



Nigeria Beyond Structural Adjustment: Towards a National Popular Alternative
Development Strategy

Author(s): Tunde Babawale, Akin Fadahunsi, Abubakar Momoh and Adebayo Olukoshi

Source: *Africa Development / Afrique et Développement*, Vol. 21, No. 2/3, The African and Middle East Crisis: An Alternative Une alternative à la crise de l'Afrique et du Moyen Orient (1996), pp. 119-139

Published by: CODESRIA

Stable URL: <https://www.jstor.org/stable/43657665>

Accessed: 14-09-2019 17:26 UTC

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <https://about.jstor.org/terms>



CODESRIA is collaborating with JSTOR to digitize, preserve and extend access to *Africa Development / Afrique et Développement*

Nigeria Beyond Structural Adjustment: Towards a National Popular Alternative Development Strategy

Tunde Babawale*, Akin Fadahunsi
Abubakar Momoh***, Adebayo Olukoshi******

Introduction

For all the authoritarianism and repression that have accompanied the implementation of Structural Adjustment Programmes (SAP), there are very few substantive results to show. All over Africa, in the adjusting countries, the glaring evidence, even by the World Bank's (hereafter the Bank) own reckoning, is that by the end of the 1980s, that is, after over a decade of market-based reforms, a majority of the people are poorer than they were in the 1970s.

Various reasons have been advanced for the failure of the SAP adopted in the 1980s to stem the tide of economic decline in Africa. For the World Bank, the chief reason that was initially given was the failure of African governments to remain faithful to the letter and spirit of reform in the face of popular opposition. Complaining about a 'stop-go-stop' approach to reform, the Bank blamed inconsistency and tardiness in reform policy application for the very limited achievement of the structural adjustment programmes. Inconsistency and tardiness have in turn been attributed to lack of 'courage' by which is meant the failure of adjusting governments to suppress and overcome local opposition to market-based reform. More recently, however, in a bid to join the global band wagon for democracy and more specifically for political pluralism, the Bank attributed the difficulties faced by adjustment policies to problems of governance defined in terms of the absence of the rule of law, accountability, and predictability.

But the Bank's new-found desire for 'democracy' and 'good governance' has been justifiably questioned by critics who point to the fact that the international financial institution's chief concern is not with political liberties as such but with the search for a political framework that would allow unpopular reform measures to be pushed through. It is a technicist concern with democracy that is tied to the objectives of the neo-liberal structural adjustment.

Africa Development Vol. XXI, Nos. 2 & 3, 1996, pp.119-139

As to the Bank's claims on the consequences of inconsistency and tardiness in the application of adjustment policies, critics have adduced evidence to show that 'strong' as well as 'poor' adjusters in Africa performed equally poorer, suggesting that reasons other than the failure of governments to be 'courageous' in pushing through and sustaining reforms ought to be sought for the failure of structural adjustment programmes. Against the positions advanced by the Bank, some scholars have attributed the limited achievement of the adjustment programmes to the inappropriate policy prescriptions that flow from the neo-liberal assumptions that underlay them. In addition, some scholars have underlined the important role of the recession in the West, the adverse international environment within which African governments are compelled to operate, including especially the declining terms of trade for African primary commodity exports and the rising interest rates that translate into resource outflows from the continent, the heavy external debt burden which many African economies carry, and the drying up of foreign investment flows to Africa, in the very dismal economic performance of the countries on the continent.

But whatever the reasons for the failure of adjustment policies in Africa are, the view is increasingly gaining ground that orthodox adjustment measures would need to be transcended if Africans are not only to regain the initiative in the determination of their economic — and political — future but also turn the table of underdevelopment and dependence. Although the Economic Commission for Africa (ECA) Report on an African alternative framework to IMF/World Bank adjustment policies helped to focus attention towards the end of the 1980s on the search for new, more democratic ways of overcoming the continent's developmental crisis, various social groups, often working in alliances that cut across certain class lines, had been pushing the case for an alternative long before the publication of the ECA Report.

Within the specific Nigerian context, such groups as the Nigerian Labour Congress (NLC), the Academic Staff Union of Universities (ASUU), the National Association of Nigerian Students (NANS), professional associations like the Bar and Medical Associations, and a host of civil liberty organizations have published and attempted to publicize democratic and radical alternative proposals from the management of the country's economic crisis different from the Babangida administration's structural adjustment programme. Some of the groups attempted to convene a national conference for the purpose of working out a new framework for economic — and political crisis management. Although the Nigerian State has spiritedly sought to suppress all public discussion of alternatives to its adjustment programme and its agents physically prevented the convening of a national conference in 1990, this has not prevented the continuation of the search for a workable, more democratic, and equitable economic recovery

programme. The quest for an alternative policy has been made more urgent by the immense economic hardships which orthodox adjustment policies have inflicted on the working people and given their failure to achieve their basic macro-economic objectives.

In outlining the case for an alternative framework of development for Nigeria in this paper, we continue our analysis with a discussion of the post-colonial model of accumulation in the country prior to the onset of the economic crisis of the 1980s and the subsequent adoption in 1986 of an IMF/World Bank structural adjustment programme. Our discussion of the post-colonial Nigerian model of accumulation will not be solely concerned with the economic processes but, equally importantly, the political processes associated with it.

The Post-colonial Nigerian Model of Accumulation 1960-1982

Prior to the arrival of the forces of Western imperialism and colonialism in Africa, the various social formations that were later to be united into one colonial territory, Nigeria, were at different levels and stages of development.

But for all the differences in their stages of development, none of the pre-colonial social formations in the Nigerian area was as yet capitalist. They were all essentially pre-capitalist, exhibiting varying levels of simple commodity production. It was only with the arrival of the forces of British colonialism that the basis for capitalist accumulation began to be laid.

By 1945, not only had the basis of the colonial economy been laid and consolidated, various social forces created under the emerging new framework for accumulation, had also begun to organize to challenge colonial rule and domination. Among these social forces were the emerging Nigerian working class whose ranks were to swell considerably after 1945 as the country's import-substitution industrialization process started in earnest; an emerging indigenous middle class of professionals — the so-called educated elite whose numbers also grew substantially in the post-war period; the peasantry upon whom the essentially agrarian colonial economy depended; and a growing class of indigenous investors. These social forces were to increasingly question the colonial political order and ultimately build an anti-colonial coalition that ushered the country into independence.

Nigeria attained independence from Britain in October 1960 as an exporter of a number of primary commodities to the West. As with other African countries, Nigeria had been incorporated into the world capitalist division of labour as a producer of raw materials for export. The most important of these commodities were cocoa, groundnuts, coffee, cotton, tin, palm produce, rubber, columbium, and coal. The model of accumulation which was one which emphasized the appropriation of peasant surpluses,

and to a lesser extent, rents and royalties from mineral exports, for the purpose of financing the importation of the manufacturing needs of the economy, including the promotion of an import-substitution industrialization process but also undertook the financing of some social development and welfare programmes as part of its social expenditures. And, given the fact that at independence, the market was still very underdeveloped to serve as a serious agency for socio-economic transformation, the state had to take a direct part in the creation and expansion of various economic and social infrastructures and the opening up of economic frontiers. The social expenditure programme of the State and its role in organizing and promoting the local capitalist class formation process formed a key part of what some scholars have described as the post-colonial 'social contract' on the basis of which much of Africa was ushered into independence. It enabled the post-colonial State to claim some legitimacy over its colonial predecessor, but it was a 'contrast' which was soon to run into crisis as the State attempted to resolve the competing and conflicting demands on the resources it controlled in favour of the emerging local bourgeoisie and its foreign imperialist allies. Also as the government began, in the 1980s, to face severe fiscal problems, which it attempted to resolve in part by removing subsidies, curtailing the social expenditure, and introducing cost recovery measures.

If for much of the period between 1960 and 1970, the capitalist development process which the Nigerian state sought to promote, depended heavily on the extraction of peasant surpluses, the Organization of Petroleum Exporting Countries' (OPEC), oil price increases of the 1970s was to lead to a shift in the basis of accumulation from the agricultural sector to the petroleum sector.

The quadrupling of the price of oil that accompanied the 1973 Arab-Israeli war led to a massive revenue boom for the State. From a few hundred million dollars at the end of the 1960s, the revenues accruing to the state from oil exports rose dramatically to stand at about five billion dollars in 1975 and eleven billion dollars in 1981. These huge petro-dollar earnings were employed by the state to further expand the import-substitution industrial sector, without altering its basic import-dependent character; develop the country's infrastructural and communication facilities; expand primary and tertiary education; support 'primitive accumulation' by State officials, local capital, and foreign capital; and boost the growth of the service sector. The agricultural sector, which prior to the emergence of the oil boom was the bedrock of the economy, went into stagnation and decline in spite of the huge amounts which the State and the World Bank pumped into agricultural development projects and river basin authorities. Not only did the relative share of agriculture in the country's gross domestic product (GDP) decline sharply, absolute output also suffered substantially so that in

time Nigeria became a net importer of certain food and non-food agricultural commodities. Nigeria, in effect, became virtually a monocultural economy depending on oil exports for over 90 per cent of its export revenues and foreign exchange earnings. Oil also came to account for some 90 per cent of Nigeria's overall export trade. With this precarious revenue base, the state promoted the tri-partite alliance involving it, local and foreign capital in practically all sectors of the economy, especially manufacturing and the services. The oil rents accruing to the State not only enhanced its central role in the accumulation process but also created a wider scope for rent-seeking activities and corruption as 'primitive accumulation' became increasingly important in the bourgeois class formation and accumulation processes.

Besides the indigenous bourgeoisie which witnessed an expansion in its ranks and the foreign bourgeoisie (corporate and non-corporate) whose presence became more extensive, the oil boom of the 1970s also stimulated the growth of the working class, especially the industrial wage earning category concentrated in the main urban centres where the import-substitution industrialization process was not visible. The rapid growth of oil prospecting and mining activities and the expansion of the service sector helped to swell the ranks of the working class. Various categories of petty-bourgeois professionals — lawyers, doctors, engineers, journalists, accountants, teachers, and so on, also witnessed an increase in their numbers. The members of these classes, acting through their trade and professional unions, pressed a variety of claims on the state in their bid to protect and advance their interests in the oil economy. The trade unions, for example, were to confront the State and capital regularly over questions of industrial relations and the distribution of the social surplus. In the course of the 1970s and early 1980s, major confrontations developed between Nigerian workers and the State and employers over the claims which trade unionists pressed on the cost of living and more remunerative wages. The settlements which were forced on the State and employers such as the Adebo and Udoji awards and the 1981 Minimum Wage Act, only provided a temporary peace; new areas of contestation between labour and capital were to emerge, not least among them the vigorous pursuit by workers of their right to union representation and industrial actions such as strikes, work-to-rule, and go-slow. Issues of work were also to occupy the attention of workers. Indeed, not only did trade unionists agitate for the greater representation of workers in the decision-making processes of employers, they also participated in campaigns against corruption, political repression and social injustice especially at the height of the oil boom.

The confrontation between labour and capital led to various interventions by the state in trade union matters. As several studies have shown, the history of State-union relations in post independent Nigeria has been a

history of intervention by the former in the internal affairs of the latter with a view to weakening workers' organizational capacity for the benefit of capital. The repression of workers, finding expression in the often violent suppression of strikes, large-scale arrests of unionists and work-place militants, the retrenchment of striking employees, and the prohibition of union representation in certain economic sectors, has gone side by side with spirited efforts by the state to co-opt sections of the labour movement. In this regard, for all the different forms which the state's intervention in trade union politics may take, one constant element has been the attempt to discredit and destroy those militants considered to be 'radical'. Some of these 'radicals' were to be banned for life from participation in trade union matters during the State-imposed unions' re-organization exercise of 1978. These efforts at labour subordination however, met with spirited resistance from the leading sections of the trade union movement. Strikes, go-slows, and work-to-rule actions have remained key features of the industrial relations landscape. The decade of the 1970s witnessed about 2,000 officially reported and documented strikes for workers across the length and breadth of the country.

The contestations between the State and capital on the one hand and labour on the other went side by side with contestations between the State and the burgeoning class of professionals in the country to define one dimension of politics in Nigeria in the 1970s and 1980s. Strikes by professionals, especially teachers, doctors, and other health sector employees, and public sector senior staffers, to cite a few examples, were quite common as this category of Nigerians pressed the State for better conditions of work. Their associations were often locked in bitter struggles against the State, resulting in the proscription of a number of them such as the Association of University Teachers and its successor, the Academic Staff Union of Universities, the Nigerian Medical Association, the National Association of Resident Doctors, etc.

As with some of the petty-bourgeois groups in the country, students, occupying the lowest rung of the middle class ladder, were very vocal in their contestations of the policies of the State not just at the level of education where they were most directly affected but, perhaps more importantly, at the wider social and political level. Seeing themselves as the conscience of society and defender of the oppressed, students, as represented by their campus unions and national umbrella organizations such as the National Union of Nigerian Students (NUNS) and its successor, the National Association of Nigerian Students (NANS), both of which were proscribed at various times, challenged the State on a broad number of issues ranging from public expenditure cuts and patterns to foreign policy actions or inactions. Indeed, apart from the working class, the student movement has recorded the next highest number of strikes against the State and capital.

These strikes were organised to denounce campus autocracy by vice-chancellors, police high-handedness and brutality, abuse of public office etc. Like the labour movement, which, at the beginning of the 1980s, launched a charter of demands, the student movement, as represented by NANS, launched its charter of demands in 1982. Students solidarity action in support of workers (especially during strikes), the rural and urban poor, and African Liberation Movements was a prominent feature of Nigerian politics in the 1970s.

Beyond the struggles by urban-based social groups against the State and the model of post-colonial accumulation which it promoted, rural Nigeria with its overwhelmingly peasant population also witnessed some sustained protests against the harshness of life in the rural areas, the government's agricultural and land policies, and the activities of middlemen and land speculators.

Spectacular peasant protests such as the 'Agbekoya' in the old Western State and the siege of the Bakolori dam project in the old Sokoto State and numerous smaller ones in Nigeria's normally quiet rural settings gave indications of the capacity of the peasantry to take on the State, local land grabbers, and agro-transnationals when they are pushed to the wall.

Some remarks are necessary at this point on the character of the Nigerian ruling class. We have noted earlier that this class was built around the tripartite alliance of State capital, local (indigenous) capital and transnational capital in the post-colonial period.

The post-1945 movement of transnational capital into factory production was followed first by some Levantine traders and then by a number of their indigenous counterparts. The latter received a boost after independence when the post-colonial State, within the overall framework of its support for capital as a whole, introduced specific policies aimed at multiplying the ranks of the indigenous bourgeoisie and encouraging its movement into factory production. One of the most important of these policies came under the rubric of indigenisation exercises of the 1970s. But like the foreign capitalists that pioneered factory production, both the Levantine and indigenous business people who moved into industrial production at one level or the other retained some strong links with the commercial sector. Indeed, some were also actively involved in the service sector, real estate, contract execution, and banking. Quite clearly, the Nigerian ruling class, made up of foreign and local capital, had a very strong compradorial component even though accumulation through industrial production emerged as significant after 1945 and remains an important aspect of its activities. The quintessential Nigerian capitalist, where involved in factory production, often combined this activity with other business lines such as petroleum marketing, wholesale trading, contract execution for the State, construction, road haulage etc. The country's economic crisis which began in the early

1980s, and the structural adjustment programme which was formally adopted in 1986 to contain it, have strengthened this trend. Indeed, the economic crisis and the adjustment programme have so seriously decimated industry that it can be argued that the compradorial component of the ruling class has been strengthened, as productive activities lose their appeal or become unsustainable.

The social and political contradictions in the post-colonial accumulation model in Nigeria combined at one level to occasion military interventions in the country's politics and, at another level, to encourage an active interest on the part of workers, students and sections of the professional middle class in popular alternative social arrangements more accommodating of their interests and aspirations. Apart from documents such as the charters of demands launched in the early 1980s by the Nigeria Labour Congress and the National Association of Nigerian Students, these social groups attempted to promote political organizations aimed at raising socialist consciousness in the country and organizing against the domination of political society by the bourgeoisie. The struggle for popular alternatives has therefore been an integral part of post-colonial politics even if as a minority current. It is a current whose appeal grew and whose relevance increased as the legitimacy of the post-colonial economic and political order declined. However, the establishment of organizational links with the urban poor was few and far between. Little wonder then that the impact of the organizations and groups agitating for change was largely in the urban centres. It was in these centres that civil society was most vibrant and the struggle for democratization most vigorously fought.

The Crisis of the Post-colonial Nigerian Model of Accumulation

The expansion in economic activities which Nigeria witnessed in the 1970s as a result of the oil boom and which gave the impression that the country's economic foundation was virile, was brought to an abrupt end in the early 1980s following the collapse of the world market of oil. This development, and the sharp revenue decline which it implied for the country, exposed the structural contradictions and imbalances which underlay the post-colonial pattern of accumulation and which the petro-dollar windfall had served both to conceal and reinforce. Of particular importance is the contradiction between social production and consumption manifested in terms of the high and growing import-dependence of industry to which we referred to earlier as well as the overall high import profile of the economy. In the course of the 1970s, Nigeria's import dependence became so high that for every one Naira spent in the economy, some 60 kobo found its way out of the country.

The heavily import-dependent manufacturing sector was particularly hard hit by the onset of the crisis in the economy as the State was no longer able to meet fully the foreign exchange requirements of factory producers.

Capacity utilization among the manufacturing firms fell sharply, averaging about 20-30 per cent of installed capacity; some 50 per cent of industrial establishments in the country closed either temporarily or for good in the first three years of the crisis (i.e. 1982-1985); many thousands of workers were laid off or sent on compulsory short-term or indefinite leave in the private and public sectors; infrastructural facilities and social services went into decay; and activity in several sub-sectors of the economy was at a very low ebb. The crisis also manifested itself in runaway inflation; and acute shortage of basic consumer goods and food items like rice, bread, milk, sugar, etc.; widening budget deficits at the federal and State levels; worsening balance of payments problems; growing internal and external debt; rising unemployment, including university graduate unemployment; irregular payment of wages and salaries in the public and private sectors; and the increase in the tempo of activities on the parallel market where the Naira's fortunes began to dwindle rapidly. Not surprisingly, by 1983, after falling by 3.4 per cent in 1982, the country's GDP dropped by a further 4.4 per cent. Internal public debts rose from 4.6 billion Naira in 1979 to 22.2 billion Naira in 1983. The increase in 1983 alone was 7.2 billion Naira. The country's external debt rose to 15 billion Naira in 1983 with a 5 billion Naira backlog in trade payments.

The magnitude of the crisis in the Nigerian economy compelled the ruling National Party of Nigeria (NPN) government of Alhaji Shehu Shagari to introduce in April 1982, an Economic stabilization (Temporary Provisions) Act aimed at reducing government expenditure and curtailing imports.

The success of the austerity measures announced by the Shagari government depended on the extent to which the State would be able to curtail the activities of the comprador/commercial class and reduce the import profile of industry. As it turned out, this proved very difficult for the government to achieve, not because the power base of the ruling NPN government rested in part on compradorial elements whose influence was widespread. Not surprisingly, the government found it extremely difficult to enforce its own policies rigorously and meet its targets. Corruption and abuse of public office for private gain became widespread even as the fortunes of the economy dwindled. Two presidential task forces were set up in quick succession under the headship of powerful ministers to supervise the importation of rice and essential commodities. Between them, the task forces disbursed patronage to the tune of some 1 billion Naira in foreign exchange, although the average consumer hardly felt their impact by way of reduced prices for basic, everyday consumer goods. Not surprisingly, as public anger and disillusionment manifested in students and workers strikes, protests by professionals over deteriorating working conditions, and teachers' demonstrations over unsettled salary arrears, and as the level of

corruption in government got to a peak, culminating in the setting ablaze of the 37 storey NECOM House in Lagos in a deliberate bid to destroy evidence of corruption in the telecommunications industry, the administration of Alhaji Shehu Shagari was overthrown in a coup d'état on 31 December 1983. The coup brought to an end one of the most incompetent governments in Nigeria's post-colonial history and put paid to the intense controversy that accompanied the 1983 elections which the ruling NPN was widely believed to have rigged at the federal level.

The new military government, led by General Muhammadu Buhari immediately made plain its determination to continue the economic austerity measures already in force and to widen their scope. Thus, a ban was placed on borrowing by State governments; bank interest rates were raised; the amount of remittable allowances by expatriate workers was halved from 50 per cent to 25 per cent of their income; excise duties were extended to cover a total of 400 commodities.

The tough economic austerity measures pursued by the Buhari regime was complemented by an equally harsh political programme which brooked no opposition and resulted in the suppression of voices of dissent, the proscription of the Nigerian Medical Association and the National Association of Resident Doctors, the dismissal of striking pilots, the promulgation of a preventive detention decree (Decree No 2), an attempt to curtail the freedom of expression and of the press through Decree No 4; the almost indiscriminate use of the death penalty to deter crime; and the arrest of a large number of politicians and other individuals whom the regime considered were a threat to its security. The harsh political approach that accompanied the Buhari regime's economic austerity programme arose, in part at least, from that government's belief that at the root of the Nigerian economic and social crises was the collapse of discipline, large-scale corruption, and the neglect of strict moral values. The restoration of discipline, the reduction of corruption, and the introduction of efficient management would help, in the regime's thinking, to return the body politics and the economy to sanity.

For all the harshness of the Buhari regime's economic austerity and the framework of political repression which it embraced, not only did the economic crisis persist and deepen, the government was unable to win friends abroad primarily because of its refusal to embrace an IMF/World Bank-sanctioned market reform programme. Like its predecessor, the Buhari regime entered into dialogue with the IMF for an Extended Fund Facility (EFF) loan of between 1.9 billion Naira and 2.4 billion Naira but the IMF insisted that the loan would only be made available if the government accepted a structural adjustment programme with an 'appropriate' exchange rate at its centre. But the Buhari regime, like its civilian predecessor, felt unable to accept some of the conditionality clauses of the IMF, especially its

recommendations on the devaluation of the Naira, the privatisation, across the board, of public enterprises, the removal of the petroleum subsidy, and the liberalization of trade.

The March to Structural Adjustment in Nigeria

The rise to power of General Babangida and his supporters marked a turning point in the efforts to tackle the Nigerian economic crisis as it signalled a shift from the State interventionist crisis management framework favoured by the Shagari and Buhari regimes towards the market-led alternative, which the IMF and the Bank had insisted was necessary to lead the country towards recovery.

If the decision to introduce a State of economic emergency in October 1985 was designed to send signals to the international community on measures necessary for the restoration of relations with the IMF and the Bank, the 1986 budget proposals of the government went even further in this direction. Not only was the petroleum subsidy reduced by 80 per cent, the government also committed itself to the privatisation and commercialization of public enterprises. The Nigerian National Supply Company (NNSC) which the Buhari regime had refused to abolish was disbanded by the government. A commitment to trade liberalization and comprehensive structural adjustment was also contained in the budget. Non-statutory transfers to all economic and quasi-economic parastatals were reduced by 50 per cent. A package of incentives meant to stimulate export production was introduced. In all, the 1986 budget sent a strong signal to the leading Western multilateral donor agencies that the Nigerian government was ready to reach an accommodation with the IMF and the World Bank on their terms and in disregard of domestic public opinion as captured by the IMF debate.

On 27 June 1986, the Babangida administration carried forward its commitment to a market-led adjustment programme by spelling out a comprehensive IMF-backed structural adjustment package whose centre-piece was to be the devaluation of the Naira. The devaluation of the Naira was to be achieved through the creation of a second-tier foreign exchange market where banks would bid competitively for the available foreign exchange and thus fix a 'realistic' exchange rate for the Naira. All commercial and private sector transactions were to be conducted through the second-tier market; the first-tier market where the Naira's exchange rate was administratively determined was to be used for debt servicing purposes and for meeting the country's obligations to international organizations. In time, the first and second tier markets were allowed to merge—primarily through the depreciation of the Naira's first-tier rate. From a position of parity at the beginning of 1986, the Naira depreciated sharply after the introduction of the second-tier market, and its transformation into the foreign exchange market to stand at Naira 18.6 to the dollar at the end of April 1992.

To complement the devaluation of the Naira a whole host of other measures was introduced, among them the liberalization of trade through first an interim tariff structure introduced in 1986 and a fully-revised one in 1988; the deregulation of interest rates after an upward review of the Central Bank's rediscount rate from 11 to 15 per cent; the privatisation and commercialization of public enterprises after some initial delay; the articulation of a set of export promotion measures; the amendment of the indigenisation decrees of the 1970s to permit foreign investors to hold a greater stake in the economy; and the imposition of a liquidity squeeze on the economy as part of the effort to mitigate the inflationary consequences of the devaluation, among others. Furthermore, all price controls in the economy were lifted. Several speculative activities, especially with regard to the Naira exchange rate were also introduced. In the period up to 5 March 1992, bankers, especially merchant bankers, were able to earn a rent of up to Naira 8 on the dollar by trading dollars (and other hard currencies) which they bought from the Central Bank at about Naira 10 to the dollar for between Naira 15 - Naira 18 to the dollar. The *bureaux de change* which they set up also prospered on such huge rents. The decision of the Central Bank to devalue the Naira on 5 March 1992 and become an active trader in the foreign exchange market failed to put a decisive end to this kind of rent-seeking. Indeed, a new gap opened almost immediately between the Commercial/Central Bank Naira exchange rate and the parallel market rates. As of the end of December 1993, whereas the Central Bank rate for one US dollar was Naira 21.9, the parallel market (*bureau de change*) rate was Naira 47.

Beyond its macro-economic and social consequences, structural adjustment as a crisis management package has also had severe adverse political repercussions for the people of Nigeria. Perhaps the most obvious of these centres on the growth of authoritarianism and repression as the State attempted to push through adjustment measures which lacked any popular support and which ran counter to the overwhelming views expressed by Nigerians in the 1985 debate on the IMF. In that debate, a clear majority of Nigerians had rejected the IMF and its loan conditionalities. The subsequent decision of the Babangida regime to adopt an economic recovery that not only bore the imprint of the Fund and the World Bank's administrative procedures, particularly those associated with the registration of foreign investors, were rationalized. Cost recovery measures in the health care, educational, and agricultural sectors were introduced. The subsidy on the domestic prices of petroleum products, fertilizers, and public utilities like electricity were withdrawn. Exporters were permitted to retain the foreign exchange earnings accruing to them from the sale of Nigerian goods abroad. A debt conversion programme under which the country's external debt instrument bought on the secondary market by third parties were converted into narrow holdings for the purpose of investment in the preferred sectors

of the economy was introduced. A commitment to curtail public expenditures drastically was also entered into by the government. Marketing boards responsible for marketing Nigeria's agricultural exports were dissolved as part of the deregulation.

The Consequences of the Structural Adjustment Programme

In macro-social as in macro-economic terms, structural adjustment has been generally negative in its impact on the Nigerian political economy. A sharp deterioration in the living standards of the majority of the people; worsening problems of urban housing and transportation; growing incidence of hunger and starvation; decline in public health service standards with most hospitals, including the specialist ones, shortage of the most elementary drugs and equipment; and an educational sector steeped in deep crisis, collapsing standards, and extremely low morale among lecturers and students are some of the macro-social hallmarks of the adjustment programme. These macro-social problems have gone hand in hand with continuing and, in some cases, worsening problems in the economy — problems of unemployment and inflation to which we referred earlier, payments and budgetary imbalances, exchange rate volatility even as the Naira continues its virtual free fall at the local foreign exchange auction, capital flight, and the failure of manufacturers to respond to the export incentives introduced by the government as part of the adjustment process. Thus, several years after the introduction of the structural adjustment programme, the Nigerian economic crisis has not only persisted but has worsened in some respects. The adjustment policies of the State have become part and parcel of the dynamics of the economic crisis which they were originally meant to tackle. The boom in the banking and financial services sector witnessed since 1986, often cited as evidence of the efficacy of deregulation, has only heightened problems as shown by its social and political records.

Authoritarian Political Engineering

Side by side with its programme of economic adjustment, the Babangida regime attempted to pursue far reaching political reforms as part of its original but frequently and fraudulently violated pledge to return Nigeria to civilian rule in 1992. In addition to initially banning all those it described as 'old breed' politicians for varying lengths of time from participation in the politics of the Third Republic (the ban was lifted in December 1991), the Babangida regime decided to impose a two-party system on the country as the framework for the transition to civilian rule. Following its claim that the thirteen political associations that applied to it for consideration for registration as one of the two parties to contest elections in the run up to 1992 could not meet its patently unreasonable and unnecessarily stiff conditions, the military government proceeded to ban them and create two

parties of its own. The two parties, named by the regime as the National Republican Convention, allegedly 'a little to the Right', and the Social Democratic Party, allegedly 'a little to the Left', had their manifestos and constitutions written for them by the government. The government also appointed interim officers, drawn largely from the civil service, to run their affairs until members were recruited and officers elected. Secretariats in the federal and state capitals as well as in the various local government headquarters, were established at government expense for the parties. The state also made take-off grants as well as finances for running costs available to the two parties. This act of political engineering, unprecedented in Nigeria's post-colonial history, was complemented by the elimination of potential participants classified as political, religious, and ideological extremists, from the transition process.

By the beginning of the 1990s, the political transition programme of the military junta led by Babangida had been thoroughly discredited with very few Nigerians having faith in the military government's desire to relinquish federal power to elected officials. First, the rampant arbitrariness to which we referred to earlier became even more pronounced as to ridicule the entire transition programme and encourage popular cynicism. Second, the date for the handover of power to elected officials at the federal level was postponed three times — first from 1990 to 1 October 1992, and then to 3 January 1993. And finally to 27 August 1993, suggesting to many Nigerians that General Babangida and his junta were not really prepared to leave office.

Quite clearly, the structural adjustment programme of the Nigerian State, introduced with the backing of the multilateral financial institutions, has had adverse economic and political consequences for Nigerians. Not surprisingly, the social forces most adversely affected by the programme have been devising alternative survival strategies to ensure their reproduction in the rapidly changing Nigerian socio-economic environment. Personal and group alternatives at the workplace, in the household, and at the community level have been devised as individualist and community-based strategies for coping with the problems created or exacerbated by structural adjustment. Beyond these, various groups, on their own, or in alliance with others, have worked out and attempted to popularize alternatives to this kind of market reforms.

Post-adjustment Alternatives

If the essence of the post-colonial pattern of development which Nigeria has followed has entailed the enthronement of the interests of a minority class at the expense of the public purpose and the interests of the majority of the people, an alternative development framework which aspires to promote popular participation in the economic, political and social processes would, of necessity, have to work towards the creation of a new basis for

accumulation, one that is at once supportive of a just and democratic system of development. This new basis must, in our view, not only give centrality to the public purpose but also enhance the welfare of the working people. At the economic level, the post-adjustment national popular alternative development strategy would, within a framework which seeks simultaneously to promote welfare and economic rationality, entail the encouragement of small-holder peasant agricultural production with competitive producer prices and other incentives; the promotion of domestic industrial production not only with a view to achieving a significant recovery in capacity utilization but also with the objective of substantially raising the level of local value-added, achieving greater linkages between the industrial sector and other economic sectors, and accelerating the rate of investment in intermediate and capital goods production; the curtailment of the overall import profile of the economy through the discouragement by the State, of compradorial activities; the promotion of external trade, especially in the West African sub-region, within the framework of the Economic Community of West African States (ECOWAS); the promotion of regional economic and monetary co-operation in Africa generally and West Africa in particular; the achievement of a greater and more beneficial balance between agricultural goods production and raw materials production to meet the needs of local industry for export; the diversification of the country's overall resource base through active investment, if necessary by the State, in the non-oil export sector; and the management of the exchange rate of the Naira with a view to ending its current sharp undervaluation and acute instability.

The philosophical underpinning of the alternative economic orientation which we are calling for is one which recognizes the positive and effective role which the development State can play. The Nigerian, and wider African, experience since the adoption of IMF/World Bank adjustment programmes suggests that, although the evidence of State failure is overwhelming, the market by itself is not an answer to the problem of State failure and it has shown itself unable to allocate resources in an efficient manner for the majority of the people under the structural adjustment programme. The sharp decline in living standards, purchasing power, and access to health care and education which has occurred since the onset of market reforms, are too costly socially to be left untackled. What it calls for is the need to build a strong social perspective into the economic development process. The right to education, healthcare, housing, and a living standard above the poverty level are aspects of welfare which should be part and parcel of a programme of social reforms. As in the economic sphere, the social sector is an area where an effective developmental State could help achieve the main social objective of an alternative developmental strategy especially by making the necessary investment in human resources development that could serve to liberate the majority of the people from poverty, illiteracy, and superstition. Also, the developmental State could play

a key role in eliminating discrimination on the basis of gender and provide equal opportunities and rewards to men and women, boys and girls, in all spheres of life. But if a credible alternative development strategy capable of transcending the fetishism of the market is to be achieved, what social groups have interests in its realization? This is the question to which we now turn our attention.

The post-colonial quest for the capitalist transformation of Nigeria was built primarily on the exploitation of the peasantry and the working class. Policy concern in development planning and execution has been primarily aimed at extracting as much surplus from these classes as possible for the benefit of local and foreign capital as well as the State. The introduction of structural adjustment in 1986 served merely to worsen the social conditions of these social groups. In the case of the working class, the explicit anti-urban working class bias of adjustment policies resulted in the massive retrenchment of employees whom the ideologues of monetarism classify as 'parasites' who allegedly profited from the profligacy and irresponsibility of interventionist State. Subsidy withdrawals, fiscal expenditure cuts, a host of levies, wage freeze, and employment embargoes were adopted to penalize workers and other members of the so-called 'urban coalition' whose alleged influence over the State led to its financial imprudence and protectionist policies. Little wonder then that even after the Nigerian post-colonial model of accumulation from which workers hardly profited and the brunt of whose crisis they were made to bear, went into decline and collapsed, the adjustment measure brought no respite for them. Yet, even the vast majority of Nigerian peasants whom the authors of the adjustment programme of the State claimed their market-based policies will benefit, hardly derived any significant gains from the market reforms that were introduced. While few mourned the passing away of the marketing board system, the removal of subsidy on farm inputs substantially increased the costs incurred by rural households and ate into the nominal increase in producer prices which some farmers received. The inflationary consequences of the massive devaluation of the Naira also worsened the situation.

Quite clearly, for the peasantry and the working class, there are objective reasons why an alternative development strategy is desirable, one that would have at its centre their welfare and concerns. The case for an alternative is particularly compelling for the working class not just because of the additional hardship which adjustment measures have meant for them or even because of the specific anti-worker bias of the programme but, crucially, because of the strong-arm tactics which the State has employed in its bid to stifle workers' opposition to market reforms. Arrests of union militants, proscription of unions, suppression of workers' demonstrations, and the infiltration of the ranks of workers' organizations with a view to weakening their organizational capacity and undermining their unity of action are some

of the methods employed by the State in its bid to manage the implementation of structural adjustment. Faced with this authoritarianism and the declining standard of its members, it is not surprising that the labour movement has broadly, been in the vanguard of the struggle for democratization and against market reforms. The objective interests of the Nigerian working class in an alternative political and economic programme is one which can be coupled with the objective need to uplift rural living and working conditions for the benefit of the peasantry. Given that the small-holder peasant and the working class constitute the majority of Nigerian population, any alternative development strategy, if it is to be popular and democratic, will have to have their interests as its centre-piece.

In addition to the working class and the peasantry, the struggle for an alternative development strategy for Nigeria can benefit from the participation of other social forces that have emerged as the main losers from structural adjustment, notably students, professionals, and some manufacturers. Like workers and peasants, many students and professionals, including doctors, academics, lawyers, school teachers, and others, who have suffered sharp declines in their real income and their struggles to maintain their living standards in opposition to structural adjustment have been met with State authoritarianism and repression. The organizational rights of many of the associations of students and professionals have been periodically suppressed by the State as part of the attempt to force through adjustment measures in the face of popular opposition. These groups clearly have an interest in the democratization of the State that is as responsive to the welfare needs of the people as it is sensitive to the demands of economic rationality. Above all, they have an interest in the introduction of a non-repressive, popular alternative developmental framework. Already, many students and professionals have joined with trade unionists and the rank and file of workers to champion the struggle for the respect of human rights, adjustment with a human face, public accountability, and other democratic principles. They are further united by their common concern for the restoration of sovereign control over basic economic — and political — decisions which have come to be very heavily influenced or are directly dictated by the IMF and the Bank. In the second half of 1990, they made a spirited attempt to convene a national conference to discuss all aspects of Nigerian national life and chart the course for a more representative social order. The conference was forcibly prevented from holding by the military government. Like the workers, as represented by the Nigeria Labour Congress (NLC), the student movement, through the National Association of Nigerian Students (NANS), and some associations of professionals, such as the Academic Staff Union of Universities (ASUU), circulated various alternative economic crisis management programmes as part of their contributions to the national debate on the IMF in 1985 and the political debate in 1986.

Like the professionals, many manufacturers have been very adversely affected by the structural adjustment programme of the State. The sharp devaluation of the Naira and its continuing downward slide and instability have posed great problems to the manufacturers. So also have the deregulation of interest rates which resulted in very high interest rates, the liberalization of trade which has encouraged dumping and left many infant industrial sectors without effective protection, the collapse of domestic consumer purchasing power which has created a problem of market realization for producers, and the periodic liquidity squeeze that had been applied by the government and which has had the effect of creating cash flow problems for some manufacturers. Not surprisingly, capacity utilization in industry has remained extremely low, many manufacturers are stuck with unsold stocks, employment levels in industry remain low, and the general outlook for investment in manufacturing remains poor. It is little wonder then that many Nigerian manufacturers, particularly those represented by the Manufacturers' Association of Nigeria (MAN), have been very critical of key elements of the structural adjustment programme and have joined cause with workers' unions in calling for the reflation of the economy, the strengthening of consumer purchasing power, the stabilization of the Naira exchange rate and the termination of the currency's undervaluation, the generation of employment, and the promotion of public investment in education, infrastructure, and welfare projects. On specific issues affecting them, such as foreign exchange allocation, credit policy, interest rates, and tariff policy, the manufacturers have attempted to articulate alternative measures to those favoured by the government. Their interest in alternative policies capable of stimulating industrial investment and growth is unmistakable. Their desire for a developmental State that is capable of promoting the expansion of the national productive base, including the industrial sector, is also clear. These facts provide a basis for an alliance between the manufacturers, professionals, workers and peasants for the establishment of an alternative popular national development framework under the political leadership of the working class and the peasantry.

This alliance which can be described as the democratic peoples' national alliance to serve as an alternative to the existing tripartite alliance of the State, local capital and foreign capital with its strong compradorial and anti-democratic components will, if it is to be radically different, have to promote development in the framework of democracy.

To be sure, for all the community of interests that may bind the members of the alternative peoples' national alliance together in the current Nigerian conjuncture, not least the interest which they share in the creation of a development State and the massive losses which they have suffered under the structural adjustment regime, differences in policy emphasis and priority are bound to emerge. For example, although, objectively, workers and

peasants share a broad spectrum of interests in a new social, political, and economic order in Nigeria, it cannot be taken for granted that differences in aspirations will be inconsequential in such areas as the need to deliver cheap food to the urban population and pay remunerative prices for peasant agricultural output. Similarly, although workers and manufacturers have embraced a number of common platforms in their struggle against various policy elements of the structural adjustment programme, differences centring on the basic notion of capitalism as a system of complementarity and contradiction between labour and capital, are bound to persist. Workers' wage claims and manufacturers' profit calculations for example, would conflict but the complementary interests which they share, not least in the face of the problems posed for them by structural adjustment, should provide a basis for an alliance. Whatever their differences may be over policy emphasis and priority, the most important point, it would seem to us, is for the social forces with interests in the creation of a new, alternative development strategy to ensure the establishment of a non-repressive framework for political dialogue among themselves. It is needless to emphasize that a first step in this direction will entail a struggle for the democratization of the Nigerian State, the strengthening of the democratic forces in civil society, and the rationalization of the bureaucracy to make it more accountable. In short, the social forces that are capable of bearing the struggle for an alternative post-adjustment popular development strategy for Nigeria must work out a pact to serve as a basis for the re-organization of the Nigerian economy, society and politics. Such a pact, if it is to endure, would need to balance the requirements for short-term economic rationality with the long term welfare interests of the people and the growth requirements of the economy in a framework that gives a central role to the developmental State and rests on democratic principles.

References

- Abba, A., *et al.*, 1985, *The Nigerian Economic Crisis: Causes and Solutions*, Zaria, Gaskiya.
- Aina, Akin Tade, 1989, 'The Nigerian Crisis and the Middle Class' *Vierteil Jahres Berichte*, Journal of the Friedrich Ebert Stiftung, Bonn, No 116, June, pp.173-180.
- Ake, Claude, ed., 1985, *Political Economy of Nigeria*, London, Longman.
- Asikpo, E. Ibok, 1983, *Towards a Progressive Nigeria*, Zaria, Gaskiya.
- Attah, J. *et al.*, 1987, *The Nigerian Economy Under (S)FEM*, Zaria Department of Economics.
- Bade, Onimode, 1983, *Imperialism and Underdevelopment: The dialectics of Mass Poverty*, London, Zed Press.

- Bade, Onimode, 1988, *A Political Economy of the African Crisis*, London, Zed Press.
- Bangura, Yusuf, *et al.*, 1984, 'The Deepening Economic Crisis and its Political Implications', *Africa Development*, Vol.IX, No. 3, pp.53-74.
- Bangura, Yusuf, *et al.*, 1986, 'Structural Adjustment and the Political Question', *Review of African Political Economy*, 37.
- Bangura, Yusuf, *et al.*, 1987, 'IMF/World Bank Conditionality and Nigeria's Structural Adjustment in Nigeria' in K. Harnevik ed., *The IMF and the World Bank in Africa*, Uppsala, SIAS.
- Bangura, Yusuf, *et al.*, 1987, 'Structural Adjustment and De-industrialization in Nigeria', (Mimco).
- Beckman, Bjorn, 1981, 'Imperialism and the National Bourgeoisie', *Review of African Political Economy*, 22.
- Beckman, Bjorn, 1982, 'Whose State? State and Capitalist Development in Nigeria', *Review of African Political Economy*, 23.
- Beckman, Bjorn, 1985, 'Bakolori: Peasants vs. State and Capital', *Nigerian Journal of Political Science*, Vol. IV, No. 1 et 2.
- Beer, C.E.F, 1976, *The Politics of Peasant Groups in Western Nigeria* Ibadan, IUP.
- Bright, Ekhuehars, 'Recent Pattern of Accumulation in the Nigerian Economy', in S. Mohammed and Tony Edoh.
- Chu, S.P. Okongwu, 1987, *Review and Appraisal of the Structural Adjustment Programme*, September.
- Cohen, Robin, 1974, *Labour and Politics in Nigeria*, London, Heinemann.
- Cohen, Robin, 1983, *National Economic Council, Expert Committee Report on the State of the Economy*, Lagos, Government Printer.
- Dafe, Otobo, 1981, 'The Nigerian General Strike of 1981', *Review of African Political Economy*, No. 22.
- Economic Commission for Africa (ECA) n.d., *African Alternative Framework to Structural Adjustment Programme for Socio-economic Recovery and Transformation*, E/ECA/CN/5/6/REV.3.
- Festus, Iyayi, 1985, 'Primitive Accumulation in a New-colony', Nigeria, *Review of African Political Economy*.
- Kayode, M.O., and O., Teriba eds., 1977, *Industrial Development in Nigeria* Ibadan, IUP.
- Madunagu, E., 1980a, *The Tragedy of the Nigerian Socialist Movement and Other Essays*, Calabar, Century Press.
- Madunagu, E., 1980b, *Problems of Socialism: The Nigerian Challenge* London, Zed Press.
- Madunagu, E., 1983, *Nigeria: The Economy and the People*, London, New Beacon Books.
- Mohammed, S. and Edoh, T. eds., 1986, *Nigeria: A Republic in Ruins*, Zaria, Department of Political Science, ABU.
- Mustapha, A.R., 1984, 'The Relevance of the NEFU/PRP Heritage', *Studies in Politics and Society*, No 1.
- Nnoli, Okwudiba, ed., 1981, *Path to Nigerian Development*, Dakar, CODESRIA.
- Olaniyan, R. and Nwoke, C.N. eds., 1990, *Structural Adjustment in Nigeria: The Impact of SFEM on the Economy*, Lagos, NIIA.
- Olukoshi, A.O. ed., 1990, *Nigerian External Debt Crisis: Its Management* Lagos and Oxford, Malthouse.

- Olukoshi, A.O. ed., 1991, *Crisis and Adjustment in the Nigerian Economy*, Lagos, JAD Publishers.
- Olukoshi, A.O. ed., 1992, *The Politics of Structural Adjustment in Nigeria*, London, James Currey.
- Phillips, A. and Ndekwu, E., 1987, *SAP in a Developing Economy: The Case of Nigeria*, Ibadan, NISER.
- Richard, Joseph, 1987, *Democracy and Prebendal Politics in Nigeria*, Cambridge, CUP.
- Teriba, O. et al., 1981, *The Structure of Manufacturing Industry in Nigeria*, Ibadan, Ibadan University Press.
- Toyin, Falola and Julius, Ihonvbere, 1985, *The Rise and Fall of Nigeria's Second Republic*, London, Zed Press.
- Usman, U. and Bangura, Y., 1984, *Debate on the Nigerian Economic Crisis: Studies in Politics and Society*, Special Issue, No. 2.
- Usman, Y., 1986, *Nigeria Against the IMF: The Home Market Strategy*, Kaduna, Vanguard Publishers.
- Usman, Y., ed. 1982, *Political Repression in Nigeria*, Kano, Bonnic.
- Williams, G. ed., 1976, *Nigeria: Economy and Society*, London, Rex Collins.
- Williams, G., 1980, *State and Society in Nigeria*, Idanre, Afrigrafika.

-
- * University of Lagos, Nigeria
- ** Ibadan University, Nigeria
- *** Lagos State University, Nigeria
- **** Nigerian Institute of International Affairs, Nigeria.