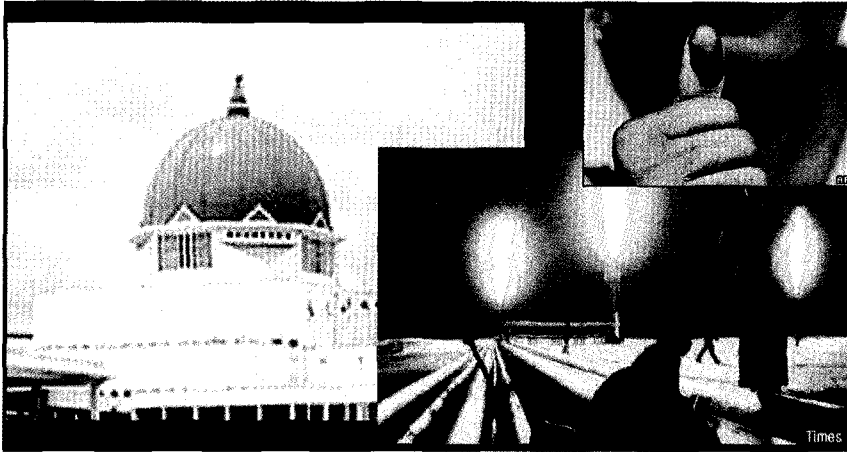

INSTITUTIONAL FAILURE, DEMOCRACY AND DEVELOPMENT IN NIGERIA

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any legitimate claim (by any group or nation) to civilization". If institutions indeed determine the success or failure of a nation, it can be argued not only that the acute problems of development and democracy in Nigeria need to be attributed to the failure of institutions and, even more importantly, that attempts to further development must be premised upon an initial understanding of the set of factors that have contributed to the failure of the institutional frameworks, for managing development in Nigeria.

This paper focuses upon an examination of the set of factors that are responsible for the failure of the institutional frameworks for managing resources and hence development and democracy in Nigeria. It locates these factors in the weaknesses in the ideological framework within which institutional choices are made, faulty institutional design, the values used in designing institutions, the practical methods by which institutional arrangements are given effect, the contradictions between the economic and the political instances and corruption. On the basis of the analysis of these factors, the paper indicates what needs to be done to ensure that institutions function in ways that attain the development and

It is now an acknowledged fact that although Nigeria is one of the most resource-endowed nations in the world it has however failed to actualise its huge resources in the form of development. Indeed, Nigeria is today not only among the poorest in the world (with the world's third largest population of the poor), but it also has some of the worst health and social indicators in the world. Life expectancy in Nigeria is one of the lowest in the world and it is further declining; moreover infant and maternal health indicators show that the nation has some of the world's highest U5MR and maternal mortality. The country now has the third largest population of HIV/AIDS infections in the world and accounts for 10 per cent of all new infections in the world. In addition, although Nigeria acquired independence in 1960 as a democratic state, its post-independence political history has been dominated by military and other forms of dictatorship. Between 1960 and 2006, the country was under military dictatorship for 28 years while another form of dictatorship occurred for another 7 years (1999 – 2006).

Although several factors have been held to account for the nation's dismal performance the role of the failure of the institutional frameworks for managing development and democracy in Nigeria has only received scant attention. And yet, as Adedotun Sulaiman (NESG, 2005:108), Chairman of Accenture noted at the 11th Nigerian Economic Summit, "Institutions are the key determinants of a nation's successes or failures. 'The role of institutions' is fundamental to

democratic objectives of the country. However, in order to properly situate the discussion, the paper begins with a brief analysis of the essence of institutions.

The Essence of Institutions

To understand the essence of institutions it is necessary to examine the process through which they arise or are created. This process is *i n s t i t u t i o n a l i s a t i o n*. Institutionalisation describes the process by which individuals typify and share the meanings embedded in habitualised actions. While habitualisation can occur as an individual project, it is in the typification of such habitualised actions across a number of individuals that constitutes the essence of institutions. Habitualisation is the process by which an individual establishes a pattern in and for an activity. The foundation for habitualisation is repetitive activity; by doing the same thing over and over the individual establishes a procedure or set of routines, which he/she then experiences as 'the pattern' for performing the given activity or living in the world. Typification occurs when several others experience and share 'the pattern' as 'the pattern'. It is precisely at the moment of reciprocal typification that institutions arise. As Berger and Luckman (1976:72) have noted in this regard:

"Institutions imply historicity and control. Reciprocal typifications of actions are built up in the

course of a shared history. They cannot be created instantaneously. Institutions always have a history, of which they are the products. It is impossible to understand an institution adequately without an understanding of the historical process in which it was produced. Institutions, also by the very fact of their existence, control human conduct by setting up predefined patterns of conduct, which channel it in one direction as against the many other directions that would theoretically be possible. It is important to stress that this controlling character is inherent in institutionalisation as such, prior to or apart from any mechanisms of sanctions set up to support an institution."

These observations indicate the power of institutions; they provide the software that programs the behaviour and hence performance of actors in the setting. Problems in the software will often have far reaching consequences for behaviour and action. However, this also means that institutions function at two interdependent levels; first at the level of the software of values or meanings that must be shared for typified, reciprocal behaviour to occur and second, at the level of the agencies that will need to be designed to give effect to, or run, the software. While this paper is more concerned with the agencies that are designed to promote development and democracy in Nigeria, it must be understood as

shall be discussed later that problems at the level of software have had implications for the effectiveness of the agencies themselves.

Nigeria's Institutional Landscape

Today, Nigeria has many institutions that are designed to promote development and democracy in Nigeria. In the area of resources management and hence development, these include NEEDS, EFCC, ICPC, Ministries, Commissions, the judiciary, Due Process Office, the Executive, the different levels of government, SERVICOM, Small Scale and Medium Enterprises Dev. Agency of Nigeria and several others. In the political realm, many of these institutions are also implicated but institutions, such as the Executive, National and State Assemblies, the Independent National Electoral Commission (INEC), the Judiciary and the coercive arms of the state – the army, police, and security agencies, have special responsibility. NEEDS, for example, provides the macro-institutional framework for resources management in Nigeria while INEC has specific responsibility for managing the system of political succession in Nigeria. Given the plethora of institutions that exist in Nigeria, the important question is how the entire institutional framework, rather than individual institutions, has performed against the huge opportunities for democracy and development in Nigeria.

Institutional Performance in Nigeria

Institutions are a means to an end; they are not ends in themselves. To measure the effectiveness of institutions, we must examine the degree to which the ends they are set up to serve have been or are being attained. At the national level, the most important ends or outcomes have to do with human development; the degree to which existing institutions lead to a state of well-being for the citizens of the country. Indeed, there is now wide agreement that development is no longer simply about 'economic', 'political' or 'technological' advancement, but about people. Development may be about the structural transformation of the economy or about capital accumulation but the end result is to permit the 'self-generating and self-perpetuating use and development of the people's potential' (Cockcroft, Frank and Johnson, (1972:xvi), or to 'enable the national economy and the people reproduce themselves' (Omoweh, 2000:35). In effect, "development implies an increasing capacity (of a social group) to regulate both internal and external relationships..." (Walter Rodney's 1972:10,11). The idea that development is about people indicates clearly that resources management is about human development. As the UNDP (2000:19) emphasises in its Human Development Report for 2000, 'the idea of human development focuses directly on the progress of human lives and well-being. Since well-being includes living with substantial

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freedoms, human development is also centrally connected with enhancing certain capabilities – the range of things a person can do and be in leading a life'.

Two broad institutional periods may be discerned in Nigeria's resources management history: the period of state-led development (1960 – 1985); and the period of state-retreat from leading the development process (1985 – till date). The first period is characterised by state planning of the national economy. During this period, the state provided not only the macro-framework for resources planning and management but provided and monitored various performance targets in different sectors of the economy. The state supported this role by being a major owner of productive assets through the establishment of state-owned enterprises.

The second period is characterised, first, by the adoption of some forms of state regulation of the economy within the context of Structural Adjustment Programmes and, later, by the adoption of a full

blown neo-liberal ideology of development under the framework of the National Economic Empowerment Development Strategy (NEEDS). Under NEEDS, the state abdicates its leadership role in resources management and allocation decisions to the private sector and restricts itself to conducting policy reforms that will ensure a private sector-led development. Indeed, Nigeria's institutional history shows that: (i) over the period, Nigeria has moved from a more institutional environment to a more anti-institutional market forces led development process; (ii) the movement from a more institutional environment to a market-forces-led development process has been accompanied by an increasing role of external forces and interests – TNCs, the World Bank, IMF, WTO, etc – in the management of national resources; and (iii) the performance of the economy has worsened as Nigeria has moved from a more institutional environment to a more anti-institutional market-forces-led development process.

For example, a comparison of the performance of the national economy in the two institutional periods shows that Nigeria achieved much higher development and growth rates in the first period. In the case of human resources development and utilisation, we have noted elsewhere (Iyayi and Agbaragu, 2005) that: 'One major fact emerges in the comparison of efforts at human resources development between the two periods - This is that the first period witnessed a much more serious attempt to develop the human resources of the

country. Allocations to education as a percentage of the national budget were not only higher in the first period; attempts were made to situate investments in human resource (HR) development within a framework of national development that identified HR as the strategic resource in development. No evidence makes this point clearer than the fact that the allocations to education from 1958 to 1960 as a percentage of the national budget were higher than the allocation to education in 2003 and 2004. Thus the first budget of the Balewa government allocated 6.15 per cent of the Federal budget to education, a figure much higher than the 2003 and 2004 budgetary provisions.⁷

Indeed, our recent institutional history shows that our performance has not only been dismal; it has deteriorated in all areas of human development in recent years. Thus the 2005 Human Development Report ranks Nigeria 158 out of 177 countries in the world in terms of overall human development. Ghana is ranked 138 while South Africa is ranked 120 on the HDI. Compared with South Africa and Ghana, the indices for life expectancy, infant mortality and maternal mortality rates are much higher in Nigeria than in these other countries (UNDP: Human Development Report, 2005). For the 2000-2005 period, life expectancy at birth was estimated at 43.3 years for Nigeria compared to 56.7 years for Ghana and 49 years for South Africa. For the 2000-2005 period, the probability at birth of surviving to age 55 for females in Ghana (52.9 per cent) was almost twice that of Nigeria

(33.2 per cent). A World Health Organisation evaluation of the health situation in different parts of the world also placed Nigeria 187 out of 191 countries that were surveyed in 2000 (Federal Ministry of Health, Health Sector Reform Program: 2004-2007). Furthermore, infant and maternal health indicators in Nigeria are among the worst in the world. Thus the children under age five who are underweight and under-height were respectively 29 per cent and 38 per cent in 2003 in Nigeria and much higher than the comparative figures for Ghana (25 per cent and 26 per cent) and South Africa (12 per cent and 25 per cent). For the 1998-2003 period in Nigeria, infants with low birth weight stood at 14 per cent of live births while one year olds fully immunised against tuberculosis and measles were, respectively, 48 per cent and 35 per cent. The comparative figures for Ghana were 92 per cent (tuberculosis) and 80 per cent (measles), while those for South Africa were 97 per cent (tuberculosis) and 83 per cent (measles). In the year 2000, the maternal mortality ratio (adjusted) per 100,000 live births in Nigeria was 800. The corresponding figures for Ghana and South Africa were 540 and 240. By 2003, the maternal mortality ratio in Nigeria had risen to 948/100,000. Indeed (with a range of 339/100,000 to 1.716/100,000) Nigeria's maternal mortality rate is considered to be 'one of the highest in the world' (FMOH Health Sector Reform Program, p.2).

The evidence also shows that Nigeria fares very badly in the areas of health expenditure, number of births attended by health personnel,

and number of physicians per 100,000 of the population. Compared to Ghana and South Africa, The per capita expenditure on health in 2002 was US\$43 in Nigeria, US\$73 in Ghana and US\$689 in South Africa. At the same time, for the 1990-2004 period, the number of births attended by skilled health personnel was 41 per cent for sub-Saharan Africa, 35 per cent for Nigeria, 44 per cent for Ghana and 84 per cent for South Africa. The number of physicians per 100,000 of the population was 27 for Nigeria, and 69 for South Africa.

The incidence, depth and severity of poverty have also been growing in Nigeria over the years. Income inequality is very high in Nigeria (UNDP Human Development Report (2000:171). A small proportion of the population (20 per cent) receives 55.7 per cent of the national income while the poorest 20 per cent consumes only 4.4 per cent of the national income. The outstanding proportion of the population (60 per cent) has access to 39.9 per cent of the national income (National Policy on Poverty Eradication, UNDP Human Development Reports, 2000; 2005). The employment situation in Nigeria has become precarious in recent years. Beginning with the introduction of the Structural Adjustment Programme in the mid 1980s by the Babangida military regime, unemployment and job insecurity have been on the rise in Nigeria. Massive job losses occurred in the 1985-1993 period and the 1999-2006 period witnessed huge job losses in the public sector as a result of the public sector reforms. Indeed, a recent survey conducted by the

Federal Bureau of Statistics shows that 43.1 per cent of employees in the public service have already lost their jobs as a result of the privatisation of state-owned enterprises.

Energy supply and infrastructures such as the state of transportation and transportation systems have virtually collapsed in Nigeria. According to the WHO, one in ten hospitalisations in Sub-Saharan Africa is accident and injury-related; the rate of accidents and injury-related disabilities 'using the disability adjusted life expectancy (DALE) is highest in sub-Saharan Africa' among all the regions in the world (Aliyu, 2002:2). Nigeria contributes the most significant number of the figures for sub-Saharan Africa and has one of the highest road traffic accidents rates in the world (Asogwa, 1999). In a review of trends of road accidents in Nigeria, Oluwasanmi (1993) reports that the incidence of road accidents has been increasing over the period. Whereas an estimated 18,000 people died in road accidents and accidents-related injuries between 1960 and 1969, the corresponding figure for 1980-1989 was 92,000. These figures are bound to be much higher for the 1990-2006 periods when we add the contributions of mortality and morbidity from the series of air disasters.

Environmental problems have also worsened in Nigeria in recent years. Industrial pollution, desertification, flooding and erosion and environmental pollution arising from oil and gas exploitation have been on the increase. In the case of

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desertification, the Federal Government has now admitted that, "the extent and severity of desertification in Nigeria have not been fully established, nor has the rate of progression been fully established." However, nine states in Nigeria with a total land area of 393,168 square kilometers of land that account for 43 per cent of Nigeria's total land area are severely affected by desertification. It is estimated that between 50 per cent and 75 per cent of Bauchi, Borno, Gombe, Jigawa, Kano, Katsina, Kebbi, Sokoto, Yobe, Adamawa and Zamfara states are affected by desertification. The same situation applies to erosion and flooding. Although it has been acknowledged that 'the erosion (in these parts) has reached crisis proportions' in the South East of the country, the government has also admitted that 'interventions in soil erosion and flood

control have been ad-hoc and haphazard coupled with inadequate funding'.

In the case of the Niger Delta, there is general agreement that the area has now become an ecological wasteland. Several major rivers are heavily polluted; farmlands are under acid rain and oil spills, and carbon dioxide emissions in the area are among the highest in the world. Gas flaring has raised temperatures and rendered large areas inhospitable, oil canals and pipelines crisscross the land making it impossible and dangerous to undertake economic activities on it. For example, it has been calculated that some 45.8 billion kilowatts of heat are discharged into the atmosphere of the Niger Delta from flaring 1.8 billion cubic feet of gas every day (Agbola and Olurin, 2003). It is conservatively estimated that between 1976 and 1996 a total of 2,369,470.40 barrels of crude oil was spilled into the rivers and lands of the Niger Delta. Indeed, following the problems in the Niger Delta, Nigeria has been adjudged to have "one of the worst environmental records in the world" (<http://rainforests.mongabay.com/20nigeria.htm>: 8-16-2006).

In the political realm, it is also generally acknowledged that the institutional framework has failed to promote democracy and good governance in Nigeria. Although the overall trajectory of Nigeria's political history has been characterised by violence, this characteristic has deepened in recent years with the ascendancy of politically motivated assassinations, state supported

violence against opposition parties, groups and individuals, and state authoritarianism. Elections have increasingly become a farce as the sovereignty of the people has been replaced by the fiat of political godfathers in and out of government. Thus in the general elections of 2003 and 2007, the ruling political elite in government executed a coup that involved the most massive electoral frauds and violence ever witnessed in Nigeria's political history. The massive electoral frauds and violence involved all major institutions charged with the administration of the electoral process in the country.

This review of institutional performance in Nigeria shows clearly that the recent institutional arrangements have failed to promote human development and democracy in Nigeria. Although Nigeria has many institutions that are designed to promote development and democracy in Nigeria, Nigerians today are among the poorest, the most diseased and the most poorly governed in the world. This situation has also led to a state of generalised anomie, to a sense of the 'ends justify the means' and desperation among the Nigerian people. Indeed, life has truly become nasty, brutish and short in Nigeria.

Explanatory Factors for Institutional Failure in Nigeria

A number of factors can be held to account for the failure of the 'institutional frameworks' that have been adopted for managing

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development and democracy in Nigeria in the recent period. These include weaknesses in the ideological framework within which institutional choices are made, faulty institutional design, external origins of the governing variables and values used in designing the institutions, the practical methods by which institutional arrangements are given effect, the contradictions between the economic and the political instances and corruption.

The Ideological Framework as Context for Institutional Choices

Institutional frameworks are not chosen in a vacuum; rather such choices are determined by the larger ideological framework that governs relations between different classes in society. Nigeria was designed to be a capitalist society. However, not all forms of capitalism are favourable to the operation of institutions. As we have seen, between 1960 and 1985, Nigeria adopted national planning as

a basis for managing national resources and development. After 1985, with the advent of SAP, the Nigerian state retreated from macro-economic planning in favour of the dictates of a resurging neo-liberal, free market ideology. From 1999 onwards, the Nigerian state adopted a full-blown neo-liberal market ideology as the basis for national development.

Neo-liberalism and its unregulated market forces undermine the effectiveness of institutions in a number of ways; first, by placing a lot of economic power in the hands of the already few powerful forces in society (economic power is subsequently realised as political power and used in defining the boundaries of institutions); second by circumscribing the scope of institutional operations (for example, through such strategies as privatisation and the idea of a private sector led development process, the institution of the state is defined in ways that limit its ability to intervene more effectively in the economy); thirdly by disempowering the popular masses (through poverty) whose needs, interests and energies should drive development. In essence a neo-liberal philosophy of resources management is a self-help philosophy of development that places the burden of development on the most vulnerable and marginalised segments of the society.

In the Nigerian context in particular and in other Third World contexts in general, experience has also shown that a neo-liberal strategy of development has several other major problems. One of these is that

it is disconnected from a historical understanding of the most important challenges in the local setting. A second problem is that it does not take into account the unwillingness of local ruling elites to forgo privileges that undermine the very freedoms that it is designed to promote (for example, while the state pursues privatisation of state enterprises, it holds on to a centralised land use legislation that denies land and property rights to citizens).

Faulty Institutional Design

It is very often the case that institutional frameworks are designed to be faulty from the start. As an example, consider the framework of rules and regulations enacted by the Nigerian state for the exploitation of the oil and gas resources in the Niger Delta by western transnational oil companies. This framework is known to be weak and open to flagrant abuse not only by the people in the Niger Delta, the Nigerian state, international observers but also the oil companies themselves. It has thus been argued that the express intent of the regulatory framework is to give the state and the oil companies unfettered control not only over the oil and gas resources but to ensure maximum extraction of surplus value at the least cost and without regards for the environmental and natural rights of the peoples of the Niger Delta. Indeed, it has been suggested that the general purpose of the framework of rules and regulations for oil and gas exploitation in the Niger Delta is to enable the Nigerian state

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and the oil companies to engage in forms of accounting that, while increasing corporate profits and individual fortunes, produce huge financial losses for the country and impoverish the mass of the people in the Niger Delta, in particular (Sagay, 2001:25; Iyayi, 2006; Ake, 2001). The former Managing Director of the IMF eloquently makes this point when he observes that, 'Such companies as ExxonMobil or Shell would find it uncomfortable to reveal how much profit is earned from developing countries, how much money accumulated in tax havens, how little money goes back to the country where the company is incorporated. When a major company does a business with a turnover of say \$100 billion and has to show where these profits were earned, and how little tax

was paid in those countries, I think it would be highly embarrassing. Even if the transactions have the aura of legality and are booked through tax havens, it would still be embarrassing'.

External Origins of the Governing Variables and Values

One major problem with the institutional frameworks adopted for managing national development in Nigeria has been that they have been externally driven. A classic case in this regard is the NEITI on which Nigeria has put much store in terms of being an internal initiative. To illustrate the point at stake, it is necessary to go to the framework of the international interests of capital within which energy questions are encountered and answered. This framework reveals that while the Nigerian government would like to pride itself as being the first Third World government to sign up for the Extractive Industries Transparency Initiative (EITI), the US government had already decided in line with its energy interests that Nigeria must become involved in that initiative. Testifying before the US Senate Foreign Relations Committee Subcommittee on International Economic Policy, Export and Trade Promotion on July, 15, 2004, Paul Simmons, the US Deputy Assistant Secretary for Energy revealed that Nigeria was one of the first four pilot Third World countries selected by the G8 countries to sign up for the initiative. The other countries were

Peru, Nicaragua and Georgia. According to Paul Simmons, the inclusion of Nigeria among the first four pilot countries was occasioned by the fact that:

“US energy policy seeks to encourage in countries around the world like-minded free market policies toward energy and investment, emphasising the expansion and diversification of energy supplies. A key component of our effort to diversify energy supplies is to support greater stability and security among existing supplies. West African energy suppliers have traditionally been quite reliable resources for the world market. Recent trends, however, have threatened the international reputation of some West African countries as reliable suppliers. When one-third of Nigeria’s oil production was shut in during March and April because of violence in the Niger Delta, oil markets were faced with an additional, unanticipated supply disruption in the wake of Venezuela oil strike and activities in Iraq. In response to these concerns, we have increased ongoing efforts to foster transparent, accountable governance in the political and economic systems of the region.”

Indeed Paul Simmons grounded his testimony in the previous positions of other high ranking US state officials such as Larson and McManus, who

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had admitted that the US approaches “international energy policy recognising that imports supply roughly half of our (US) energy needs. Some of our trading partners are even more dependent on oil imports. The reality is that a disruption (in oil supplies) anywhere affects all market participants’ (ERAction, 2004:19). This reality of dependence on oil had become evident after the Middle East oil crisis in 1974, but it was only in 2001, in a largely unipolar world, that the US government began to put together the framework for a new policy that would address that reality. The result in 2003 was the transparency compacts announced by the G8 countries in Evan, France for four Third World countries rich in oil and gas deposits. While the compacts stated their goal as that of ‘fighting corruption and improving transparency’, the EITI subset of the compacts limited itself to the

extractive, particularly, the oil industry.

For this reason, the US provided the initial financial and technical support for installing the programme in Nigeria as elsewhere. These facts indicate that, from the point of view of Western governments, the primary motive for the EITI Initiative is to guarantee the security and stability of the nation states involved in oil supplies to the US and other advanced neo-liberal economies. In this regard, transparency simply comes to function as the outer layer of an onion of interests whose inner core or strategic objective is guaranteeing security and stability in oil supplies to the US and its western allies. It is for this reason that the issues of justice and development which lie at the core of oil extraction activities are ignored by the NEITI in favour of accounting norms. For these reasons too, it is no surprise as the recent UNDP report on the Niger Delta revealed, that the area should be characterised by mass poverty, worsening health statistics and social conflicts.

This same analysis of an externally driven NEITI can be applied to other ‘homegrown’ economic management strategies such as the NEEDS. The important issue in all these cases is that an institutional framework whose governing variables are provided by and serve the needs of external interests cannot meet the real development challenges of the Nigerian setting. While this has been the situation in Nigeria since the Babangida programme of reforms in 1985, the presence of external

interests in the design and operation of our institutional framework has dramatically increased since 1999 with the advent of the Obasanjo regime.

The Practical Methods by which Institutional Arrangements are Given Effect

It is today recognised that the activities of such institutions as the EFCC and ICPC are shrouded in controversy not because the goal of reducing corruption is controversial but because of the specific manner in which the institutions are conducting their operations. Accusations of bias against institutions indicate that the rules and regulations that the institutions were designed to promote are being selectively applied. Such accusations also indicate that the software of the institutions will not receive the support of members of society who perceive the framework as serving parochial rather than the common interest. To this extent areas of life that the framework seeks to legislate upon will be that much open to different interpretations and hence modes of conduct. Consider the following cases:

- Chairman of ICPC, Justice Emmanuel Ayoola recently lamented the fact that 24 governors against whom his Commission received allegations of corruption may go scot-free because the Chief Justice of Nigeria cannot investigate the

claims 'due to lack of funds.'

- In 2005 Code of Conduct Bureau (CCB) complained that it could not perform its statutory job because of certain constitutional constraints. Section 3(c) of the third schedule of the 1999 constitution authorised the CCB to make public officers' asset declaration forms available for inspection by citizens on terms and conditions to be prescribed by the National Assembly (NASS). As at today, August 2006, the NASS is yet to make any law to that effect. Thus members of the public who wanted access to the asset declaration form of Alhaji Audu, former Governor of Kogi State, who was accused of buying houses abroad while in office, could not do so. As the Punch Editorial of June 26, 2006: 16 rightly asks, 'Of what use are asset forms that are hidden from the public?'
- In 2002, Vincent Eze, then Acting Auditor General of the Federation released an audit report that indicted all arms of government, ministers, agencies and parastatals of sloppy records and corrupt financial practices. Instead of commendations, Eze was openly reprimanded and retired prematurely.
- In 2005, Obasanjo aborted the reading of the first ever independent audit report on the oil and gas sector ordered by the NEITI. The audit revealed embarrassing financial irregularities in the oil sector.

- The constitution grants immunity to those categories of public office holders who are in the strongest position to steal public funds.

The Contradictions between the Economic and the Political Institutions

Every economic strategy is framed within the context of political interests. Therefore, institutional frameworks for resources management bear the bold imprint of existing cleavages in the political life of society. Indeed, as Ake (2001: 1-6) has pointed out, both the failure of development and the failure to put development on the agenda in Africa are largely attributable to negative political conditions. In Nigeria, several negative political conditions undermine the effectiveness of all types of development and resource management institutions. These include the very character of the ruling class, the fragility of the Nigerian state, and the problem of the paradox of legitimacy of the state in general and of government in particular. These problems have meant that established institutional frameworks have been characterised from within by personal or group agendas, politics, partial and clouded visions, bitter conflicts and lack of commitment to their success.

Corruption

Corruption has been held to be the single most important cause of the failure of institutions and institutional frameworks for resources

management in Nigeria. As Adedeji (2005:31) noted at the 11th Nigerian Economic Summit, "where corruption is prevalent in a country, it can be traced to the institutions because institutional capacity affects the overall setting for national development and when institutional capacity is high, it impacts positively on development". Thus, "if institutions are untainted by corruption, the rate of development would accelerate" (NESG, 2005: 31).

Former US Ambassador to Nigeria, Lyman (2002) has observed that, "Nigeria reels from one of the worst economic declines in the world ... corruption has robbed the country blind". Over the years Transparency International has also consistently ranked Nigeria among the top five most corrupt countries in the world. Over the period, Nigeria has earned huge incomes from the exploitation of its various resources. The fact that these incomes have not translated into human development and have instead produced poverty for the majority of Nigerians can be attributed to the phenomenon of corruption. For example, the allocations to the various levels of governance between 1999 and 2005 totaled N11 trillion. Revenues accruing to the state from all sources for the same period are estimated to be over N20 trillion. Indeed, over the 1970 - 2005 periods, it is estimated that Nigeria earned over US \$300 billion from oil revenues alone. However, these huge national resources have not led to development because of horrendous, large scale and pervasive corruption at the various levels of governance

institutions.

In a recent interview in an edition of *The Africa Report*, the former Managing Director of the International Monetary Fund (IMF), Mr. Raymond Baker, has also revealed that, "A realistic estimate of money stolen in Nigeria and deposited in foreign banks would be \$50 to \$100 billion. It is much more difficult to estimate how much was taken out through smuggling commodities and drugs. Over the last 30 years, Nigeria has probably been the biggest exporter of illegal capital out of Africa."

To appreciate the impact of corruption upon institutional design and performance, there is need to understand the dynamic of corruption in Nigeria. In an earlier work (Iyayi, 1986; 1989), we have argued that the phenomenon of corruption represents the most important means adopted by an emergent ruling African political class for the primitive accumulation of capital. The logic of the primitive accumulation of capital is immanent in capitalist production relations; however, in the context of underdeveloped capitalist societies, it assumes a special character. This special character derives from the fact that in these societies during the colonial period, the coloniser exercised both political and economic power. The attainment of independence in these contexts occurs against a background in which the coloniser cedes formal political power to the colonised, while retaining absolute control over the economic means necessary for members of the emergent ruling class of the colonised to actualise

themselves, not only as the ruling political class but also as the ruling economic class in the situation.

Efforts by the emergent class of indigenous capitalists to redress the problem through productive activity fail because of the regime of standards established by the coloniser and which members of the emergent ruling class cannot meet. In the Nigerian situation, the methods adopted in the early period (1960 – 1985) included Nigerianisation, indigenisation and commercialisation. From around 1985 onwards, the methods came to include privatisation. All these methods failed, however, because they were premised on an initial practice and hence status, which required that members of the emergent ruling class have at their disposal the collateral needed to obtain loans to enable them to compete with outsiders for control over the most lucrative sectors of the economy. This problem, which we have described as that of the proletarianisation of the emergent ruling class (Iyayi, 1983), increasingly alienated members of the emergent indigenous ruling political class from control of the economy. Increasingly, it became one whose resolution was seen as the defining process for the emergence of an indigenous ruling class in the true sense of the word in the Nigerian situation.

To resolve this dilemma, the emergent ruling class increasingly turned to public office as the most important source 'for private enrichment'; in other words, to

corruption. Hence, over the period, corruption became and has remained the principal method for the primitive accumulation of capital in the Nigerian neo-colony. Since holding public office also became the most important and generous source of private enrichment, the contest for state power and hence occupation of public office became a matter of life and death for members of the emergent ruling class. The fractious nature of the ruling class occasioned by divisions along ethnic, religious and other lines merely added to the fierceness of the contest for state power. Under these circumstances, neither the institutions nor the values of governance could be established.

This explanation for corruption and its significance in the development of the ruling class has obvious significance for understanding the ineffectiveness of any institutional framework for resources management in Nigeria. Granted the fact that state resources provide the most ready sources for the primitive accumulation of capital, and that control of the state provides access to state resources, institutional frameworks come to be designed to be formal expressions of some intent that can and will not be substantively realised.

Strengthening Institutional Frameworks

A number of suggestions have been made about how to redesign institutions in order to promote democracy and development in Nigeria. The NEEDS document, for

'A strategy of development that focuses upon the economic and that does not address the murky waters in Nigerian politics cannot lead to development. It may speak about development but it would be one that was designed to fail.'

example, seeks to anchor Nigeria's development on four key strategies that include reforming government and institutions, growing the private sector, implementing a social charter and value re-orientation. However, the NEEDS document is seriously flawed because it takes as unproblematic the neo-liberal foundations on which it rests. The neo-liberal foundations are clear not only on the variables and values that must govern development but also on the role that individual countries must play within the global capitalist neo-liberal economy.

The document also takes as unproblematic the nature of Nigeria's ruling class. The key features and characteristics of members of the dominant coalition in particular and of the ruling class in general have been discussed elsewhere and include: lack of a sense of history; lack of creativity; laziness, dependence, hedonism and pleasure seeking, crudity, authoritarianism,

opportunism, sadism and even masochism. An anti-institutional framework such as that embedded in neo-liberalism that provides veritable grounds for the flowering of these features cannot deliver on the promises that it makes for the simple reason that these values are the recipe for chaos in any society. A third and certainly not the last problem with the NEEDS framework is that it is totally disconnected from the politics of the economy. Development is an all-rounded process that includes the economic, the political and the social for the very reason that each of these takes off from and impacts upon the other. Paraphrasing what we have noted elsewhere (Iyayi, 2005), 'A strategy of development that focuses upon the economic and that does not address the murky waters in Nigerian politics cannot lead to development. It may speak about development but it would be one that was designed to fail.'

In reviewing the East Asian economic miracle, the World Bank in 1993 maintained that the miracle was made possible because there 'was a de facto social compact made among the elites and between the elites and the people. First, leaders had to convince economic elites to support pro-growth policies. Then they had to persuade the elites to share the benefits of growth with the middle class and the poor, the leaders had to show them that they would indeed benefit from future growth' (Ake, 2001:156). This social compact was constructed on the canvass of a number of values to which the East Asian elites collectively subscribed. These included accountability,

transparency, the rule of law and negotiated consensus. The new context of the social compact and the supporting value system constituted a radical departure from the old East Asian society. Something of a radical departure is also required in Nigeria today for the success of any institutional framework that seeks to promote development and democracy in Nigeria.

We suggest that such a departure will have to be grounded upon the following elements and the important institutional transformations that they imply:

- The adoption of a people-centred approach to resources management and development; in effect the adoption of an approach to development that recognises that the goal of development is to 'create a global humane society based on human values and social welfare' (Kanyenze, G., Kondo, T. and Martens, J., 2005:3) and in which the people as owners and beneficiaries of the development process are the prime movers of the process;
- The redesign of the Nigerian state to play a key role in resources development and allocation; in effect a Nigerian state that is ethical, accountable, responsible, development-oriented and genuinely committed to maintaining the independence and autonomy of the country against the designs, interests and interventions of imperialism and its institutions;
- The creation or emergence of a new political class whose defining

values and mindsets support both democracy and development in Nigeria;

- The creation or emergence of a private sector that is truly Nigerian, whose members are creative, disciplined and whose capital accumulation strategies and methods derive from productive investment and savings rather than from the massive looting of state funds;
- The creation of politics and political practices that are values-driven and therefore truly competitive; that enable the separation between interest groups and their political platforms on the basis of their ideologies and programmes of transforming society;
- The criminalisation of corruption in the true sense of the word;
- The rejection of neo-liberalism and the recognition as well as acceptance of the fact that neo-liberal 'capital-led globalisation is at the roots of the crisis in Africa, (and that) its alternative is not only necessary but now also timely, because capital-led globalisation is coming to the last few decades of the end of its history' (Kanyenze, G., Kondo, T. and Martens, J., 2005:2-3).
- The design of institutions on the basis of inclusiveness. Institutions cannot be designed in the absence of interests and politics; for this same reason, the stability of institutions requires that all interests must be represented or that these interests must be taken account of and accounted for in the

design of institutions.

Conclusions

Institutional failure lies at the heart of the problems of development and democracy in Nigeria. The major factors responsible for the failure of institutions include faulty institutional design, weaknesses in the ideological framework within which institutional choices are made, external origins of the governing variables and values used in designing the institutions, the practical methods by which institutional arrangements are given effect, the contradictions between the economic and the political institutions, and corruption. To ensure an institutional environment that supports democracy and development, there is need to address these factors within a broader ideological framework that recognises and provides support for the idea that the state, rather than the private sector, must lead development efforts. Thus there is need to reject the neo-liberal ideology of development. In the end, all institutions are human creations and therefore cannot be insulated from the expression of these interests in both their design and practical operation. The major implication of this is to point not just to the relevance but more especially to the character of politics in shaping the design and performance of institutions. The challenge of this implication is that it suggests the need for a kind of politics in Nigeria that is constructed on the foundation of a social compact along the lines that made the East Asian 'miracle' possible. ■

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