

The political economy of Nigeria's relentless conflict

E. Wayne Nafziger

Despite its petroleum wealth, the second-highest GNP in sub-Saharan Africa, and seeming potential for growth, Nigeria has been continually mired in political conflict, repression, and violence since independence in 1960. The country is the eighth-leading petroleum exporter (and fourth-ranking exporter to the United States) and has the tenth-greatest oil reserves. Next to South Africa, Nigeria has the highest 2008 GNP—USD177.4 million—in sub-Saharan Africa (and sixth-highest in Africa). Nigeria, with 151 million people and 15 percent of Africa's population, was Africa's most populated country in 2008.¹

From 1983 to 2007, Nigeria was a lower-middle-income country with negative GNP (and GDP) per capita growth during the period of military repression, 1983-1999 (see Figure 1). Still Nigeria's 2008 GNP per capita, USD1,170, was slightly above average among sub-Saharan African countries. However, sub-Saharan Africa GDP per capita, the lowest among world regions, was about one-half that of South Asia and about one-sixth of East Asian developing countries. Overall Nigeria's 2008 GNP per capita ranked 98th among the 142 countries (in the 31st percentile) listed by the World Bank.

Nigeria has had a federal military government for 29 of its first 49 years. Moreover, the fourth republic, since May 1999, has seen limited improvement in political freedom and order. The Economist Intelligence Unit (2007) estimated that more than 50,000 people were killed in communal violence since 1999.² Federal security forces have clashed with militias and criminal gangs from the Niger Delta over petroleum, while deaths from Christian-Muslim conflicts in northern Nigeria have killed tens of thousands of people since 2001. In 2007, armed rebellion and fighting in the Delta contributed to lost oil production of between 750,000 to 975,000 barrels per day (bpd) or 33 percent of capacity, while loss from organized theft was between 20,000 to 40,000 bpd. Moreover, "more oil is spilled from the Delta's network of terminals, pipes, pumping stations and oil platforms every year than [was lost in April-May 2010] in the Gulf of Mexico, the site of a major ecological catastrophe caused by oil that ... poured from a leak triggered by the explosion that wrecked BP's Deepwater Horizon rig."³

The 2007 elections included political assassinations, massive electoral fraud, incomplete voter registration, police arrest, intimidation, disqualification of opponents, a lack of secret ballots in some polling stations, and the announcement of results where no elections were held. Nigeria has not yet had a peaceful democratic transition from one head of state or government to another.

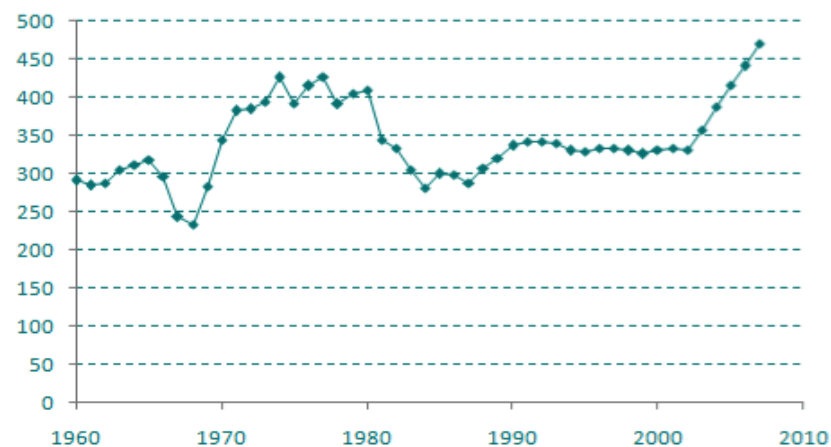


Figure 1: Nigerian per capita GDP in 2000 USD (1960-2007).
Source: World Bank (2007); EIU (2008).

The elevation of Vice-President Goodluck Ebele Jonathan, a Southerner, to the presidency on the death of Nigeria's President Umaru Yar'Adua, a Northerner, in 2010, near the beginning of his expected two terms totaling eight years, forebodes a likely conflict between North and South concerning succession during the 2011 election.

Ethnic divisions and the military

As so often in Africa, the roots of conflict can be found in a country's colonial legacy. British piecemeal penetration of Nigeria contributed to unevenness in social change and modernization among various regions and communities. Several Niger Delta and other coastal regions in the South had centuries of economic contact with the West before British administration was formally established in 1900, and northern and southern Nigeria were never effectively united throughout the decades before independence in 1960. Under colonial rule, British governor-generals established "indirect rule" in the North, where compliant Fulani emirs assumed tax collection and day-to-day administrative responsibility, while eliminating both internal and external opposition and hindering the development of nationalism and a strong indigenous bourgeoisie. In contrast, the coastal regions of southern Nigeria had more experience in parliamentary government, a greater political consciousness, higher literacy, and more developed industrial capitalist institutions than the North.

While ethnic ("tribal") identity was weak among Nigerians during early colonialism, the struggle for modernization's benefits strengthened ethnic nationalism around the mid-twentieth century. After 1948, Yoruba nationalism increased in

response to Igbo nationalist leadership, and Fulani-Hausa nationalism in response to potential southern supremacy. The elite accentuated identification with traditional cultural entities, sentiments used to transfer hostility from class to other ethnic communities.

The Nigerian elites, after consultation by the British in 1949, have continually clashed over economic benefits. Although English is an official language, there are more than 200 languages corresponding roughly to ethnic communities. The British rulers, during the terminal colonial period, 1948-1960, when southern elites were impatient for independence, established a tripartite regional structure that enabled Fulani traditional rulers to maintain suzerainty in the north. The colonial power supported a 1958 constitutional conference which gave the Fulani traditional aristocracy dominance in the Northern Region, whose boundaries made possible its majority representation in Nigeria's federation. The three largest communities—Fulani-Hausa, Igbo, and Yoruba—dominated the politics of the three regions (northern, eastern, and western, respectively), each comprising about four-fifths of the respective regional population. The three largest communities were rivals in the federal and economic power struggles during the terminal colonial period and are still the leading communities in Nigeria, despite its expansion to 36 states in 1996.

Northern political power and regional interests

Because of a lack of per capita growth, regional efforts to protect economic interests were not a positive-sum game and the North's political dominance threatened Yoruba and Igbo interests. The North was adept in protecting the regional interest of its Fulani elites during most of Nigeria's sixty years or so: through having independence postponed until attaining a parliamentary majority, using election fraud in 1964-65 and in 2007, resisting censuses showing a northern minority, countering the threat of a unitary civil service in 1966, preventing secession beyond the East in 1967, creating new eastern states in 1967, being on the winning side in the civil war, being prominent in the Second Republic (1979-83), having a northern military head of state in 1966-1976 and 1983-1999, and aborting a 1993 non-northern election victory. The South (initially the eastern and western regions) was not able to use political levers to attain regional economic security and capture massive economic rents for their elites.

Northernization involved regional preferences for northerners when they were available but relying on foreigners to hold positions until northerners were ready. From 1960 to 1966, the northern ruling group could control some Middle Belt communities through economic sanctions, political reprisals, and military and police coercion, and, after 1962, positive inducements such as northernization of the regional civil service and regional quotas for the armed forces. This benefitted the relatively well-educated Middle Belt youth.

Since the early 1950s, the North's traditional aristocracy, politicians, and officials felt vulnerable with any head of government unwilling to protect northern employment and way of life. Without a head from the North or allied with northern interests (as with the Yoruba president Olusegun Obasanjo in 1976-1979 and 1999-2007), the North feared a threat to northernization and representation in the federal civil service, parliament, and armed forces.

An early threat did occur, from 1949 to 1953, with the northern ruling elite opposed to independence when southerners were dominant. British support of northern resistance, together with southern impatience, led to a 1958 agreement to leave the North intact with a federal majority. East, West, and minority-area based parties supported the agreement, reluctant to oppose self-rule. (Despite Nigerian population censuses in 1952/53, 1962/63, 1973, 1991, and 2006, regional representation has been frozen at 1962-63 proportions largely because initial census numbers threatened a northern majority.) But the Fulani quest to maintain the power of its emirs and of the Native Authority local government resulting in the requirement of northern federal supremacy threatened the elites in other regions. The alarm by the Northern Peoples' Congress (NPC), the instrument of the emirate system, about the 1963 census that initially showed a southern majority inspired a recount that gave the North a majority that approximated the 1952/53 census. "The 1962-63 census crisis provided ... evidence of the ability and determination of the North to go to any lengths to maintain its population majority and the political power that it conferred."⁴ Despite eastern protests, the western-based Nigerian National Democratic Party (NNDP) supported its northern ally in the federal parliament, the 1963 figures were accepted, and a challenge to northern supremacy was averted. The southern-led opposition, which started the 1964 federal election with confidence, lost virtually the entire North to the NPC and most of the West to the NNDP before balloting took place, because its supporters were left off voters' lists, its leaders' speeches were frequently forbidden and obstructed, its candidates and spokespersons were violently harassed, and some were arrested while making nominations.

Within a month of the 1964 election, supporters of the southern-based party alliance responded to the election fraud (and the political manipulation of cocoa marketing board prices in the West) by spontaneous riots, ambushes, arson, and armed rebellion against the western regional government. By December 1965, the West was near anarchy.⁵ The 15 January 1966 intervention into politics, in which Prime Minister Abubakar Tafewa Balewa and several prominent politicians and army officers were killed, culminated in Major General J.T. Aguiyi-Ironsi becoming head of state. Many interpreted this coup as an attempt to ensure the security of the South, especially

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Igbos, by removing the North's firm hold on the federal government. The communal competition for economic shares had been transmitted to the army and politicized its officers. The positions of the conspirators were endangered by regional balance for officers and regional quotas, which favored the North. Additionally, some southern soldiers resented the army's role in the 1962 western party struggle, the 1964 Tiv (Middle Belt community) riots, and the 1964/65 election crisis.

Amid a fear of Igbo hegemony, the Ironsi government decreed a unitary federal administration. Civil service unification, together with the repudiation of northernisation by the northern military governor, aroused northern anxieties about losing jobs. Northern university students, joined by the unemployed, daily-paid laborers, petty traders and contractors, who were symbiotically linked to leading northern politicians, spearheaded the 29-30 May 1966 riots in which hundreds of Igbos in the North were killed and their property destroyed. Moreover, the new regime had antagonized potential allies such as Middle Belt soldiers and bureaucrats who gained from northernization, and westerners.

General Ironsi and Igbo officers were killed, 28-29 July 1966, in a counter-coup launched amid rumors of an Igbo plan to annihilate key northerners. Lieutenant Colonel Yakubu Gowon, a Middle Belt Angas and the only officer receiving the support of rebelling Middle Belt troops and federal civil servants, became head of state. Gowon, in his broadcast to the nation, on 1 August, was dissuaded from northern secession by high-ranking civil servants and judges and British and U.S. emissaries, and announced a return to a federal structure. Nigeria still depended heavily on Britain and the West for military supplies and training, trade, aid, and capital flows.

The rift between the eastern and federal governments began after the July 1966 coup. On 27 May 1967, Lieutenant Colonel Odumegwu Ojukwu, military governor of the East, declared the region the independent Republic of Biafra. The West, by refusing to secede, provided the North a crucial ally. Gowon's replacement, Lieutenant Colonel Murtala Mohammed, a Hausa, strengthened further the power of the federal government. After Mohammed's assassination, General Obasanjo, as head of state, initiated a transition to civilian rule, handing power to the newly elected President Shehu Shagari, a Fulani, who received strong support from northerners and southern minorities. Declines in petroleum revenues and GDP in the years 1981 to 1983, accusation of ethical lapses, and 1983 electoral fraud contributed to public relief upon his overthrow 31 December 1983, after which Mohammed Buhari, a Fulani, became head of state.

Just before the 1967-1970 civil war and after two 1966 coups d'états, a leading Nigerian political scientist observed: "With political power shifting to the Centre, the real levers of power are actually to be found in the North. Federal super-ordination ... has in practice turned out to be Northern dominance," which continued through 2009.⁶

Muslims and Christians generally had lived in peace among the Yorubas and the Middle Belt. Religious identity became an issue contributing to violence during the

1979 constitutional debates for the second republic. Twelve states introduced sharia, which contributed to Middle Belt Muslim-Christian conflicts.

King petroleum

Regional economic animosities ran rampant in the early to mid-1960s. As early as 1965, eastern secessionist threats were linked to petroleum. Alhaji Yahaya Gusau, subsequently federal commissioner for economic development, stated: "The root cause of the present civil war is really an economic one ... I am convinced that if there were no petroleum discovered in large quantities in parts of the former Eastern Region, the secessionist leaders would not have tried to break up Nigeria."⁷

The dominant prewar structural change was petroleum's increasing share of GDP. Crude oil output grew 78 percent a year from 5,000 bpd in 1958 to 415,000 bpd in 1966. By then Nigeria's annual exports (USD258 million), two-thirds in the East, ranked thirteenth in the world from that region alone. Petroleum, 33.1 percent of exports in 1966, made a N21.7 million surplus contribution to the balance of payments to counter a N27.1 million deficit in other sectors (total merchandise exports were N140 million). When viewed in 1967, the oil sector promised to be even more important in the future. Economist Scott Pearson's projections indicated that the balance of payments impact of oil in 1973 would be N111 million in an independent Biafra and N111 million in Nigeria, each more than double the figure for the entire federation in 1966.⁸

Biafran separation became inevitable with the creation of 12 states in May 1967, which undercut the regional hegemony of the ruling Igbos, who would have been left with control of the landlocked East-Central State, with only 6 percent of Nigeria's oil output in April 1967 and without the East's major industrial city, Port Harcourt, and Nigeria's only oil refinery. Because Biafra's potential gain by and large constituted a loss for the federation, the latter took measures to quash the rebels. Most oil was controlled by minorities, who had faced Igbo discrimination.

A major source of interregional contention in Nigeria was the formula for allocating oil revenue. The East was dissatisfied that, after 1959, only a fraction of the revenue from crude petroleum (that is, none of the profits tax and only one-half of the rents and royalties) was received by the region of production in contrast to all the revenue from agricultural exports. Before 1959, all the export revenues from mineral and agricultural products had been retained by the producing region. If all the petroleum revenue of 1967 had been retained by the producing region, it would have been equal to 59 percent of its approved estimates for current revenue. The East's discontent reached a peak in early 1967 when its Ministry of Information charged that the region had been contributing more to the central treasury than it was receiving and had benefitted least from the siting of federal investment projects in the previous decades.

Since 1973, revenue from petroleum has comprised at least 90 percent of both

foreign exchange earnings and domestic revenue for states. Moreover, as the federal government expanded the number of states, the conflict for benefits from petroleum, more than 90 percent of which is produced in the nine states of the Niger Delta (Akwa Ibom, Abia, Bayelso, Cross River, Delta, Edo, Imo, Ondo, and Rivers), remains the epicenter of Nigeria's deadly political violence. The clash is between the federal government-owned Nigerian National Petroleum Corporation and its multinational partners Shell and Chevron, with Igbo and Delta minorities Ijaw, Ibibio, Itsekin, Ogoni, Urhobo, Ekoi, Efik, Eburutu, Annang, Oron, and Kalabari.

The sources of conflict in Nigeria include its ruling coalitions facing pressure from economic stagnation and the high-stakes rent seeking for the control of oil. Delta grievances derive from the lack of community control and land rights, the little revenue for petroleum's producing region (less than 10 percent of the revenue distributed to states), and the environmental degradation and other diseconomies borne by oil-bearing regions. Grievances also come from the lack of democratic accountability, high inequality, and Delta poverty that, while lower than in Nigeria generally, is enough to trigger relative deprivation, the perception of social injustices from discrepancies between expectations and actuality.⁹

Per capita gross product stagnation and decline

As indicated, Nigeria ranks in the bottom third among countries listed by the World Bank. Intrastate conflict is more likely in poorer countries with slow growth.¹⁰ For the time period 1962 to 2001, Nigeria's real five-year moving average GDP per capita, measured in USD, grew only 0.32 percent per year. Nigeria's fall in GDP per capita, 1983 to 1998, was 0.63 percent yearly; and its 1998 average income, after 15 years of military rule, was 85 percent of what it was in 1983 (see Figure 1). Nigeria experienced steady growth from 1960 to the late 1970s except for the 1967-70 civil war. Yearly GDP per capita growth, 1969-1977, was 2.2 percent. Nigeria's international balance of payments surplus increased from N197.6 million to N3,056.8 million, 1973-1974. The Third National Plan, 1975-80, stated "there will be no savings and foreign exchange constraints," not anticipating the growth deceleration of the late 1970s and the per capita income decline during most of the 1980s. The balance of payments never attained its 1974 level again in the 1970s, as consumer imports increased and oil demand grew slowly. The euphoria that led to head of state Yakubu Gowon (1975) declaring that "finance was not a problem to Nigeria" was short-lived, as petroleum export revenue decelerated (see Figure 2).

The government of Brigadier General Murtala Mohammed, Gowon's 1975 successor, announced army reductions more than 50 percent to 100,000 soldiers. Weakened morale and career uncertainty contributed to unrest in which northern Middle Belt middle-ranking officers assassinated Mohammed in 1976. During the war, economic strength shifted from merchants, medium-sized industrialists, and regional interests to federal interests—military, bureaucratic, and quasi-state officials.

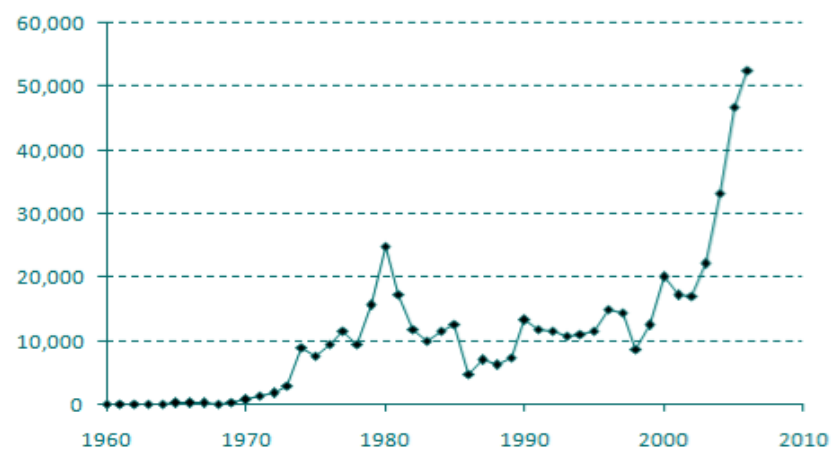


Figure 2: Value of Nigerian petroleum exports (USD, mn), 1960-2006.
Source: OPEC (2006).

Fiscally, federal Nigeria was unitary, thereby weakening regional and local power.

After 1976, the centralization of revenues and rapid income decline changed the game to a high-stakes contest, a negative-sum game, to capture the presidency, a contest that the North and its allies almost always won. After 1973, petroleum comprised more than 90 percent of Nigeria's export revenues. From 1974 to 1980, amid an oil export boom, Nigeria's lowest GDP per capita exceeded any subsequent year to 2000!

Nigeria's 1980s' fall in average GDP resulted from declining net commodity and income terms of trade, placing an intolerable burden on President Shagari's reelected government: it was overthrown in 1983. Furthermore, Nigeria's negative net transfer of resources, 12.5 percent of exports, 1984-86, from debt servicing and falling terms of trade, approximated the war-reparations transfer burden borne by Germany, 1925-32. In 1985, the Buhari military government was overthrown by Middle Belt Major-General Ibrahim Babangida. Declines in living standards put pressure on authoritarian military regimes. Much deadly political violence took the form of state repression of dissent.

Rent seeking

Rent seeking, unproductive activity to obtain private benefits from public action and resources, can become more lethal during a period of negative real per capita growth, characteristic of Nigeria from 1974-1980 and from 1983-2005, periods that encompassed both military (1983-1999) and civilian rule (1999-2005) (see Figure 1). Governing elites, police, and armed forces, and not just insurgents, are at the root of

many conflicts and humanitarian crises.¹¹ Slow (or negative) growth that aggravates relative deprivation puts pressure on ruling elites, who can expand rent-seeking opportunities for an existing coalition, contributing to further economic stagnation that threatens regime legitimacy and increases the probability of regime turnover. Or they can reduce the allies and clients they support with largess, risking opposition by losers. To forestall threats to the regime, political and military elites may suppress discontent or capture a greater share of the shrinking surplus.¹²

These repressive policies may entail the center's violence against politically disobedient groups, rampant during a long period of military rule, 1983-1999, or during civilian rule. Nuhu Ribadu, Nigeria's chief corruption fighter, 2006, estimates that "more than \$380 billion has either been stolen or wasted by Nigerian governments since independence in 1960."¹³ In 1994, Nigeria's military government and allies expropriated "more than a thousand million dollars annually—equalling as much as 15 per cent of recorded government revenues—flow[ing] to smuggling networks and confidence teams, many of whom operated with connivance of top elites."¹⁴

Political violence even increased during civilian government, as in western Nigeria in 1964, when the Action Group (AG) tried to put together a progressive coalition from all regions, or in post-1990 Niger Delta state, when ethnic militias and protesting locals tried to increase their oil-revenue share. While some casualties are from election violence in 2007 or ethnic and sectarian conflict in states outside Delta, a substantial number of deaths are from the clashes over petroleum of federal security forces with Delta militias, criminal gangs, and civilians or among Delta groups. The kidnapping of petroleum personnel by militias or criminal gangs has been widespread. Most lost oil production from theft, hijacking, sabotage, and kidnapping can be attributed to armed militia groups or other alienated Delta groups who want regional autonomy. Hundreds have been killed through fighting between Delta dissidents and the federal government or its attack on locals. Since early 2006, the Movement for the Emancipation of the Nigerian Delta (MEND), a guerrilla group trying to be an umbrella group for Niger Delta militias, has been the source of many attacks and kidnappings. Militia members, primarily discontented youth, are increasingly sophisticated, massively disrupting production with attacks on pipelines, pumping stations, and oil platforms. MEND has been involved in intermittent fighting with federal police and armed forces.

Income distribution

Large income inequality exacerbates the vulnerability of populations to political conflict. In Nigeria, as in poor countries generally, income inequality, by fueling social discontent and relative deprivation, increases deaths from conflict.¹⁵ Nigeria's Bureau of Statistics reported poverty rates and Gini coefficients (an income concentration measure) for 36 states, six regional zones, and nationally, 2005-07.

Poverty was measured, using a multidimensional concept of poverty, including nutrition, income, assets, education, and health, providing a detailed poverty mapping that indicates potential sources for relative deprivation. At 0.49, Nigeria's Gini coefficient is the 27th-highest of 127 countries in 2005. It is high in the discontented regions of the Niger Delta and the highly urbanized southwest.¹⁶ Moreover, during military rule, when a few men at the center made huge gains from rent seeking, poverty rates increased continually over time and nationwide. Virtually all zones were deprived relative to previous periods, raising the potential for social discontent and political violence. Even under repressive military rule, discontent boiled to the surface, culminating in huge deprivation deficits in 1999. Moreover, the average northerner was deprived relative to southerners. All this occurred amid a falling level of living during military rule. This negative-sum game to win control of the center's oil revenues contributed to increased conflict between northern Christians and Muslims, among ethnic groups, between majority and minority groups, and between state natives and "settlers." High income concentration increases relative deprivation through the demonstration of consumption levels of the relatively well off. The risk of conflict increases with surges of income disparities by class and community. Class and communal economic differences often overlap, exacerbating grievances and potential strife.

Conclusion

What are the economic causes of Nigeria's chronic political conflict and repression? The failed expectations of Nigerians from slow or negative per capita growth put pressure on Nigeria's ruling elites. A zero-sum game means that rulers can no longer expand rent seeking opportunities for members of the ruling coalition without losing support from other allies or clients, thus increasing potential instability. Governing Nigeria becomes even more difficult as economic regress has contributed to increased poverty amid large income discrepancies.

Elites, especially in the North, focusing on regime survival and wealth accumulation, feel compelled to expand rent seeking opportunities that can trigger a vicious circle of stagnation and deadly violence. Moreover, regime survival means choosing personnel for their political support and clientage rather than their consistent and knowledgeable economic policy advice. "The problem is not so much that development has failed as that it was never really on [Nigeria's] agenda in the first place ... Leaders were in no position to pursue development; they were too engrossed in the struggle for survival,"¹⁷ a political struggle that the populous but backward-looking North won and the more innovative South and oil delta states lost.

Since the colonial period, regional and ethnic communities have feared domination by other communities. Amid this concern, regions have competed for employment, revenues, and licenses, distributing economic benefits by ethnicity and clientalism. Since the 1960s and 1970s, with the expansion of crude petroleum and centralization

of its revenues, controlling the federal government has become a dangerous high-stakes contest.

A long period of military rule, from 1983 to 1999, has contributed to Nigeria's political decay. Nigeria lacks the economic institutions and governance structures, such as efficient administration and legislation, enforcement of contracts and property rights, and efficient and nonpartisan civil service. Nigeria will need transparent and able leadership to replace the vicious circle of stagnation, conflict, and further slow growth with a virtuous circle based on economic reform to spur faster growth and more equitable income distribution to eliminate the ruling elites' zero-sum games.

In 1976, General Olusegun Obasanjo, responding to political unrest and an overheated economy, pointed out that petroleum revenue was not a cure-all. "Though this country has great potential she is not yet a rich nation ... Our revenues from oil are not enough to satisfy the yearnings, aspirations and genuine needs of our people, development and social services."¹⁸

Some would use this view to contend paradoxically that petroleum-abundant countries face a "resource curse" from altered incentives, raised expectations, and distorted and destabilized nonoil output, especially in agriculture, contributing to slower growth than nonoil countries. I reject the notion of a curse, contending that Nigeria, while underperforming, especially during 1983-2000, is still a lower-middle income country and largely as a result of its abundant petroleum, wealthier than most sub-Saharan African countries. Thus, we need to examine other problems beyond the "mineral curse."

In Nigeria, as in many other Afro-Asian developing countries, the major factors associated with conflict and repression are slow economic growth and low average income, large income inequalities (by income class and community), the prominence of the military (its highly political role and the high ratio of military expenditure to GNP), conflict over mineral exports, and predatory and authoritarian rule. Both economic stagnation and large income inequalities affect relative deprivation, a perception of social injustice from a discrepancy between conditions expected and procured. This deprivation spurs social discontent, which provides motivation for collective violence. Additionally, to forestall threats to the regime, political and military elites frequently use repression to suppress discontent or increase their share of the shrinking surplus. All in all, the Nigerian case indicates that poverty, inequality, and a perception of relative deprivation by a large portion of the population are major factors giving rise to grievances that contribute to conflict and state violence.

Ironically, although World Bank researchers do not identify inequality or its associated grievance as contributing to war, World Bank policy makers assume the importance of reducing inequality (and poverty) to achieve peace. World Bank President James Wolfensohn asserted that "If you cannot deal with the question of poverty, if you cannot deal with the issue of equity, then you are not dealing with the question of peace."¹⁹

Given the contribution of low average income, slow economic growth, and high

income inequality to conflict and repression, poor sub-Saharan countries, with the support of the international community,²⁰ must strengthen and restructure the political economy of economically stagnant and inegalitarian countries. The major changes developing country governments need to make are economic and political institutional changes—the development of a legal system, enhanced financial institutions, greater investment in basic education and other forms of social capital, well-functioning resource and exchange markets, programs to target weaker segments of the population, and democratic institutions that accommodate and co-opt the country's various ethnic and regional communities. Institutional and infrastructural development increases the productivity of private investment and public spending and enhances the effectiveness of governance.

Notes

E. Wayne Nafziger is Professor of Economics at Kansas State University, Manhattan, KS, USA. He may be reached at nafwayne@ksu.edu. This article is based on a presentation made at the 11th Annual Economics of Peace and Security conference, Bristol, UK, June 2007.

1. Reuters (2010); World Bank (2010, pp. 32-34).
2. EIU (2007, cxxii, 4); EIU (2008, cxxi, 4).
3. Vidal (2010, p. 1).
4. Suberu (2001, p. 29).
5. Nafziger (1983, pp. 27-50).
6. Quote from Dudley (1966, p. 21).
7. Gusau (1971, p. 747).
8. All currency references before 1973 are in naira equivalents. In 1973 what had been £N1 became 2N or 2 nairs.
9. Auvinen and Nafziger (1999); Nafziger and Auvinen (2003); Nafziger, Stewart, and Väyrynen (2000).
10. Nafziger and Auvinen (2003, p. 32).
11. Holsti (2000).

12. Nafziger and Auvinen (2003, p. 32).

13. Quoted by Nyambune (2006).

14. Lewis (1996, p. 97).

15. Nafziger and Auvinen (2003, pp. 90-100).

16. Nafziger (2008).

17. Ake (1997).

18. Quoted by Rake (1976, p. 1263).

19. Collier (2000; 2007); Wolfensohn (2001).

20. See Nafziger (2006, pp. 501-653), and Nafziger and Auvinen (2003, pp. 157-198) for ways that industrialized countries and international agencies, such as the World Bank and International Monetary Fund, can undertake policies to modify the international economic system to enhance the economic growth, adjustment, and political stability of African and Asian poor countries.

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