicing and free up funds for development. In spite of the protestations of the people, a chunk of about 12 billion dollars was hefted back to the London and Paris Clubs of creditors. The benefits of this arrangement according to Dr. Okonjo Iweala were that, available money of over \$1 billion currently spent on debt servicing obligation annually will be for investment especially in health, education, water and food security (Editorial, *The Nation*, 2012). This was in 2005.

But, a few years after the Federal Government was cap-in-hand once again seeking to borrow the sum of \$7.9 billion to finance what has been termed "critical projects". According to the same Dr. Ngozi Okonjo-Iweala, the minister of Finance and coordinating minister in charge of the economy, "government had formally sought the approval of the National Assembly to borrow about \$ 7.9 billion". This, she said, "was a soft loan credit with interest rate below 3 percent to enable government finance projects in agriculture, water resources, education and health, and for strengthening governance" (*The Nation*, May 8, 2012:19).

Nearly nine years on, it is now obvious that the heady official self congratulation in 2005 over the Paris Club debt relief were not as justified as its enthusiasts tried to make it. Otherwise, a simple mathematics show that from 2005 to 2012 is a period of 8 year, and \$1 billion yearly saving will equal to \$8 billion which is more than the loan Nigeria wanted to take. Again, the promised prospects of a brighter Nigerian economy has not been fulfilled. Instead, we seem headed for another debt trap possibly worse (Haruna: 2014).

We were told that what the debt relief will do to Nigeria was to liberate Nigerian policymakers from the intrusive conditionalities of the creditors and thereby truly allowing Nigeria independence in its public policy. How have we used the independence? Through our own choices, we have yet again tied the hands of future policymakers. This time, the debt is not necessarily to foreign creditors' institutions/governments which are organized under the Paris club but largely to private agents which is even more volatile. We call it domestic debt.

That we are headed back into the debt trap is obvious from an interview with the Director-General of the Debt Management Office (DMO), Dr. Abraham Nwankwo published in *The Nigerian Tribune* of December 2012. In the interview he said our debt stock as at September that year was \$12.5 billion. His projections for the external debts were; \$12.16 billion for 2013; \$14.58 billion for 2014 and \$ 17- 76 billion for 2015. For the domestic debts he projected \$7.12b for 2013, \$7.79b for 2014 and \$8.44b for 2015.

The sad story is that this was happening under the same Dr. Ngozi Okonjo-Iweala as the Finance minister. The question is what kind of leaders does Nigeria have? This is one of the paradoxes of Nigeria political economy.

#### ***(b) Import Duty Waivers***

Import duty waivers are mechanism employed by countries to meet their economic goals, especially in protecting local industries, creating jobs, promoting exports, as well as generating and preserving foreign exchange. Waivers are also used to exclude local industries from paying import duty on certain goods for a fixed period. Countries such as Malaysia, Japan, India, China and others, at various times, have used import duty waivers, concessions and exemptions to protect and build their local manufacturing, agricultural, textile and motor industries. Today, all these countries have become export-oriented economic power giants.

In Nigeria part of the objectives of the waivers are to boost local industries, make the much needed raw materials or goods available in the short-term and to generate employment.

However, indiscriminate and abuse of waivers granting by the federal government in Nigeria to companies and individuals listed and not listed under or covered by schedule two of the common external tariff for import duty exemptions has led to none of these lofty objectives to be achieved. For most of the local industries have closed shops for lack of raw materials, resulting in the growing army of the jobless in the country. Investigations have shown that some organizations that got waivers for equipment used them to import furniture, cars, clothing and other luxuries that have no direct impact on the economy.

Thus, import waivers, exemptions and concessions which are used to protect local businesses and jobs elsewhere, have been abused many times in the country, causing huge loses to the economy. Those responsible for granting the waivers have abused the system, and denied the country and the economy the much needed revenues with attendant benefits associated with it.

According to Nduka and Dauda (2015), waivers and exemptions amounting to about N19.662 billion were granted to energy firms in Nigeria in five months between January-May in 2014. The amount is 51.23 percent of the N38.381 billion allocated to the Ministry of Water Resources in the 2014 budget; 31.48 percent of the N62.45 billion allocated to Power; 31.75 percent of the N61.928 billion allocated to Petroleum Resources and 19.5 percent of the N66.645 billion allocated to Agriculture.

Data from the Budget Office of the Federation and Ministry of Finance showed that oil and gas firms enjoyed about N18.881 billion in waivers and exemptions, while power companies enjoyed N780 million. Details of waivers to firms can be seen in the following table.

Table 1: Waivers Granted Firms in Nigeria

S/No	Company	Amount	Items
1.1	United Cement Company Nig. Ltd.	N1.969b	Machinery, equipment and spare parts
2.1	NIPCO Nig. Ltd.	N1.087b	Machinery, equipment and spare parts
3.1	Green Fuels Ltd.	N14.37m	Machinery, equipment and spare parts
4.1	Edo Cement Company Ltd	N240m	Gas generators, plants, machinery and spare parts
5.1	Accugas Ltd	N30.87m	Machinery, Equipment and Spare Parts
6.1	Exterran Nig Ltd	N66.09m	Acquisition of natural gas powered compressors and spare parts
7.1	Proter & Gamble	N29.754m	Importation of machinery, equipment and spare parts
8.1	Sumal Food Ltd	N42.878m	
9.1	Marubeni Engineering Co-operation	N454.185m	
10.1	De United Food Industries Ltd	N19.878m	
11.1	Indorama Element Fertilizer & Chemicals Ltd	N10b	Importation of fertilizer equipment, Pile, catalysts and chemicals.
12.1	Chevron Nig. Ltd.	N4.88b	Importation of machinery, equipment and spare parts.

Source: Compiled from various newspapers by the author.

The controversy over the accuracy of the data and figures on the actual value of the waivers and concessions is made curious by the contradictions in the figures given as waivers by the Controller-General of Nigeria Custom Service (NCS), Alhaji Dikko Abdullahi and the coordinating Minister of the Economy and Minister of Finance, Dr. Ngozi Okonjo-Iweala. Dikko Abdullahi who spoke on the floor of the National Assembly when he was invited to explain the shortfall in projected revenue in 2014, "said in the last three years, the country had lost N1.4 trillion to import waivers". But Dr. Okonjo Iweala said the amount was N171billion (*The Nation*, 19 January 2015).

It should be noted that, more than 65 percent of beneficiaries received the grant for goods not approved by the government, which ordinarily should be limited to raw

materials, machinery and spare parts. Investigations however showed that the list of beneficiaries include private individuals and businesses whose imports appear not valuable to the economy.

Furthermore, there were so many questionable waivers. For instance, a total of N91.506 billion was given as concessions to 290 beneficiaries between January and December 2011. One of the firms which was one of the biggest beneficiary got N32.774 billion, and there was no indication about the line of business for which it was granted the incentive (Nduka and Dauda, 2015). Besides, about N389.15 billion was granted to 149 entities in 2011 through concessions on fuel, lubricants and allied businesses. The list included major oil marketers that received over N145.7 billion worth of waivers.

For 2012, a total of N191.545 billion was granted to 416 beneficiaries including individuals and privates businesses. Another 287 beneficiaries got a total of N83.260 billion in concessions and waivers for imports between January and September 2014. Between 2010-2013, records showed that a particular motor dealer received about N2.46 billion concession from government for importation of vehicles valued at about N7.932 billion.

Therefore, indiscriminate grant of waivers to foreign firms and individuals by the federal government has led to the loss of several billions of naira and millions of jobs. Waivers and concessions to importers of finished products are depleting government earnings, while enriching foreign firms. When finished goods are brought into the country duty-free, we are directly creating employment for workers of the foreign firms because such goods imported with waivers become cheaper than the locally produced ones and this will increase the demand and sale of foreign manufactures. This development is threatening the survival of local companies that the waivers were designed to protect. This type of scenario has forced many companies to retrench substantial percentage of their workforce with the consequence of worsening the unemployment situation in the country.

Again, import duty waivers in Nigeria only serve as a tool to enrich politicians. Indeed, import duty in customs duty waivers speaks volume of the profligacy in our country. Since duty free imports are sold in the market at expensive prices like those with payable duty, the benefits of import duty waivers are lost and therefore needless.

The irony of granting waivers is that while the federal government tells Nigerians of its resolve to promote made in Nigeria goods, in secret, it grants waivers to political associates and cronies to import and make cheap money, thereby undermining local production. In Nigeria, well connected importers secure waivers on duty, levy, ECOWAS, Trade Liberation Scheme Charges, Comprehensive Import Scheme (CIS), and other charges. As a result, abuse of waivers is routine as politicians and businessmen continue to collude to undermine the nation's economy. Thus, some of the waivers granted by government are favored waivers that violate all known anti-trust law and depleted the nation's economy.

### *(c) Poverty*

One factor of the paradox of Nigeria's political economy is the prevalent poverty in the land and among Nigerians. In terms of natural resources, we are by no means a poor country. In fact, we are one of the very richest countries on earth with 25 percent of all the natural resources in the world deposited therein (Agbro, 2014). Therefore, our natural resources are solid base upon which we could have built one of the world's richest and most powerful countries. But the challenges we have is with the people managing the affairs of the nation. The nation is rich but the people are poor.

Indeed, the men and women who have managed the affairs of our country since independence have succeeded in turning us into a huge mass of paupers and beggars. Paupers and beggars according to Gboro (2014), "Who must be crooks to survive, paupers and beggars increasingly driven by anger, hate and the urge to violence". Most Nigerians are no longer ignorant about the cause of the terrible poverty that makes

their lives insecure from crimes, various species of conflicts and terrorism.

The root of the poverty is simply this: when the people who controlled most of the power over Nigeria chose to pull all power, all funding and resources of the country together in the federal centre, they gradually destroyed the ability of Nigeria to generate economic growth, economic innovation, productivity, and wealth. The explanation for that is that, it is the states in a federation, plus the local governments – the agencies that are nearest to the lives of the people that generate most economic growth and innovation in a federation.

While on paper, Nigeria's economy looks buoyant, it is paradoxical that there exists a high level of poverty. It is sad that 2/3 of the Nigerian population wallow in poverty. The World Bank listed Nigeria as one of the countries with the poorest people in the world. According to the Report, 7 percent of the world's poorest, defined as those living on less than a dollar (then ₦ 157), lived in the country, third after India and China which has 33 and 13 percent respectively of the world's poor. Using the dollar per day measure, National Bureau of Statistics (NBS) puts poverty rate at 61.2 percent at 2010, while income inequality had risen from 0.429 in 2004 to 0.447 in 2010 (Agbro, 2014).

Furthermore, NBS noted that 69 percent or 112.5 million Nigerians lived in "relative poverty" conditions in 2010. These and other various data especially from international organizations, hold that the nation is in economic doldrums and poverty is endemic. This is the economic confusion assailing the most populous black nation on earth.

#### *(d) Insecurity*

For the past years, Nigerians have been forced to grapple with the intensity of an unprecedented carnage of kidnapping, armed robbers, rituals, baby factories, bomb blasts, killings, maiming human lives in their scores continually and devastatingly. This carnage engendered by economics, political, ethnics and religious tendencies is a major threat of the



existence of Nigeria. All these crises have a linkage to the mismanagement of the economy by our leaders. And since the crises have constantly been engineered by governments insensitive polices, it is instructive that the attitude of the same government towards these crises cannot be suggestive of any serious readiness to profer a permanent and sincere solution to them (Kukah, 2014).

Since the return to democratic rule in 1999, Nigeria has also battled with violence of different colourations such as religious, geographic, ethnic, and political. Whether these eruptions take place by the Niger-Delta militants, Boko Haram extremist in the North East or herdsmen and farmers conflict in the North Central; at the bottom of these violent eruptions are poverty and economic disruptions. The foregoing will bear us out.

*(i) Niger-Delta Crisis*

Crude oil is the nation's highest foreign exchange earner. Today it has become a dominate element in the power capability profiles of any nation. It holds a unique place and position in the human environment and its development. However, the Niger-Delta region from where this resource is obtained has not been the same. The youths of the region have become restive in their bid for greater control of their natural endowment. As a consequence, it has led to formation of ethnic militia groups agitating for self determination. Prominent among them is the Niger-Delta Peoples Volunteers Force (NDPVF) led by Alhaji Asari Dokubo.

What then are the grievances of the Niger-Deltans? The situation in the Niger-Delta calls for sober reflection. We have been producing oil from the Niger-Delta since 1958. It is a shame that hundreds of billions of dollars earned from the sale of crude oil has not positively impacted on the people of the region. The people of the Niger-Delta are still living in huts and drinking stagnant water. It is still ironical that refined petrol is more expensive in the Niger-Delta than other parts of the country. There is also the problem of environmental pollution, acid rain, flaring of gas occasioning uncomfortable

heat, poisoning of agricultural soil and destruction of aquatic life on which the people depend upon. The cumulative effect of this has led to a state of rampant criminality and rebellion against constituted authorities.

However, to be fair to the Federal Government, huge amount of money is monthly being sent to the states in the Niger-Delta through federal allocation, Niger-Delta Development Corporation (NDDC) and the Ministry of Niger-Delta. For example, a critical analysis of the monthly federal allocation to states shows that Delta, Balyesa and Rivers states alone received more money than the 19 states of the North put together (*Tell*). It is therefore the government of the states in the Niger-Delta that have not been as honest and transparent as they should be. There is alleged rampant corruption and gross misapplication of funds occasioned by mismanagement in these states. This is the result of insecurity in the Niger-Delta.

*(ii) Boko Harm*

It is quite true that Boko Harm started as a religious movement fighting for the Islamisation of Northern Nigeria. But it is also clear that there is frustration, injustice and suffering and poverty in the land. Majority of the people in the north thought ill of the Goodluck Jonathan government and were indifferent to the fight between the government and the Sect. They saw government as another layer of their suffering and oppression. It later became clear that the authorities were no longer fighting Boko Haram, but a more sophisticated angry, poor and skilled faceless revolutionary movement. Such a movement built cells in all vital organic parts of our nation's operational life.

The accuracy with which insurgents struck their targets showed their sophistication. The UN building, Polices Headquarters; Nyanya bombings could not have been the handiwork of cattle herdsman. There are truly aggrieved youths all over Nigeria and in this age of internet, the sporadic bloodletting of the present may just be rehearsals of a more turbulent tomorrow that will know no tribe, religion, region, but a class struggle. Security is not equipping the force with all

the gadgets and arms in the world. Security, according to Lawrence (2014),

starts from the stomach and believability in short, trust and hope. These have become rare commodities with the increasing army of unemployed youths swarming Nigeria, hungry for change in their stations in life.

*(iii) Leadership*

This is the ability to mobilize followers for the achievement of set down objectives. In politics, effective leadership is one of the factors in the exercise of power and acceptance of that power (legitimacy, charisma). Development per say is not dependent on availability of resources alone, but on the quality of leadership. It is sometimes marked by the emergence of a charismatic, stable, dynamic, determined, committed and selfless leadership who afford a sense of direction to the nation. It is therefore leadership that allocates priorities and set goals for a nation. Leadership determines the path of the country and rise up to the challenge in times of crisis. Thus, the might of 18th century Prussia as a great power was characterized by Frederick the Great.

We can see how dynamic and focused leaderships transformed Asia countries from underdeveloped economies to developed countries (Asian Tigers). The case of Singapore is quite significant. This is as a result of a committed, dynamic, disciplined, responsive and responsible leadership at its best. Singapore, a nation without any mineral resources except human capital, was transformed from a Third World to First World between 1956-2000 by an honest and disciplined leader called, Lee Kuan Yew (Alli, 2013).

Singapore, a small country with a landmass of 707 sq km and a population of 4.8 million people has built the longest seaport, the biggest refinery, the most beautiful airport in the world (Changi International). Singapore, the cleanest country in the world is a city in a garden. Challenged by a small landmass, Singapore decided to use her underground and constructed high rise buildings. Singapore planned 20 years

ahead and is today the world leader in e-government. The home ownership in Singapore is 91 percent (Alli, 2013). The success in Singapore can be summarized to what they called SPIRIT – Service, Passion, Integrity, Respect, Innovation and Teamwork.

On the contrary, we have seen what the leadership has done to our country Nigeria. A country with vast arable lands and richly endowed with natural resources, but one of the poorest in the world. What affected our country over the years is sentimental leadership desires over national needs and expectations. What we term as national priorities in Nigeria is nothing but largely the parochial desires of the few in power that manifested in detrimental official policies and actions which invariably have failed to stand the test of time. This trend, according to Sanusi (2014), has routinely crept into the national psyche to the extent that rather than see leadership as a privilege to better the lives of others, the few in the corridors of power see it as an opportunity to satisfy personal and class greed.

#### (iv) Political Structure

Nigeria is practicing a political system that is highly expensive. Nigeria's recurrent expenditure is around 72/74 percent. And 80 percent of that is to take care of people working in government (*The Nation*, June 8, 2014). For example, a Nigerian legislator receives an annual salary of about \$189,000 equivalent of N30 million, which is 116 times the country's Gross Domestic Product (GDP) per person. The figures put the salaries collected by members of the National Assembly way ahead of those received by fellow parliamentarians in 29 countries. (*Daily Trust*, July 22, 2013). In terms of volume of cash earning, the Nigeria legislators beat their counterparts in Britain who take \$105, 400 yearly, as well as those in the United States (\$174, 000), France (\$85,9000), South Africa (\$104, 000), Kenya (\$74, 500), Saudi Arabia (\$64,000), and Brazil (\$157, 600). In terms of law makers' salaries as a ratio of GDP per capital, the gap is even much wider. While the salaries of a law maker is 116 times the

country's GDP per person, that of a British member of parliament is just 2.7 times.

The story is the same with Nigeria's executive arm of government. Nigeria's ministers receive higher salaries and allowances than their counterparts in Britain, United States, South Africa, and other stronger economies, relative to the country's wealth. A Nigeria minister soaks up 32 million naira (about \$200,000) in yearly emoluments, more than 120 times the country's Gross Domestic Product (GDP) per person (*Daily Trust*, July 25, 2013). In these terms, the cost of maintaining a minister hereby far overtakes what obtains in Singapore which pays one of the highest packages globally. A Singaporean minister receives about 240 million naira yearly, but this is only 28 times the county's GDP per person. A minister in the United States is paid 31.04 million naira yearly amounting to just 3.9 times the GDP per person in the United States. Australia pays 22 million naira to a minister amounting to 2.1 percent of GDP per person in that country. Germany, Euro Zone biggest economy pays about the same amount as Nigeria, while Britain pays about 33 million naira but this is only 2.7 times its GDP per person.

There is no way we can move forward with this kind of political system and structure. For Nigeria to grow, we need to make more investment in meaningful capital expenditure.

*(v) Educational System*

The capacity for dealing with the environment is dependent on the extent to which one understand the laws of nature (science) and the extent to which one put that understanding into practices by deriving tools (technology) on which work is organized. Thus, education, science and technology are central in the development of any society because, the level of development of any society depends on the level of development of productive forces. The level of education determines a society's standing.

However, in Nigeria we have a confused educational system that is clearly not in tune with our aspirations. An educational system bequeathed to us by our colonial masters

that is imitative. The social pathologies of our educational system clearly manifest in the rise of the phenomenon of graduate of armed robbers, educated malcontents, sophisticated deviants and well-polished outlaws. This is even compounded by inconsistency in educational policy formulation and implementation.

Furthermore, our level of educational standing is not adequate to write home about. According to the website of World at School, an initiative of Theirworld, a UK charity founded in 2002 by Sarah Brown, about 5 -10 million primary school aged children are out of school, while 39 percent of adults cannot read or write in Nigeria (Agbro, 2014). Again, the Universal Basic Education Act 2004 which made education free and compulsory for all Nigerians up to junior secondary school level has also faced challenges as the number of schools, facilities and teachers available for basic education remains inadequate. Thus, the goals for attaining education for all in 2015 cannot be achieved. Hence, according to UNICEF, "prospect of Nigeria achieving education for all by 2015 remain frail" (Agbro, 2014).

Similarly, tertiary education in Nigeria is also in trouble. Apart for the so called "crisis of access" in which barely 10 percent of candidates seeking admission will be successful, there is the steady debilitation of infrastructure which has negatively affected the quality of education offered. Classrooms are overcrowded, libraries and laboratories are inadequate, accommodation is grossly insufficient, and the university system is plagued with recurrent violence, malpractices, injustice, and unstable academic calendar as a result of continuous strikes. This has enable majority of the rich to seek for foreign schools at the detriment of the country's economy.

Mallam Sanusi Lamido Sanusi, former governor of Central Bank of Nigeria captured it. According to him, data showed that there are about 71,000 Nigerian students who are in Ghana and paying about \$1 billion annually as tuition fees and up keep as against the annual budget of 751 billion naira for all federal universities in Nigeria. In other words, money spent by Nigerian students studying in Ghana alone (with a better

organized system) is more than the annual budget of all federal universities in the country (Adegboyega, 2014).

With this, the consequences are stark in their impact. To all intents and purposes, Nigeria Universities are globally invisible, falling well outside the top one thousand in the world. For example, on the Webometrics Ranking of Universities, the highest placed Nigeria University is Obafemi Awolowo University (OAU), Ile-Ife which is ranked 8th in Africa and 1113th in the world (Editorial, *The Nation* on Sunday, December 8, 2015: 15).

### Conclusion

There is willful mismanagement of Nigeria's large economic resources and massive corruption at all levels of government. Nigeria's real economic potential will not be realized, unless there is a leadership more determined to end the decades of colossal economic mismanagement. Ideology has never really been a central issue in public discussion of Nigeria's economy. The Marxist approach to economic development has had little or no public support in Nigeria. The social conditions necessary for a communist strategy have been absent from the country still largely conservative with every strong underline spiritual beliefs and cultural constraints.

But, there should be a change of strategy or practices in the management of the domestic economy such that Nigeria will begin to realize its full economic potential. The greatest challenge facing Nigeria's leaders is how to harness Nigeria vast economic resources to achieve sustainable and rapid economic growth that will focus more on the poor and reduce mass poverty in the country.

The neo-liberal capitalist economic system prescribed by the global economic centres being urged on developing countries like Nigeria has failed. The adoption of this neo-liberal capitalism has not led to the radical reduction of poverty rather it is ultimately enslaving. We need a new thinking in our economic management; the alternative is the socialist model

in economic planning, one that will give the state a far greater role in economic planning. However, one inherent limitation in this strategy is that the Nigerian state is neither strong nor disciplined enough to even implement a socialist style economy.

In the 1970s and 1980s disillusionment with the neo-liberal capitalist approached and its seeming massive failure particularly in the developing countries, led many intellectuals across the world even in the advanced industrial countries to begin to look at the Marxist models as a possible alternative to tackle balance of payments problems. The collapsed of communism in the Soviet Union in 1989, however, ended its appeal as an alternative model.

The argument here is that the socialist model is out dated and that Nigeria should pursue an economic strategy in which the private sector most play a key role in partnership with the public sector. This will attract foreign investors to close the financial gap that remains a major constrain on Nigeria rapid economy's growth.

The state has to upgrade infrastructure development in the country. The domestic economy requires massive restructuring to reduce the cost of government and the state must do more to provide concrete and tangible dividend of democracy.

Nigerians should be reminded that the uprising in the Maghreb and the Arab world – Tunisia, Egypt, Libya, Yemen and Syria is the long neglect and abuse of the people by their leaders. Unless Nigerian leaders show a greater commitment to the need to create jobs, reduce injustice and poverty Nigeria could find itself in such a situation with disastrous social consequences.

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