After the war, Gowon presided over a policy of national reconciliation, which proceeded fairly smoothly with the aid of growing oil revenues. Senior officers reaped the benefits of the global oil boom in 1973–1974, however, and corruption was widespread. Influenced by the unwillingness of the military elite to relinquish power and the spoils of office, Gowon postponed a return to civilian rule, and was overthrown in 1975 by Murtala Muhammad, who was assassinated before he could achieve a democratic transition. General Olusegun Obasanjo, Muhammad’s second-in-command and successor, peacefully ceded power to an elected civilian government in 1979, which became known as the Second Republic. Obasanjo retired but would later reemerge as a civilian president in 1999.


The president of the 1979–1983 Second Republic, Shehu Shagari, and his ruling National Party of Nigeria (NPN, drawn largely from the First Republic’s northerndominated NPC), did little to reduce the mistrust between the various parts of the federation, or to stem rampant corruption. The NPN captured outright majorities in the 1983 state and national elections through massive fraud and violence. The last vestiges of popular tolerance dissipated, and a few months later the military, led by Major General Muhammadu Buhari, seized power.

When General Buhari refused to pledge a rapid return to democratic rule and failed to revive a plummeting economy, his popular support wavered, and in August 1985 General Ibrahim Babangida seized power. Babangida and his cohort quickly
announced a transition to democratic rule, then stalled and subsequently annulled the presidential election of June 1993. In stark contrast to all prior elections, the 1993 election was relatively fair, and was evidently won by Yoruba businessman Chief Moshood Abiola. The annulment provoked angry reactions from a population weary of postponed transitions, lingering military rule, and the deception of rulers. Babangida resigned, and his handpicked successor, Ernest Shonekan, led a weak civilian caretaker government. General Sani Abacha, who had been installed by Babangida as defense minister, soon seized power. Like Babangida, Abacha announced a new program of transition to civilian rule and regularly delayed the steps in its implementation. He cracked down on political opposition, severely restricted civil liberties and political rights, and fomented corruption on a massive scale. Only Abacha’s sudden death in June 1998 saved the country from certain crisis. General Abdulsalami Abubakar, Abacha’s successor, quickly established a new transition program and promptly handed power to an elected civilian government led by President Olusegun Obasanjo and the People’s Democratic Party (PDP) in May 1999.

The Fourth Republic (1999 to the Present)

Obasanjo was called out of retirement by the leaders of the PDP to run for president. Obasanjo, although a Yoruba, handed over power as military head of state in 1979 to the northerner Shehu Shagari at the dawn of the Second Republic. The northern political establishment had concluded that Obasanjo was a Yoruba candidate they could trust. In addition, many perceived that an ex-military leader could better manage to keep the armed forces in the barracks once they left power.

Obasanjo claimed a broad mandate to arrest the nation’s decline by reforming the state and economy. Within weeks, he electrified the nation by retiring all the military officers who had held positions of political power under previous military governments, seeing them as the most likely plotters of future coups.

Obasanjo targeted the oil sector for new management and lobbied foreign governments to forgive Nigeria’s massive debts. The minimum wage was raised significantly, a “truth and reconciliation” commission was set up to address past abuses, and commissions were formed to fight corruption and channel oil revenues back to the impoverished and environmentally ravaged Niger Delta region, where oil is extracted. Civil society groups thrived on renewed political freedom, and the media grew bold in exposing corrupt practices in government. Despite this ambitious reform agenda, however, Obasanjo had political debts to his party, and his political survival, notably his bid for reelection in 2003, required that the anticorruption campaign leave entrenched interests unscathed and corrupt politicians in place. He was openly disdainful of the National Assembly and eventually faced three motions to impeach him. Avoiding impeachment, however, Obasanjo secured renomination from his
party (the PDP) in the 2003 elections through a series of political accommodations with key party barons. The PDP political machine engaged in widespread electoral malpractices, which saved the president’s second term and secured PDP dominance, but public confidence plummeted. Faced with increasing political turmoil and social conflict, the president called a National Political Reform Conference in early 2005. The conference, designed to review the constitution and to bolster government legitimacy, led to an effort—which in the end failed—to remove the two-term limit on the president. A 2006 effort to extend his term also failed under enormous media scrutiny and public outcry, prompting its rejection by the Senate.

Stymied by the legislature, the president’s supporters moved to Plan B. A massively fraudulent election was planned for April 2007, with sufficiently blatant rigging and confusion to provoke the public into the streets in order to declare a state of emergency and allow President Obasanjo to stay in office. PDP dominance in the National Assembly, state legislatures, and governorships would also be assured. Meanwhile, the president chose a little-known, reclusive governor from the north with health problems to be his successor: Umaru Musa Yar’Adua of Katsina state. Obasanjo misjudged both the Nigerian people and Yar’Adua. Despite local and international condemnation of the April 2007 polls, the public did not erupt, and Obasanjo had little choice but to hand over to Yar’Adua in May 2007. President Yar’Adua, for his part, quickly demonstrated his independence and set out to gain control of the PDP and to restrain Obasanjo, reversing a number of Obasanjo’s controversial decisions.

President Yar’Adua, however, remained burdened with a legitimacy gap from the sham 2007 polls, helped only partly by a split 4–3 decision of the Supreme Court in December 2008 upholding his election. Yar’Adua’s first year and a half in office saw little action on the ambitious “Seven Point Agenda” he made during the campaign; instead, he focused on solidifying his control of the PDP and on winning the court challenge to his election. A respectable Electoral Reform Committee was named, but its recommendations were largely ignored. These and other good intentions, such as an amnesty program for the insurgency-torn Niger Delta, soon ran aground on the president’s declining health. His sudden collapse and evacuation to Saudi Arabia in November 2010 made clear that the rumors about his health were not far-fetched, and that the president was dying. Normal government activity all but ceased, as cabinet ministers felt paralyzed with no clear direction, and a small circle of advisors around the president usurped presidential powers and secured government contracts.

After several weeks with no word from the president, however, discontent began to grow over the cabal surrounding him and the inaction of his ministers, and international pressure, particularly from the United States and Britain, mounted for a constitutional handover to the vice president. These pressures, along with word of coup threats within the rank and file of the military, finally pushed the National Assembly to act after over 70 days of Yar’Adua’s absence to name Vice President Goodluck Jonathan the acting president. Jonathan, from the oil-rich Niger Delta, moved cautiously to assure Northern powerbrokers that they could work with him. His deft political efforts, backed in part by support from former President Obasanjo, ensured a smooth transition when President Yar’Adua at last passed away in May 2010.

Like Obasanjo and Yar’Adua, President Jonathan came to office without control of his own party, the PDP, and so, like his predecessors, Jonathan moved quickly to establish his influence using the largesse of Nigeria’s massive state-controlled oil wealth. Within several months, he made clear his intention to run for president in April 2011. In stark contrast to his predecessors, however, President Jonathan
appointed a credible chairman to head the electoral commission, who promptly undertook efforts to reform the deeply compromised election system. No longer able to buy the favor of the electoral commission at the federal level, the political parties—the ruling PDP in particular—shifted their rigging tactics to the state and local levels where the new chairman had yet to institute major reforms. Consequently, the 2011 elections were much improved from the disastrous 2007 contests, but the PDP still utilized its massive resource advantage to shift many outcomes by buying local election staff to inflate vote tallies, spreading largess around communities to buy votes, and using thugs to intimidate voters in opposition strongholds. Opposition parties still won more victories than in the past, but the PDP likely would have lost its majority hold over the federal House and Senate, and more of the governorships and state assemblies, were it not for its rigging efforts.

Heightened public expectations of cleaner elections sparked greater outrage over these malpractices, leading to over 800 deaths in postelection riots, particularly in the north. President Jonathan thus returned to office with a stronger popular mandate than his predecessor because of the increased technical credibility of the electoral commission, but tarnished by the persistence of rigging and the widespread deaths. Many northern factions also remained antagonistic over the shift of power so quickly back to a southerner. Jonathan took the oath of office in 2011, again promising reforms.

Themes and Implications

Historical Junctures and Political Themes

Federalism and democracy have been important strategies in the effort to build a coherent nation-state in Nigeria out of more than 250 different ethnic groups. The legacy of colonial rule and many years of military domination, however, have yielded a unitary system in federal guise: A system with an all-powerful central government surrounded by weak and largely economically insolvent states.

When the military returned to the barracks in 1999, it left an overdeveloped executive arm at all levels of government—federal, state, and local—at the expense of weak legislative and judicial institutions. Unchecked executive power has encouraged the arbitrary exercise of authority and patronage politics, which sap the economy and undermine the rule of law. Since the return of democratic rule, however, the state governments, the National Assembly, and the judiciary have been whittling away at the powers of the national executive.

Nigeria in the World of States  Nigeria, with its natural riches, has long been regarded as a potential political and economic giant of Africa. Nigerian leaders have long aspired to regional leadership, undertaking several peacekeeping operations and an ambitious diplomatic agenda—through the United Nations, the African Union, and on its own—to broker peace initiatives and to foster democracy in some instances. Recent efforts include Sudan’s troubled Darfur region, Côte d’Ivoire, and Zimbabwe.

Governing Nigeria’s Economy  Instead of independent growth today Nigeria depends on unpredictable oil revenues, sparse external loans, and aid. Owing to neglect of agriculture, Nigeria moved from self-sufficiency in basic foodstuffs in the mid-1960s to heavy dependence on imports less than twenty years later. Manufacturing activities, after a surge of investment by government and foreign firms in the 1970s, suffered from inefficiency and disinvestment in subsequent decades.
Years of predatory military rule made Nigeria a political and economic pariah in the 1990s, and deteriorating political institutions made the country a way station for international drug trafficking and for international commercial fraud. Although the most recent accession of democratic government ended the nation’s political isolation, its economy remains subject to the fluctuations of the international oil market. The government has been favored since 2003 by high oil prices and increasing U.S. consumption of Nigerian oil and gas, but there has been little effective restructuring or diversification of the petroleum monoculture so far. Nigeria is now again suffering the consequences of not addressing its oil dependence, as its projected oil revenues have dropped more than half as oil prices fell in late 2008 under global recession pressures.

Democratic Ideas amid Colonialism and Military Rule The very concept of the state was introduced to restructure and subordinate the local economy to European capitalism. The Nigerian colonial state was conceived and fashioned as *interventionist*, with broad license to intrude into major sectors of the economy and society. A secondary concern was the creation of an economy hospitable to free markets and private enterprise. Nigeria’s interventionist state extended its management of the economy, including broad administrative controls and significant ownership positions in many areas of the economy.

After independence in 1960, Nigeria’s civilian and military rulers alike expanded the interventionist state. Successive governments began in the late 1980s to reverse this trend, but privatization and economic reform have been piecemeal. President Obasanjo’s efforts to promote better macroeconomic management and to root out endemic corruption bore some results, but unemployment and poverty remain virtually unchanged—or worse.

Colonialism introduced a cultural dualism between the traditions of social accountability in precolonial society and emerging Western ideas of individualism. These pressures weakened indigenous democratic bases for the accountability of rulers and responsibility to the governed, along with age-old checks on abuses of office. Although colonial rulers left Nigeria with the machinery of parliamentary democracy, they largely socialized the population to be passive subjects rather than responsive participants. In practice, colonialism bequeathed an authoritarian legacy to independent Nigeria. Military rule continued this pattern from 1966 to 1979 and again from 1983 to 1999, as juntas promised democratization but governed with increasing severity.

This dualism promoted two public realms to which individuals belonged: the communal realm, in which people identified by ethnic or subethnic groups (Igbo, Tiv, Yoruba, and others), and the civic realm in which citizenship was universal. Because the colonial state and its “civic” realm began as an alien, exploitative force, Nigerians came to view the state as the realm from which rights must be extracted, duties and taxes withheld, and resources plundered (see Section 4). Morality was reserved for the ethnic or communal realm. Military rule reinforced this pattern, and the democratic idea in Nigeria has also been filtered through deep regional divisions.

The south experienced the benefits and burdens of colonial occupation. The coastal location of Lagos, Calabar, and their surrounding regions made them important hubs for trade and shipping activity, around which the British built the necessary infrastructure—schools (promoting Christianity and Western education), roads, ports, and the like—and a large African civil service to facilitate colonialism. In northern Nigeria, where indigenous hierarchical political structures were better established, the British used local structures and left intact the emirate authorities and Islamic institutions of the region and prohibited Christian missionary activity. The north consequently received few infrastructural benefits, but its traditional administration was largely preserved.
The south thus enjoyed the basis for a modern economy and exposure to democratic institutions, but the north remained largely agricultural and monarchical, and tried to use its numerical advantage to control government and redistribute resources. Despite these setbacks and divisions, the democratic idea remained vibrant across Nigeria throughout even the darkest days of military rule, and it remains strong even as frustrations rise with the current democratic government. Nigeria’s incredible diversity continually demands constant processes of negotiation and protections of interests that democracy promises.

Nigeria’s Fragile Collective Identity This division between north and south is overlaid with hundreds of ethnic divisions across the nation, which military governments and civilians alike have been prone to manipulate for selfish ends. These many cultural divisions have been continually exacerbated by the triple threats of clientelism, corruption, and unstable authoritarian governing structures, which together stir up ethnic group competition and hinder economic potential. Clientelism is the practice by which particular individuals or segments receive disproportionate policy benefits or political favors from a political patron, usually at the expense of the larger society. In Nigeria, patrons are often linked to clients by ethnic, religious, or other cultural ties, but these ties have generally benefited only a small elite. By fostering political competition along cultural lines, clientelism tends to undermine social trust and political stability, which are necessary conditions for economic growth.

Nevertheless, the idea of Nigeria has taken root among the country’s ethnic groups almost 50 years after independence. Most Nigerians enjoy many personal connections across ethnic and religious lines, and elites in both the north and the south have significant business activities throughout the country. Even so, ethnicity remains a critical flashpoint.

Implications for Comparative Politics

Nigeria is by far the largest country in Africa and among the ten most populous countries in the world. One out of every five black Africans is Nigerian. Unlike most other African countries, Nigeria has the human and material resources to overcome the vicious cycle of poverty and autocracy. Hopes for this breakthrough, however, have been regularly frustrated over five decades of independent rule.

Nigeria remains the oldest surviving federation in Africa, and it has managed through much travail to maintain its fragile unity. That cohesion has come under increasing stress, however, and a major challenge is to ensure that Nigeria does not ultimately collapse. Nigeria’s past failures to sustain democracy and economic development also render it an important case for the study of resource competition and the perils of corruption, and its experience demonstrates the interrelationship between democracy and development. Democracy and development depend on leadership, political culture, institutional autonomy, and the external economic climate; Nigeria has much to teach us on all these topics.

Summary

British colonialism forced together a host of nations under one political roof that had little experience governing as a single entity. Political mobilization through these ethnic identities led to the collapse of Nigeria’s first democratic experiment and civil war. Thirty years of military rule reunited the country under a federal system, but left deep patterns of clientelism and corruption that have characterized the politics of Nigeria’s Fourth Republic since the military returned to the barracks in 1999.
Colonialism bequeathed Nigeria an interventionist state, and governments after independence continued this pattern. The state became the central fixture in the Nigerian economy, stunting the private sector and encumbering industry and commerce. As the state began to unravel in the late 1980s and 1990s, leaders grew more predatory, plundering the petroleum sector, and preventing the nation’s vast economic potential from being realized.

State and Economy

Through direct ownership of industry and services or through regulation and administrative control, the Nigerian state plays the central role in economic decision-making. Most of the nation’s revenues, and nearly all of its hard currency, are channeled through the government, which control these earnings, known as rents. Consequently, winning government contracts becomes a central economic activity, and those who control the state become the gatekeepers for many lucrative arrangements. Those left out of these rent-seeking opportunities—perhaps 70 percent of Nigerians—must try to survive on petty trade and subsistence agriculture (the so-called informal sector of the economy) where taxes and regulation rarely reach. This informal sector accounts for about one-fifth of the entire Nigerian GDP, much of it earned through cross-border trade.

Origins of Economic Decline

In the colonial and immediate postcolonial periods, Nigeria’s economy was centered on agricultural production for domestic consumption as well as for export. Despite the emphasis on exports, Nigeria was self-sufficient in food production at the time of independence. Later in the 1960s emphasis shifted to the development of nonfood export crops through large-scale enterprises.

Small farmers received scant government support. Predictably, food production suffered, and food imports were stepped up to meet the needs of a burgeoning population. Three factors effectively undermined the Nigerian agricultural sector: the Biafran War (1967–1970); severe drought, and the development of the petroleum industry. Agricultural export production plummeted from 80 percent of exports in 1960 to just 2 percent by 1980. With the 1970s boom in revenues from oil, Nigeria greatly increased its expenditures on education, defense, and infrastructure. Imports of capital goods and raw materials required to support this expansion rose more than seven-fold between 1971 and 1979. Similarly, imports of consumer goods rose dramatically (600 percent) in the same period as an increasingly wealthy Nigerian elite developed a taste for expensive imported goods. By 1978, the government had outspent its revenues and could no longer finance many of its ambitious projects, causing external debt to skyrocket.

The acceleration in oil wealth spurred increasing corruption, as some officials set up joint ventures with foreign oil companies and others stole public funds. The
economic downturn of the 1980s created even greater incentives for government corruption. Within three years of seizing power in 1993, General Abacha allowed all of Nigeria’s oil refineries to collapse, forcing this giant oil-exporting country into the absurd situation of having to import refined petroleum. Abacha’s family members and friends, who served as fronts, shamelessly monopolized the contracts to import this fuel in 1997, a pattern that continued into the Fourth Republic. Elsewhere, outside the oil sector, small-time scam artists proliferated such that by 2002, Internet scams had become one of Nigeria’s top five industries, earning more than $100 million annually.

On the one hand, the oil boom generated tremendous income; on the other, it became a source of external dependence and badly skewed the Nigerian economy. Since the early 1970s, Nigeria has relied on oil for more than 90 percent of its export earnings and about three-quarters of government revenues, as shown in Table 12.2.

From 1985 to the Present: Deepening Economic Crisis and the Search for Solutions

Structural Adjustment The year 1985 marked a turning point for the Nigerian state and economy. Within a year of wresting power from General Buhari in August 1985, the Babangida regime developed an economic structural adjustment program (SAP) with the active support of the World Bank and the IMF (also referred to as the international financial institutions, or IFIs). The decision to embark on the SAP was made against a background of increasing economic constraints arising from the continued dependence of the economy on waning oil revenues, a growing debt burden, balance of payments difficulties, and lack of fiscal discipline.¹⁰

The large revenues arising from the oil windfall enabled the state to increase its involvement in direct production. Beginning in the 1970s, the government created a number of parastatals (state-owned enterprises; see Section 3), including large shares in major banks and other financial institutions, manufacturing, construction, agriculture, public utilities, and various services. Although the government has since sold many of its parastatals, the state remains the biggest employer as well as the most important source of revenue, even for the private sector.

Privatization, which is central to Nigeria’s adjustment program, means that state-owned businesses would be sold to private (nonstate) investors, domestic or foreign, to generate revenue and improve efficiency, but both domestic and foreign investors have been hesitant to risk significant capital in light of persistent instability, unpredictable economic policies, and endemic corruption. Only a few attractive areas such as telecommunications, utilities, and oil and gas are likely to draw significant foreign capital.

Economic Planning Beginning in 1946, when the colonial administration announced the ten-year Plan for Development and Welfare, national plans have been prepared by the ministries of finance, economic development, and planning. Five-year plans were the norm from 1962 through 1985, when their scope was extended to fifteen years. The national plan, however, has not been an effective management tool. The reasons are the absence of an effective database for planning and a great lack of discipline in plan implementation.
### Table 12.2 Oil Sector Statistics, 1970–2009

<table>
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<tr>
<th>Year</th>
<th>Oil Exports Value ( Millions $)¹</th>
<th>Total Exports ( Millions $)²</th>
<th>Oil Exports as % of Total Exports³</th>
<th>Government Oil Revenue ( Naira Millions)⁴</th>
<th>Government Oil Revenue ( Millions $)⁵</th>
<th>Total Government Revenue ( Naira Millions)⁶</th>
<th>Percent of Total Revenue</th>
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²OPEC.
³OPEC.
⁴Central Bank of Nigeria.
⁶Central Bank of Nigeria.

Source: Recent data compiled by Evan Litwin and Mukesh Baral.
Nigerian and foreign business leaders revived dialogue with government on economic direction with the 1994 establishment of the annual Nigerian Economic Summit Group (NESG). This differed from previous planning efforts in that it was based on the coequal participation of government and private sector representatives. Two years later, General Abacha initiated the Vision 2010 process (see “Global Connection: From Vision 2010 to NEEDS”). Participants in Vision 2010 advocated reductions in government’s excessive role in the economy with the goals of increasing market efficiency and reducing competition for control of the state. The Obasanjo administration accepted much of the Vision 2010 agenda at the outset of its first term, and advice from the NESG continues to influence economic policies.

President Obasanjo opened his second term in office in 2003 with a renewed focus on economic reform and development. Nigeria stabilized its macroeconomic policy, restructured the banking sector, and established a new anticorruption agency, the Economic and Financial Crimes Commission (EFCC). Unfortunately, many of these ambitious goals were followed by lackluster implementation, and President Jonathan has so far provided little economic policy. Buoyant oil revenues have helped to spur the economy higher since 2005, but poverty has not significantly diminished, and there remain basic questions about the sustainability of growth without a more diversified productive foundation.

### GLOBAL CONNECTION

#### From Vision 2010 to NEEDS

In the early 1990s, concerned with the nation’s economic decline, a number of the larger Nigerian businesses and key multinational corporations decided to pursue new initiatives, including the first Economic Summit, a high-profile conference that advocated numerous policies to move Nigeria toward becoming an “emerging market” that could attract foreign investment along the lines of the high performing states in Asia.

Through Vision 2010, the government pledged to adopt a package of business-promoting economic reforms, while business pledged to work toward certain growth targets consistent with governmental priorities in employment, taxation, community investment, and the like. Along with government and business leaders, key figures were invited to participate from nearly all sectors of society, including the press, nongovernmental organizations, youth groups, market women’s associations, and others. Government-owned media followed Vision 2010’s pronouncements with great fanfare, while the private media reviewed them with a healthy dose of skepticism regarding Abacha’s intentions and the elitist nature of the exercise. Vision 2010’s final report called for:

- Rebuilding education
- Meaningful privatization
- Diversifying the export base beyond oil
- Supporting intellectual property rights
- Central bank autonomy

Whatever its merits, Vision 2010 was imperiled because of its association with Abacha. When the new Obasanjo administration took office in 1999 lacking a comprehensive economic plan of its own, however, it quietly adopted the general economic strategy and objectives of Vision 2010. President Obasanjo repackaged and developed many of these goals into a new economic initiative for his second term, the National Economic Empowerment and Development Strategy (NEEDS). Upon taking office in 2007, President Yar’Adua announced his intention to continue the thrust of the policy goals of NEEDS and Vision 2010, announcing his own Vision 2020 and a Seven Point Agenda that included economic reforms. His declining health, however, left little of these plans enacted, and President Jonathan has yet to undertake any ambitious economic efforts.