African Journal of Applied Research
Vol. 8, No. 2 (2022), pp. 170-185
http://www.ajaronline.com
http://doi.org/10.26437/ajar.31.10.2022.11

ANATOMY OF NIGERIA'S ECONOMIC CRISIS

Onyekpe, J.G.N.
Department of History and Strategic Studies, University of Lagos, Nigeria.
nkenchonyekpe@yahoo.com

ABSTRACT

The economic and social crisis in Nigeria cannot be adequately understood outside the organisation of the political economy as a dependent capitalist one. Political independence did not lead to economic liberation from imperialism as the structural and institutional foundations of imperialism were strengthened at independence and over the post-independence period. The crisis is aggravated by the continuous haemorrhage of resources from the country to the metropolitan world, lack of perspective macro-economic planning, non-diversification of the economy, and the use of the state and its organs and agencies by the ruling political elite to plunder the resources of the state. All efforts towards resolving the crisis have been a disastrous failure because most of the blueprints are formulated by the metropolitan states and their agencies with the ultimate aim to keep the state in unequal relations with the metropolitan states. Internally formulated policy instruments and economic measures have had little or no impact because they have mostly been wrongheaded. It is our argument in this paper that, the choice before the ruling elite is between the minimum programme of reforms to expand production and meet the basic needs of the people or the maximum programme of popular democratic revolutionary change of the existing political and social order.

Keywords: *Corruption. economic crisis. Paris club. peripheral. Washington consensus.*

INTRODUCTION

Anatomy may be defined as the examination of the different parts of an object or organisation, to show their interconnections and/or disconnections, so that the problem of the object or organisation can be resolved. An object or organisation is a system. Every system has different parts or subsystems. Anatomy is dissection which makes it a form of surgery. In this paper, the main issue is, is there an economic crisis in Nigeria? Where is the evidence?

We do not need any mountain of quantitative or statistical data to know that there has been a deepening economic and social crisis in Nigeria. Over the last four decades, there has been a steady decline in production in many sectors while there is an outright absence or disappearance of many others. The average annual growth rate of the economy was 6.4% from 2001 to 2014. Since 2015 there has been a steady decline, hence development has continued to elude the country.

ISSN: 2408-7920

Economic growth which is strictly defined as the quantitative expansion of output is the basic precondition for development. Growth is possible only where the organisation of the state and economy is in the hands of the patriotic and progressive elite with a commitment to public good and service. Where the state and economy are lacking in this calibre of elite growth cannot but be obstructed. Besides, growth cannot be inclusive as it serves the narrow interest of the elite. Where growth stagnates or where the economy is in a state of immobilism, where immobilism grows to the recession, and this to depression, where depression is aggravated and perpetuated and reproduces itself with ravaging and squeezing effects on the economy and the superstructure built on it, then the situation becomes a crisis (Onyekpe, 2013: Ch. 3). This has been the experience of Nigeria since the unprecedented drastic fall on crude oil prices in the world market during 1981 – 1983. Although there were instances of resurgence or revival, for example during the First and Second Gulf Wars in 1991 and 2001 respectively, the benefits were diverted while the tokenistic impact on the large economy and people was shortlived.

The crisis in the economy has been associated with a high rate of unemployment and underemployment, an embargo on employment, primitive salary structures and incomes policy, universal mass immiserisation, stagnation, grinding poverty, mucous penury, etcetera. Social indicators have continued to reveal poorer and poorer access to food, clean water, clothing, energy, housing, education, health services, etcetera. The physical infrastructure is grossly inadequate; where it is available, it is decrepit and in disrepair. The middle class is emasculated; the informal sector and the trades are asphyxiated; the rural poor have begun to return to Olduvai Gorge[1] while the urban eleemosynary hoi polloi are mostly scavengers. The rural areas are not part of the 'development' process, yet the rural areas harbour the greater percentage of the population and are the domestic sources of food and industrial raw materials. The country is over dependent on external sources of food, industrial goods and consumables, wears, drugs, hospital equipment, educational materials, engineering utilities, etcetera.

In the absence of domestic production, the level of inflation has remained spirally high. Over the last one or two decades, the general price levels have gone up by over 400 – 500% for most goods and consumables; for some other goods, by over 1000%! Yet, again, many of the state governments and private employers of labour have not been able to implement the old minimum monthly wage of N18,000 much less the new minimum wage of N30,000. N18,000 and N30,000 translate to N600 and N1000 per day respectively! Considering the quotidian needs of households, what do these daily earnings amount to, in terms of real value?

The rest of our paper will be discussed under the following subheadings: (1) historical origins of the economic crisis in Nigeria, (2) aggravation and perpetuation of the economic crisis, (3) perspectives on policy responses, and (4) the way out of the crisis.

ISSN: 2408-7920

Arca Academic Publisher

African Journal of Applied Research
Vol. 8, No. 2 (2022), pp. 170-185
http://www.ajaronline.com
http://doi.org/10.26437/ajar.31.10.2022.11

HISTORICAL ORIGINS OF THE ECONOMIC CRISIS

The conquest of Nigerian peoples by the British led to the establishment of colonial rule. The conquest was primarily motivated by the search for industrial raw materials and outlets for surplus industrial goods and commodities (Lenin, 1983; Ikime, 1977: Part One). Thus Nigeria was incorporated into the metropolitan economy of Britain as a peripheral political economic formation to meet the motives of conquest. The colony was organised and structured strictly to produce industrial raw materials for export to the metropole, and to import industrial goods and commodities in return (Helleiner, 1966; Oluwasanmi, 1966; Usoro, 1974; Onyekpe, 1996). Local farmers were sensitised to expand the production of export crops such as cocoa, oil palm, rubber, groundnut, and cotton. The farmers responded, using their traditional technologies of production. Concerning solid minerals such as tin, columbite, and gold, the colonial state took over the mines and granted licences to expatriate mining companies which exploited the mineral deposits and paid rents, royalties, and taxes to the colonial state (Freund, 1981; Ekundare, 1973: pp. 175-186). The emphasis on export agriculture and the conversion of much of the land to export production affected food production negatively, especially in southern Nigeria where virtually all the crops were permanent or tree crops (Onyekpe, 2003).

To ensure that Nigeria remained a peripheral economic formation to serve the industrial needs of Britain, the colonial administration was hostile to the establishment of industries (Lawal, 1987; Onyekpe, 1996: pp. 598-601). The British were hostile even to the local crafts. For example, official proclamations and ordinances were used to prohibit the domestic production of dry gin and salt. This was to ensure that the imported ones did not face local competition. Indeed, domestically made gin was outlawed as illicit. Producers who were tried and imprisoned for three months violated the prohibition ordinance. Without an industrial sector, the agricultural produce and the minerals had no local value, hence everything produced was exported whether their prices were rising or falling. Similarly, industrial goods needed in the colony were all imported from Britain whether their prices were rising or falling.

Import and export business was dominated by British firms such as John Holt and Company and United African Company (Ekundare, 1973: Chs. 11 and 17). With the support of the colonial government, these companies determined and imposed the terms of trade on the local producers and buyers of imported items. The companies made absolute profit both at the point of buying local produce and at the point of selling imported items. Trade relations were unequal (Emmanuel, 1972). The profit generated was repatriated to Britain for investment. Yet, for any nation to experience sustainable growth and development, the bulk of resources generated in the economy must be invested in the economy to further expand production and meet the basic needs of the people. Nigeria was a conquered territory. What trade or reinvestment could one talk about in the relations between a conqueror and the conquered? Trade progresses in matrices of mutual agreement and equality only in situations of the sovereignty of the trading partners. Every colony

ISSN: 2408-7920

African Journal of Applied Research
Vol. 8, No. 2 (2022), pp. 170-185
http://www.ajaronline.com
http://doi.org/10.26437/ajar.31.10.2022.11

was an overseas extension or province of the colonising metropolitan power. Thus, whatever was available in the colony belonged to the coloniser, of course, by right of might and conquest.

The emphasis on primary and extractive production and the absence of an industrial or manufacturing sector meant economic disarticulation and external vertical integration (Rodney, 1972: Chs. 4 and 5; Ake, 1981: Chs. 3 and 4). Economic disarticulation and external vertical integration of the colony meant that the growth and development of the colony were dictated, determined, and conditioned by the behaviour of the metropolitan economy into which it was incorporated as a peripheral appendage. By the nature of the incorporation of the colony as a peripheral appendage, the colony was ineluctably vulnerable to the cyclical fluctuations and secular instabilities immanently associated with the unplanned capitalist economy of the metropole.

CRISIS AGGRAVATION AND PERPETUATION

Political independence in October 1960 did not alter the nature of Anglo-Nigeria economic relations. It was a mere transition from the use of traditional institutions as agents of colonial rule to the use of the modern political elite who had championed the cause of nationalist politics (Williams, 1980: pp. 33 – 35; Babu, 1981: Ch.3; Nkrumah, 1971). The Independence movement was not focused on economic liberation but on the transfer of political power to the nationalist political elite. The new political elites were simply to manage the institutions and structures created by the colonial government, while the foundations for imperialist control and domination remained unchanged. In so far as imperial interests remained dominant in the economy, political independence was a mere sham. It was a new form of colonialism, properly termed *neo-colonialism* in the literature. (Williams, 1980: pp. 33-47; Babu, 1981; Nkrumah, 1971)

Neo-colonialism is worse than the direct colonial system of imperialism. Political independence so called, relaxed British imperial control, this allowed for the involvement of other metropolitan powers in the economy. With the free entry of the United States, Germany, France, Japan, and others, the exploitation of Nigeria became more and more intensified. While under direct colonial rule, the administration was responsible for the people, hence some utilities and amenities were provided, howbeit tokenistic, in the neo-colonial age in which the state wears the garb of sovereignty the neo-colonial powers are not responsible for the people. Thus, it has been exploitation without responsibility. Neo-colonial domination, control, and exploitation are carried out through four major instruments as follow:

i. Ideology, propaganda, and the formulation and imposition of ‘development’ blueprints, ‘action programs’ and ‘reform’ agendas on Nigeria
ii. Unequal trade arrangements
iii. Foreign Direct Investment [FDI] especially concerning the activities of transnational corporations
iv. External aid and assistance.

ISSN: 2408-7920

Arca Academic Publisher

African Journal of Applied Research
Vol. 8, No. 2 (2022), pp. 170-185
http://www.ajaronline.com
http://doi.org/10.26437/ajar.31.10.2022.11

The peripheral status of Nigeria as a primary producer and the unequal trade relations it has with the metropolitan states have condemned the country to a permanent disadvantage. While the earnings from her primary exports have continued to decline the cost of imported items has remained more and more prohibitive. The most important and valued product of Nigeria is crude oil. From less than US$2 per barrel in 1972, the price increased to US$5.119 in October 1973, then to US$11.651 in January 1974 (Akinrinade, 1985: pp. 13-19; Spero, 1977: pp. 222-226). The sharp increase was in the aftermath of the Arab – Israeli war of the early 1970s. There was also the important factor that the oil cartel, OPEC, was effective in the regulation of supplies by member states, to ensure favourable price regimes. The world price levels changed from time to time depending on the dynamics of the market. However, the crude price has never risen above US$100 per barrel. Using the 1974 price of US$11.651 per barrel as our base, the increase to US$100 per barrel represents a 900% increase. But the percentage increase in the prices of Nigeria's imports has been so astronomical that it is a big mathematical problem to calculate. Consider, for example, the increase in the price of Peugeot 504 from less than N5,000 in 1974 to over N25,000,000 today, or a standard size tin of condensed peak milk from 10 kobo in 1975 to over N300 today.

Concerning the inflow of capital, it must be emphasised that the Nigerian economy has not significantly benefited, in the areas of employment creation, infrastructure, transfer of technology, and industrialisation. Besides, many transnational corporations do not declare their full production levels. Moreover, they are notorious tax evaders. The oil transnationals operating in the oil rich Niger Delta have continued to destroy the ecosystem through pollution, oil spillages, and gas flaring. The result has been that while the transnationals employ only few of the indigenes in their operations, the ruin of the ecosystem has made it impossible for the people to remain in their traditional occupations of farming, fishing, and trading. The reality of the Niger Delta situation exemplifies the sad irony, indeed the oxymoron of turning growth processes against those who should be the focus and beneficiaries (Onyekpe 2009, 2010; Tamuno, 2011)).

One fundamental problem of the Nigerian state and economy is the huge cost of political administration and government bureaucracy at all levels. Nigerian federal legislators are today the highest paid in the world after Australia. In 2009 over 32 percent of the year's budget was expended as emoluments for members of the executive and legislative arms of government at all levels. In 2010 while the federal government's overhead budget was N536.2 billion in a total budget of N4tn, the share of the National Assembly alone was N136.2bn.[2] This represented over 25 percent of the overhead budget. In 2011, the governor of the Central Bank, Mallam Lamido Sanusi, revealed that 25 percent of the recurrent expenditure of the federal government was spent as emoluments of national legislators.

The state is a prebendary comprador apparatus managed by a thieving ruling class driven by winner-takes-all-values (Madunagu, 1982; Joseph, 1991; Linton, 2000: pp. 5-10; Okonjo-Iweala,

ISSN: 2408-7920

2018). Thus, the irrationally huge official or authoritative appropriation as emoluments for the bureaucracy and parliament is dwarfed by the ossified phenomenon of primitive accumulation of capital by the same ruling class and their allies, agents, and accomplices in business, especially in the untouchable world of contracts and failed contracts. The phenomenon of private enrichment by corrupt means and practices has meant massive looting, plunder, and state robbery (Madunagu, 1982; Joseph, 1991; Linton, 2000: pp. 5-10; Okonjo-Iweala, 2018).

As head of state, from 2010 – 2015, President Goodluck Jonathan revealed in 2011, after comparing notes with his counterparts in many countries of the world, that, the cost of contracts in Nigeria is on average 200 percent higher than in the rest of the world. It is pertinent to note here that during the probe of the Niger Delta Development Commission, NDDC, in 2021 it was revealed that most of the contracts awarded by the Commission for N700 million required only N10 million – N20 million for their execution. The list of agencies of government and public corporations and institutions swimming in the ocean of corruption is legion. Typical examples of agencies, corporations, and institutions in the contest for supremacy and championship in corruption include the Nigerian Police, Nigerian Customs Services, Nigerian Immigration, Pension Offices across the country; Nigerian Ports Authority (NPA), National Electric Power Authority (NEPA)/ Power Holdings Corporation of Nigeria (PHCN), Nigerian National Petroleum Corporation (NNPC), Department of Petroleum Resources (DPR), now defunct Nigerian Telecommunications (NITEL), Niger Delta Development Commission (NDDC), Nigerian Maritime Administration and Safety Agency (NIMASA), Joint Admission and Matriculation Board (JAMB), National Examinations Council (NECO), and many institutions of higher learning.

Our discussion of the aggravation and perpetuation of Nigeria's economic crisis would be incomplete if we leave out two factors. These are the intervention of the Armed Forces in politics, political administration, and governance and the nature of politics and political administration and their contradictions. The Armed Forces forcibly imposed themselves on the Nigerian state and society during the periods `1966 – 1979, and 1983 – 1999. The two periods were associated with maximum authoritarianism and fascism as the soldiers ruled without a constitution and parliament. It was rulership by a tiny minority of people totally without the basic training, knowledge, and experience in political administration and governance. The rulership by the Armed Forces was strictly by command and decrees. The authoritarian and fascistic rule by soldiers and the abuse and suppression of the people's fundamental rights and freedoms and civil liberties have been major factors in the underdevelopment of political culture in Nigeria. But more pertinent apropos of our examination of the underdevelopment of production and the productive forces of the nation was the massive plunder and looting of national resources and wealth. By decrees, the military government transferred all petroleum and solid mineral resources and all fiscal revenue to the central command system. By the Land Use Decree of 1978, the entire land mass of the country was transferred to the military governors who were to manage the land in their jurisdiction on behalf of the federal government.

African Journal of Applied Research
Vol. 8, No. 2 (2022), pp. 170-185
http://www.ajaronline.com
http://doi.org/10.26437/ajar.31.10.2022.11

The transfer of all national wealth to the central government enabled the soldiers in power to enrich themselves. The administration of General Yakubu Gowon [1967 – 1975] was associated with massive looting, especially by state governors or administrators. Under the administration of General Ibrahim Babangida [1985 – 1993], corruption became a way of life. Up to today, the US$12bn "excess" earnings from the sale of crude oil during the First Gulf War, 1991, has not been accounted for. If General Babangida was highly corrupt as a military leader, General Sani Abacha [1993 – 1998] stood on his shoulders. His massive loot is still being returned in trickles from the metropolitan capitals of Europe and America to the federal government of Nigeria. Then, as head of state, General Abdusalami Abubakar doubled as minister of petroleum resources!

We have devoted much space and time to the problem of corruption and looting in office by both elected and unelected leaders. For, the private enrichment of the corrupt and thieving elite in control of the government and its organs and agencies has been the major factor for the poverty and wretchedness of the state. A looted state cannot drive sustainable growth and development as the looted resources are the same resources required for growth and development. This is fundamental in explaining and understanding the underdevelopment of production and the productive forces. The phenomenon of looting by the elite in power is also fundamental in explaining and understanding the inability of the state to invest in the people and their needs and aspirations. A poor and wretched state can do but a little for the people. It cannot boldly articulate and formulate economic policies and programmes for the transformation of productive forces and the progress of the people. Thus, as the people make their legitimate demands on the state, the state responds with suppression and repression. This is dialectical, as the looting of national resources by the elite in power is *paid for* by mass immiserisation and poverty.

As we end this section of our examination of the economic crisis in Nigeria, it must be noted that the contradictions of the political system are a major force in the deepening of the crisis. The structure of the federation, the distribution of power, access to central power and authority; opportunities for political recruitment, engagement, and participation; and allocation of fiscal revenue have all been skewed in ways that have created advantaged and disadvantaged sections and groups. While the advantaged sections and groups are unbending in their determination to maintain the status quo the disadvantaged sections and groups are resolute in their agitation for the reform of the system on the basis and principles of justice, equity, and fairness. This has created fierce conflict between the advantaged sections and groups that may be termed the *hegemons* and the disadvantaged sections and groups that may be termed the *contenders*. The conflict of interest between these opposites has been responsible for the violence in inter regional and intergroup relations in the country (Onyekpe, 1998, 2000; 2009; Tamuno, 2011).

The failure of the dominant elites in power to effectively manage the ethnocultural diversity of the country for its progress and, indeed, the partisan manipulation of diversity for political advantage

ISSN: 2408-7920

African Journal of Applied Research
Vol. 8, No. 2 (2022), pp. 170-185
http://www.ajaronline.com
http://doi.org/10.26437/ajar.31.10.2022.11

have thrown up, and cannot but continue to throw up more and more terrorist and secessionist interests and tensions. Today, there is so much pressure on the state and society that the state has lost its monopoly over the instruments of coercion. The *ruling* anarchy and the concomitant problem of universal insecurity of life and property are taking their toll on public finance and economic growth.

PERSPECTIVES ON POLICY RESPONSES AND WAY OUT OF THE CRISIS

Over the last four decades beginning from the early 1980s, the state has tried to deal with the economic crisis in Nigeria. However, the crisis has continued to deepen more and more despite state responses to it. The political elite in power have only demonstrated an inadequate understanding of the fundamental problems of the economy, hence most of the internally formulated policy instruments and economic measures have been disastrously wrongheaded.

The fundamental problem of the economy has been a lack of perspective longterm planning. The five-year development plans of 1962 – 68, 1970 – 74, 1975 – 80 could not achieve any significant results. The basic precondition for perspective national economic planning is public ownership of the means of production or the *commanding heights* of the economy (Kozlov, 1977; Berri, 1977; Shvyrkov, 1980). But the Nigerian economy of the plan periods was a dependent capitalist economy. Although the federal government had acquired the crude oil wealth and solid minerals of the nation, the exploitation of these resources was through the agency of foreign enterprise, capital, and technology. Since the 1980s, the economy has been taken over by private capitalist interests with foreign capital as the dominant player. The early 1970s witnessed rapid growth and expansion in the petroleum industry. However, the huge financial gains were not rationally applied to the development of other economic sectors. Thus while all focus was on the petroleum industry agriculture lost its status as the bedrock of the economy and society. The overdependence on the petroleum industry and the immanent problems of the concomitant monoculture are described as *Dutch disease*[3]. The *Dutch disease* was so deadly that the oil industry could not help itself. Today, all crude oil exploited in Nigeria is exported crude while the four refineries rapidly moved from low capacity production to closure.

The critical point here is that the ruling class could not take advantage of the new wealth generated by the petroleum industry to structurally transform the economy through diversification. Consequently, while the petroleum industry is dominant and contributes 74 – 76 percent of government fiscal revenue and 96 – 98 percent of national exports, the country has not been able to develop a vibrant petrochemical industry. The implication of this enduring failure has been the loss of opportunity to take advantage of the petroleum wealth of the country. Crude as it has remained today, the oil industry is a mere enclave in a national economy, serving the industrial interests of external economies. In all annual budgets, the federal government expresses a bold commitment to economic diversification. But without the political will to vigorously execute the agenda, this expression of commitment continues to be a mere ambition on paper.

ISSN: 2408-7920

African Journal of Applied Research
Vol. 8, No. 2 (2022), pp. 170-185
http://www.ajaronline.com
http://doi.org/10.26437/ajar.31.10.2022.11

One major problem of the ruling elite is the ossified problem of slave and colonial mentalities. The ruling political elites do not think the nation can do anything or survive without the metropolitan world of Europe, America, and Japan. Yet, the same metropolitan world is opposed to the restructuring of the unequal world order on the principles, parameters, and matrices of justice, equity, fairness, and morality.

The 'development' programmes of the ruling elite received blueprints and solutions. Measures such as Green Revolution, Agricultural Development Policy, the Structural Adjustment Programme, and other bogus reform agendas all named Washington Consensus were all externally formulated for LDCs. The main contents or elements of the Washington Consensus include [1] Fiscal discipline, [2] Focus on public expenditure on health, education and infrastructure, [3] Tax reform [4] Unified and competitive exchange rates [5] Secure property rights [6] Deregulation [7] Trade liberalisation [8] Privatisation and commercialisation [9] Elimination of barriers to Direct Foreign Investment [DFI], and [10] Financial liberalisation (Todaro & Smith, 2003: 736-739; Onyekpe 2004b).

These agendas were all articulated and formulated in the 1980s by the World Bank and International Monetary Fund and their leading ideologue, Mr John Williamson, and foisted on the LDCs. It is important to stress that the Washington Consensus foisted on all LDCs was articulated without their input and any consideration for their peculiarities. But this one-shoe-fits-all size, this one-therapy-for-all disease was unquestioningly embraced and fanatically implemented by the brainwashed, indolent, and ideologically bankrupt elite in political power in Nigeria and most other sub-Saharan African countries all of who were blind to the reality of neo-colonialism and dependent capitalist accumulation as a basic problem of their states.

The doctrinaire implementation of the Washington Consensus has impacted the Nigerian economy in many extremely negative ways. Devaluation of the Naira has meant unfavourable exchange rates and terms of trade while trade liberalisation has led to the ruin of many industries and crafts through the dumping of all sorts of imported items in the country. In the 1980s-90s, financial deregulation gave rise to unprecedented speculation and chaos in the finance sector with high interest rates regime ruining the real sectors of the economy. Privatisation has led to the entrenchment of private capitalism and loss of public assets to foreign capital and its allies and cronies in the domestic economy, while the commercialisation of public utilities and the social sector has unleashed untold hardships on the people in basic needs areas such as food, water, electricity, housing, transportation, education, and healthcare. More particularly, privatisation and the associated problem of rationalisation of the workforce have exacerbated the unemployment situation.

ISSN: 2408-7920

African Journal of Applied Research
Vol. 8, No. 2 (2022), pp. 170-185
http://www.ajaronline.com
http://doi.org/10.26437/ajar.31.10.2022.11

A major contributory factor to the smouldering of Nigeria in the orbit of metropolitan capitalism, and perpetuating the smouldering status of the country, is the yoke of external debt. Brazenly exploited by the highly industrialised and technologically advanced states of the global north through unequal terms of trade and unequal relations with foreign investors and their juggernauts, the transnational corporations; massively looted by the corrupt ruling elite; and lacking in ability and framework to rationally appropriate and allocate its fiscal revenue for the development of production, the country depends heavily on external credit and financing for its projects and budget deficits. The country is today entangled in a debt trap.

Nigeria's external creditors are mainly members of the Paris Club, a cartel of international creditors.[4] These are the United Kingdom, France, Germany, Japan, Italy, The Netherlands, the United States, Austria, Belgium, Denmark, Finland, Spain, Switzerland, and the Russian Federation. By 1983 Nigeria's Paris Club debt status was US$5.390bn which represented 30 percent of the country's total external debt. It sharply increased to US$10.22bn in 1986, US$17.17bn in 1990, US$18.334bn in 1994 and US$21.67bn in 1995. Nigeria's 1995 Paris Club debt status represented 66 percent of the country's total external debt.[5] By 2005, Nigeria's debt status with the club had shot up to conflicting figures between US$30bn and US$32bn.

It must be noted that the steady increase in the debt balance of the country with the Paris Club of creditors was large because of failure to fulfil debt servicing agreements. Failure on the part of any debtor nation serves the interest of the creditors. To be sure, it is for this reason that stringent conditions or conditionalities are attached to loans, in the areas of interest rate, payment plan, and debt servicing requirements. It is the stringent conditions that prepare debtor nations for failure, and then the trap. It is important to note that the creditor states usually do not demand much accountability from debtors, and this is simply because loans are a trap that leaves the recipient states in perpetual economic servitude. If recipient countries exercise a modicum of fiscal discipline and the loans are judiciously used, loan liquidation would be easy and this removes the chances of domineering creditor-control and perpetual haemorrhage of resources from the debtor to creditor. There is no evidence of successful loan liquidation by any African country, and so all African states are wretchedly in secular hell whose ruling elite had recoursed to external loans to finance projects and budget deficits. In the 1980s many of the heavily indebted Latin American countries threatened to repudiate their external debts. This led to the articulation and formulation of new models and modalities for debt management and interest servicing.

To return to Nigeria, by 2005 the country's Paris Club debt status had astronomically risen from US$5.390 in 1983 to between US$30bn and US$32bn. Yet by that same year, the country had spent about US$30bn on debt servicing. During the period 2005 – 2007 the Chief Olusegun Obasanjo-led administration of Nigeria reached an agreement with the Paris Club of creditors on the debt burden of Nigeria. Both parties agreed that Nigeria would pay the sum of US$12bn as a condition for the cancellation of the balance of US$18bn (Onyekpe, 2004a). The cancellation of

ISSN: 2408-7920

African Journal of Applied Research
Vol. 8, No. 2 (2022), pp. 170-185
http://www.ajaronline.com
http://doi.org/10.26437/ajar.31.10.2022.11

Paris Club debt was but a temporary relief as Nigeria was and still is indebted to another Club of creditors, the London Club. Besides, Nigeria's internal debt profile is huge. The country has also returned to the Paris Club.

Nigeria spends a large chunk of its annual budget on debt servicing, a range of 25–40%. Between January and May 2021, the federal government spend N1.8trn on debt servicing. This represented 98 percent of the fiscal revenue generated within the same period.[6] The budget projection and capital projects, and debt servicing schedule for the three years, 2022 – 2024 are as follows [N] [trillions]

Table 1: Budget projection and capital projects

Period	Total Budget	Capital Projects	Debt Servicing
2022	13.95	3.61	3.6
2023	15.54	3.61	4.9
2024	16.8	6.1	6.1

Source: Minister of Finance, Budget and National Planning, Zainab Ahmed, *News Scroll Today* 25 July, 2021.

Needless to emphasise, the commitment of a huge percentage of annual fiscal revenue to debt servicing has critical implications for the growth and development of production, physical infrastructure provision and maintenance, and the wellbeing of the people. It is the same fiscal revenue appropriated for debt servicing that the country needs for development in these critical areas. The amount appropriated for debt servicing is every year more than the amount appropriated for critical areas such as health services and education. It is pertinent to note here that while the federal government assessed the needs of its universities for revitalisation in 2013 and arrived at N1.3trn, it took several strike actions by the Academic Staff of the Universities, ASUU, for three instalments of N200bn, N30bn, N30bn to be released between 2013 and 2021.

The payment of US$12bn by the Chief Obasanjo administration to the Paris Club of creditors in one fell swoop was, indeed, a huge loss to the Nigerian economy. But at the time the payment was made, the president, Chief Obasanjo, and the Minister of Finance Dr Ngozi Okonjo-Iweala acted within their understanding and idea of the management of dependent crony capitalism. Besides, Chief Obasanjo was almost completing his tenure in office as president. He might have feared and thought that it was a rational thing to do than leave the huge 'excess' earnings from crude oil in the escrow account for his successors to deplete and squander as the nation is experiencing today.

WHAT, THEN, IS TO BE DONE?

We have raised, problematised, and explained the issues in the deepening economic crisis in Nigeria. Our main emphasis and argument have been that the people of Nigeria were conquered

ISSN: 2408-7920

Arca Academic Publisher

in the aftermath of the colonial system of imperialism and have remained in their conquered status in the global economy despite political independence. As a conquered people still in captivity, sustainable growth and development are possible only on the basis of a radical resolution of the fundamental issues and problematics examined in our "anatomy".

There are two alternatives, viz:

1. Minimum programme or reform
2. Maximum programme or revolution

Minimum Programme or Reform

The minimum programme or reform will have the following contents:

1. Identification and recognition of neo-colonial or dependent capitalism and the comprador state as the basic problem;
2. More public ownership and control of the economy as a condition for prospective national economic planning;
3. Diversification of the economy through the development of a vibrant industrial/manufacturing sector;
4. Development of physical infrastructure;
5. Focus on vocational, technical, and technology education for the development of skills and capacities;
6. Universal electrification of the country is a topmost priority;
7. Transformation of the rural areas through a bold programme of integrated rural development; and
8. Prioritisation of the basic needs of the people; will improve the quality of life and generate employment for the people.

The above content of the minimum programme, if executed, is bound to boost production and transform the economy. But as a reform programme, the right political context must be created. The following will be required:

1. Corruption must be combated and defeated; the problem of Nigeria is not the lack of fiscal resources but that of looting by the ruling elite. The anti-corruption agencies must be reformed and empowered to work independently. They should not be tied to the executive organ or arm of government for its use in the witch-hunt of enemies and imaginary enemies. Corrupt persons in government must be punished as appropriate;
2. There must be strict fiscal and budgetary discipline;
3. Redefinition of politics to allow patriotic, enlightened, and public-spirited but non-propertied people to participate;
4. Reduction of the cost of participation in politics;
5. Drastic reduction of the financial gains and other benefits of participation to make it less attractive;

6. Keep careers "open to talent". This will defeat or negate nepotism and mediocrity in public service;
7. Ensure that the electoral body is not independent only in name. Without a truly independent electoral body the status quo remains in-situ while the rot gets deeper and deeper;
8. Restructuring the lopsided federation, reducing the power and responsibilities of the central government, allowing the devolution of power and responsibilities to the regions, and adopting fiscal federalism;
9. Combat and defeat terrorism and religious fundamentalism, and uphold the secularity of the state.

Maximum Programme or Revolution

This involves the development of revolutionary consciousness, activist politics, mass conscientisation, and popular class struggle for the establishment of an entirely new political and social order (Ake, 1978; Lenin, 1977, 1978, 1983; Babu, 1981).

CONCLUSION

What we have done is not morbid anatomy or autopsy. This is because Nigeria is still alive. For, despite the very deep nature of the economic crisis in Nigeria, the crisis is, nevertheless, not bottomless. But if concerted and decisive efforts are not swiftly made *now*, if practical steps are not taken, if realistic policy instruments and economic measures are not articulated and rapidly implemented, those who may survive the coming revolution, if not averted through the adoption of the minimum programme, will be doing the morbid anatomy!

African Journal of Applied Research
Vol. 8, No. 2 (2022), pp. 170-185
http://www.ajaronline.com
http://doi.org/10.26437/ajar.31.10.2022.11

NOTES

1. Olduvai Gorge was discovered in 1959 in Tanzania by the Leakeys, Louis and his wife, Mary, through archaeological excavation. Within the limits of our present knowledge, Olduvai Gorge is, yet, the world's oldest archaeological site, hence Africa is historically regarded as the original home of man. At Olduvai Gorge the "early" man lived and survived at the mercy of nature, without any idea of production and tools or technology, much less amenities. Man depended solely on wild fruits and nuts, hence an early hominin discovered by Mary was named Nutcracker Man by her husband, Louis. We have here used the expression "return to Olduvai Gorge" as a metaphorical characterisation of the total absence of basic needs for the rural populations as man qua man, that is, the modern man whose economic and social, and other needs are guaranteed.
2. Based on our analysis of the budgets of the Federal Government of Nigeria for the years, 2008 and 2010.
3. The term *Dutch disease* was first used in 1977 by economists to describe the paradox of the sudden discovery of a natural resource or expansion in a sector, usually the primary sector, without any linkage with the broader or larger economy. The failure to generate a "linkage effect" results from the inability to take full advantage of the growth in the new sector and the accruing fiscal revenue to transform the broader economy. The term *Dutch disease* was used in 1977 by economists to characterise the experience of the Netherlands. Large fields of natural gas were discovered in the country in 1959, but the country was in deep crisis in the 1970s – 80s as a result of failure to rationally appropriate the huge fiscal revenue from the export of natural gas for the development of the productive forces of the economy. The neglect of other critical sectors of the economy, the de-industrialisation associated with the euphoria of natural gas wealth, and the phenomenon of a false sense of economic security were at the root of the crisis. For an insightful analysis of *Dutch disease*, see D.H. Perkins *et al* (2001: pp. 643 – 651, 750 – 752)
4. Paris Club is an organisation or cartel of industrialised and advanced creditor-nations of the global north owed huge amounts with servicing and payment difficulties by the less developed nations of the global south. The coming together of the creditor-nations was motivated by enlightened self-interest, to act together through the multilateral finance institutions, i.e., the World Bank and the International Monetary Fund, to secure their loans through the restructuring of the debt of highly indebted nations of the global south and the rescheduling of servicing and payment. Members of the Paris Club of creditors are the United States, the United Kingdom, France, Germany, Japan, Italy, The Netherlands, Austria, Belgium, Denmark, Finland, Spain, Switzerland, and the Russian Federation.
5. The figures here were extracted from the relevant issues of the *Annual Report* of the Central Bank of Nigeria. See also Omoruyi (1993); Ikem (1996).
6. This was revealed by the Minister of Finance, Budget and National Planning, Zainab Ahmed. http://nairametrics.com July4, 2021.

ISSN: 2408-7920

Arca Academic Publisher

African Journal of Applied Research
Vol. 8, No. 2 (2022), pp. 170-185
http://www.ajaronline.com
http://doi.org/10.26437/ajar.31.10.2022.11

REFERENCES

Ake, C. (1978). *Revolutionary Pressures in Africa.* London: Zed Press.
Ake, C. (1981). *A Political Economy of Africa.* London: Longman.
Akinrinade, S. with L. Omokhidion & Usen, A. (1985). 'OPEC on the Brink,' *Newswatch*, October 21
Babu, A. M. (1981). *African Socialism or Socialist Africa?* London: Zed Press.
Berry, L. Ya (1977). *Planning a Socialist Economy,, Vols. 1 and 2.* Moscow: Progress Publishers.
Ekundare, R.O. (1973). *An Economic History of Nigeria, 1860 – 1960*. London: Methuen and Co. Ltd.
Emmanuel, A. (1972). *Unequal Exchange. A Study in the Imperialism of Free Trade.* New York: Monthly Review Press.
Freund, B. (1981). *Capital and Labour in the Nigerian Tin Mines.* London: Longman.
Helleiner, G. K. (1966). *Peasant Agriculture, Government and Economic Growth.* Homewood, Illinois: Richard D. Irwin.
Ikem, A. O. (1996). 'The Paris Club and Nigeria's External Debt – The way forward', *Central Bank of Nigeria Debt Trends* 2(1), June, 37 – 60
Ikime, O. (1977). *The Fall of Nigeria.* Ibadan: Heinemann.
Joseph, R. A. (1991). *Democracy and Prebendal Politics in Nigeria: The Rise and Fall of the Second Republic.* Ibadan: Spectrum Books in arrangement with Cambridge University Press.
Kozhov, G. A. (ed.) (1977). *Political Economy. Socialism.* Moscow: Progress Publishers.
Lawal, A. A. (1987). "Industrialisation as Tokenison" in Falola, T. (ed.) *Britain and Nigeria.* London: Zed Press.
Lenin, V. I. (1977). *The State and Revolution.* Moscow: Progress Publishers.
Lenin, V. I. (1978). *What Is To Be done? Burning Question of Our Movement.* Moscow: Progress Publishers.
Lenin, V. I. (1983). *Imperialism, the Highest Stage of Capitalism: A Popular Outline.* Moscow: Progress Publishers.
Linton, N. (2000). "Corruption or Development – Nigeria's Challenge in The New Century", *NESG Economic Indicators,* 6(1), March, 5-10.
Madunagu, E. (1982). "The Political Economy of State Robbery". A paper presented at a conference on the theme of Towards Progressive Nigeria, organised by the Research Unit of the Governor's Office, Kano, at Baganda Lake Hotel, Kano, December 16 – 18.
Nkrumah, K. (1971). *Neo-colonialism, the Last State of Imperialism.* Panef edition. London: Panaf Books.
Okonjo-Iweala, N. (2018). *Fighting Corruption is Dangerous. The Story Behind the Headlines.* Massachusetts, Cambridge: The MIT Press.
Oluwasanmi, H. A. (1966). *Agriculture and Nigerian Economic Development.* London: Oxford University Press.

ISSN: 2408-7920

Arca Academic Publisher

Omoruyi, S. E. (1993). “Nigeria’s Debt Management and Control-Problems and Prospects”. *Central Bank of Nigeria Economic and Financial Review*. 41(4), December, 385 – 403.

Onyekpe, J.G.N. (1996). “Agrarian Crisis and Land Question in West Niger Igbo Area, C. 1886 – 1987. PhD Thesis, University of Lagos, Nigeria.

Onyekpe, J.G.N. (1998). “Politics and Political Power in Nigeria: Nature, Dynamics and Determinants” in M. Dukor (ed). *Philosophy and Discourse on Values and Power in Africa.* Lagos: Obaroh and Ogbinaka Publishers Ltd. Chapter 2.

Onyekpe, J.G.N. (2000). “Constitutionalism and Democratic Consolidation (Nigeria): A Conceptual Framework”, *ASUU-UNILAG Journal of Contemporary Issues* 1(2), December, 127 -144.

Onyekpe, J.G.N. (2003). “Export Agriculture and Food Crisis in Colonial Asaba and Aboh Divisions of Western Nigeria. An Example of Contradictions in Colonial Economy” *Ilorin Journal of History*, 1(1), 57 – 68.

Onyekpe, J.G.N. (2004a). “The Nigerian State: Economy, Politics and Civil Society” *AAU: African Studies Review*. A Journal of the Department of History and International Studies, Adekunle Ajasin University Akungba – Akoko, Nigeria, 3, 53 – 76.

Onyekpe, J.G.N. (2004b). “Perspectives on the Economic Crisis in Nigeria” *Unilag Journal of Politics*, 1(1), 101 – 120.

Onyekpe, J.G.N. (2009). Ownership and Use of Land in Twentieth Century Nigeria: A Survey and Critique. Faculty of Arts, University of Lagos, *Monograph Series*, 12.

Onyekpe, J.G.N. (2010). Traditional Institutions, Community Mobilisation, and the Amnesty Programme. A paper presented at South-South Monarchs’ Forum on the theme of Strengthening Security and Cooperation for Peace and Development in the Niger Delta Region, at the Conference Hall, Le Meridien Ibom Hotel and Golf Resort, Nwaniba Road, Uyo, Akwa Ibom State, Nigeria, September 12 – 16.

Onyekpe, J.G.N. (2003). “Economic Growth and Development: Focus on the Less Developed Countries (LDCs)”. Revised edition, 2013. Olukoju, A.O., A.A. Lawal and E.K. Faluyi (eds). *Fundamentals of Economic History*. Lagos: First Academic Publishers Ltd.

Perkins, D.H., S. Radeler, D.R. Snodgrass, M. Gillis & M. Roemer (2001). *Economics of Development.* 5th edition. New York and London: W.W. Norton and Company Inc.

Rodney, W. (1972). *How Europe Underdeveloped Africa.* London: Bogle - L’Ouverture Publications.

Shvyrkov, Yu. M. (1980). *Centralised Planning of the Economy.* Moscow: Progress Publishers.

Spero, J.E. (1977). *The Politics of International Economic Relations.* London: George Allen and Unwin.

Tamuno, T. (2011). *Oil Wars in the Niger Delta, 1849-2009.* Ibadan: Stirling-Horden Publishers Ltd.

Usoro, E.J. (1974). *The Nigerian Oil Palm Industry.* Ibadan: Ibadan University Press.

Williams, G. (1980). *State and Society in Nigeria.* Idanre: Afrografika Publishers.

ISSN: 2408-7920

Arca Academic Publisher