State Capture, Environment and Nigeria’s Political Economy

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Abstract: This work examines the incidence of state capture of the Nigerian environment by the ambitious military leaders. This, the work argues, is a major cause of the prevailing poverty and underdevelopment in Nigeria. It accentuates the thinking that the capture of the environment and its underutilization resulted in a mono-cultural economy which narrowed the economic space for the people. The work articulates the point that the decisions taken by the military such as: the transfer of the control of natural resources to the federal government; adoption of a unitary model of government, and the operation of a one product economy resulted in exclusionary politics and internal colonialism. The work sees the state capture as counterproductive, as it violated the historical and developmental achievements of the country. Finally, the work suggests the need for the current civilian administration to revisit the Land Use Act 1978, with a view to returning the control and exploitation of the environment/natural resources to states where they are located, and for the states in turn to mobilize them for domestic industrialization process, as a way of promoting socio-economic advancement and diversification of the economy.

Key words: Capture, Economy, Environment, Nigeria, Resources, and State

INTRODUCTION

The nexus between environment and political economy is seriously discussed in the literature of environment and national development, especially sustainable development studies. Environment is usually seen as a vital component of political and socio-economic development, in view of the fact that it is largely the base for the survival of the masses in almost all parts of the world, and a kind of platform for ethno-political identity (Guma, 2009: 1-19). Generally, development and environmental management are inextricably connected. The environment houses the earth’s physical resources such as the water tables where agriculture can survive, where mineral and solid resources can be extracted, which to a large extent influences the production structure and power of States. It is not disputable that environmental resources therefore are power base if properly managed.

It is along this thinking that Rourke (1999: 426) argues that, it is not always the case that States with bountiful natural resources experience development because there are certain critical factors that have to be present in those States for them to transmute such natural assets that abound in their environment to real assets. For him, irrespective of natural resources endowment in a State, its power could still be missing, unless it can convert those natural resources or potential assets into industrial goods. Nigeria for instance is blessed with an environment that harbours bountiful presence of natural resources. These natural resources include, fuel minerals, crude oil, coal, natural gas; steel industry resources such as manganese and chromites; and a host of other mineral resources (Nwoke, 2013:16).

The country is also blessed with arable land which can grow agricultural products for domestic consumption, and also for exports (Olawoye, 2001:21). However, Nigeria is experiencing shortage of critical factors for natural resources transformation to a viable political economy in which the people can draw development strength. Apart from such critical factors like technology and power infrastructure, the country does not have a clear philosophy or orientation of development that can promote industrial output that can put the country’s GDP at economic or market level rate. For Rourke (1999:425), natural resources affect power in at least three related ways: (1) the greater a country’s self-sufficiency in vital resources, the greater its power. (2) Conversely, the greater a country’s dependency on foreign sources for vital natural resources, the less its power. (3) The greater a country’s surplus (over domestic needs) of vital resources needed by other countries, the greater its power.

Nigeria’s natural resources endowment usually translated as potential power has not been able to fundamentally play the role of a national power booster in line with the propositions identified by Rourke. Instead the country’s ruling elite is grossly engulfed in a crisis of mission over the natural resources. Otherwise, how could the variety of Nigeria’s mineral resources lead the country to a mono-cultural economy, which in recent times has impoverished the masses? The so called oil wealth and the oil boom growth which occurred in the 1970s and the 1980s did not develop the economy as the masses did not draw strength from the boom. The Nigerian civil and public servants have in recent times had their labour disconnected from adequate or economic rewards as they are not paid wages that could match basic standards of living in the country, coupled with irregularity in the payment of salaries and wages. Thus, one phenomenon that has developed in Nigeria over the country’s rich environment is the challenge of why the masses have not been able to draw strength from the gamut of wealth from the environment, and why instead the country is having wealth distribution conflicts.

The conflict of oil wealth distribution has been described by Todd (2007) as resource curse. For him, it becomes fairly lucid that oil wealth in Africa, raises the chances of a country to plunge into war. In Nigeria, this is so when we consider the crisis of oil production and exchange relations between the oil-bearing communities and the government of the Nigerian State. The relations, rather than being based on tripartite relations involving all stake
holders as practiced by other countries in similar situation, it
instead was based on a bipartite structure, assuming that the
Nigerian state being dominated by the elite from the very
dominant ethnic groups would protect the interest of the
minority ethnic groups that bear the oil resource. This, as we
might know, has turned out to be an error of extrapolation,
as the masses that inhabit the communities are cut-off from
the oil-wealth sharing equation.

Although Todd’s view could be said to make a lot of
sense as he eventually suggested the diversification of the
economy, but much more important here is the fact that,
because the rights of the people are infracted under the
current mal-distribution of public wealth scantly generated
from the rich environment, the causal nexus has to be
explored. This is because it has created impediments that
have hindered the link between the masses empowerment
and the rich environment. Essentially, this paper traces the
cause of the gap between environment and the empowerment
and the masses to the ‘State capture’ of the environment
by the totalitarian federal military government through the Land Use Decree 1978, which was subsequently
enshrined in Article 44(3) of the 1999 Constitution, as a
major cause of the disconnect. In view of the Land Use
Decree or Act 1978, the environment of the Nigerian State
with natural resources there-in, was given to the federal
government, which in principle is usually being exploited by
the dominant ethno-regional ruling elite who control the
government. This political attitude manifested in Nigeria, when the military
decision-makers through channels that are not obvious
and how they are applied in the work. The concepts are:
State Capture: Environment; and political economy.

CONCEPTUAL PROLOGUE

This part of the work discusses the meaning of the
major concepts used in this work that require clarification
and how they are applied in the work. The concepts are:
State Capture; Environment; and political economy.

State Capture:

This is a systemic political attitude or a kind of political
corruption in which private interests significantly influence
a State’s decision-making processes to the advantage of the
decision-makers through channels that are not obvious
(World Bank, 2000). It is similar to regulatory capture
usually perpetrated by state institutions such as the
legislature, the executive, and the judiciary. This political
attitude manifested in Nigeria, when the military
government enacted the decree of 1978 which forcefully
decided to give all land in the federation and properties
there-in to the federal government at the expense of the state
units, where groups of the country have immediate
attachment and who were the original owners of the environmental resources. The beneficiaries of the state capture in Nigeria are the federal government and the dominant ethno-regional elite class which sustained the decision.

In this work, the idea of the state capture is relevant in explaining the decision of the ambitious military leaders who by decree of 1978 and the petroleum act 1969, decided to give the ownership and control of all land and natural resources there-in to the federal government controlled by the dominant political region of the country, and to explain the conspiracy against the natural resources bearing enclaves of the country, as well as revealing the availability of authority and non-authority units’ situation in the Nigerian state system.

Environment:

Environment involves the sum total of all factors affecting organisms in their ecosystems. These factors are biotic and abiotic, that is, living and non-living things. Biotic factors (living things) include plants, animals, bacteria, and fungi. The abiotic factors (non-living things) include temperature, rain fall, day or sunlight, gases, water, soils, and atmosphere (Rourke, 1999: 458). These environmental factors are very important for human existence. Human beings constantly interact with their environment on a grander scale through series of processes aimed at development. This creates a symbiotic relationship between environment and development. The United Nations General Assembly recognizes the symbiosis between environment and development, when it created the United Nations Environment Programme (UNEP), though to save the international environment, but more visibly to promote awareness of environmental use for sustainable development. For instance, the Rio declaration of UNEP asserted twenty-seven principles which reflect the growing concerns for environment and sustainable development (Moore, et al, 2006:267).

It is against this backdrop that this work adopts the definition of environment given by the Business Dictionary.com as “the sum total of all surroundings of living organisms, including natural resources which provide conditions for growth and development”. To this end, this work sees environment as an embodiment of natural resources which states can use to mitigate underdevelopment. The question here is: How has the Nigerian state used its potentially rich environment to motivate the political economy?

Political Economy:

Political economy is a social science subject that studies the relationship between individuals and the society in terms of how the individuals are connected with the wealth of the society. This relationship is usually seen at two levels, between the people and the state, and between market and the state. Its methodology is largely drawn from political science and sociology (Aina, 2003:26). The concept of political economy is coined from two Greek words ‘polis’, meaning city or state, and ‘oikonomos’ meaning one who manages a household or estate. This translates to mean that, political economy can be understood as the study of how a state is managed or governed in terms of wealth distribution, which also means that political economy is also embedded in moral philosophy. Precisely, political economy was developed in the 18th century as the economics of the state; hence the notion of political economy denotes the concern with the interplay between politics, economics and society (Groenwegen, 2008: 904-907).

Classical thinkers such as Adam Smith, David Ricardo, John Swart Mill, Karl Marx, and others grounded their works on the fundamental observation that politics and economics are inherently linked (http://poec.athabascalresources). Perhaps, political economy can be better understood when it is compared with economics. The difference between political economy and economics is methodology and the way they conceive development. The methodolgy of economics is rooted in quantitative analysis and it is science oriented. Thus, while economics aims at the creation of new knowledge, political economy on the other hand is applied science and its methodology is a priori, that is, makes assumptions prior to experience. Essentially therefore, political economy sees development as a situation in which the people of society are connected with the wealth of their society and how they are able to draw strength from such wealth. This is the logic adopted in this work, and over which the next part of the work is examined.

ENVIRONMENT EXPLORATION AND NIGERIA’S POLITICAL ECONOMY

Nigeria is blessed with an environment with abundant economic resources like building and construction industry minerals, fuel minerals, steel industry minerals, non-ferrous minerals, strategic minerals and precious metals and gemstones. Apart from mineral deposits, the country’s climate also favours wide variety of agricultural activities including the cultivation of rice, wheat, palm produce, cocoa, and other cash crops. Nigeria also has a population that is the largest among the countries in the continent of Africa, and which can constitute a significant domestic market of the Nigerian economy. In spite of all these environmental qualities and advantages, the Nigerian economy regrettably has hit an all time low, due largely to its capture by an oligarchic ruling elite and its eventual underutilization by the captors.

The history of Nigeria since independence reveals that the country’s first republic manifests what can be regarded as a fiscal federation, with an economic structure in which the component units of the federation (the three regions and later on four) made better use of the environment as the natural assets constituted exchange values. For instance, in the Western region, the major cash crop was cocoa. The proceeds of cocoa were used to maintain the region, provide employment on a massive scale to the people of the region, and the farmers were able to send their children to school. It was palm produce, rice, etc in the Eastern region, while it was groundnuts as well as hides and skin in the Northern Nigeria. There were in each region of the country, produce marketing boards which engaged in economic activities.
The people in each region were massively employed by the produce marketing boards, while some of them set up cottage enterprises that were developing before they were truncated. Agriculture was the mainstay of the regional economies. The regions and later on States retained 50% of their revenue from the sale of their cash crops, while 50% as well was allowed the federal government. It contributed more than 65% of the country’s Gross Domestic Product (GDP), and Nigeria was a net exporter of food and earned most of its foreign exchange from agricultural produce, with the major sources of revenue for governance being cocoa, cotton, palm produce, groundnuts and timber (http://www.thisdaylive.com).

Employment creation was high and peasant farmers maintained reasonable standards of living that out-classes the contemporary poverty and wretchedness that the oil economy (the one product economy) operated by the captors of the environment, have bestowed the country. Indeed the economy of Nigeria could be said to be averagely diversified in the first republic. The coming in of the state captors (the military), halted the progressive movement to a true diversified economy which would have brought industrial development in Nigeria with time. The military started the era where agricultural produce was jettisoned and instead they favoured overdependence on the capital intensive oil sector which provides about 20% of GDP, 95% of foreign exchange earnings and about 65% of budgetary revenues as statistics have shown over time.

The excuse of the military, which allowed the first and second republics only ten years of existence (five years each), was allegations of corruption, bribery, favoritism, and inefficiency, characterized civil governance. As it turned out to be, the ambitious military leaders took three steps which infracted the framework of a growing diversification of the economy based on the peculiarity of the Nigerian environment: (1) they captured the Nigerian environment and dislodged many Nigerians from their occupations which were hitherto land related. (2) The second step was that they operated a unitary system of government which favoured centrality of governance and exclusivist politics in a plural society like Nigeria. (3) Perhaps, unconsciously the state captors operated a mono-cultural economy which promoted an economy of non-commodity bearers and corruption. These three policy directions have implications which are discussed in the next part of this work.

THE POLITICAL ECONOMY IMPLICATIONS OF STATE CAPTURE OF THE ENVIRONMENT

This part of the work proceeds with the argument that the steps taken by the military intervention in governance in Nigeria started the journey of the political economy of poverty and underdevelopment in the country after political independence. This is discussed under three sub headings: underdevelopment and poverty; unitary system of government; and mono-cultural economy, which explain the way people are connected with the environmental wealth under the state captors.

Underdevelopment and poverty: The Nigerian military leaders beginning with the pioneer regime of Gen. Ironsi to Gen. A. Abubarka who handed over eventually to the civil government in 1999, captured and controlled the state and its environment, and underexploited it. Decisions made by the military regimes invariably destroyed the basic structures of the economies of the state units under which the first republic engaged the people of the Nigerian federation. The government of the military regimes not only discontinued the structures and operation of the agricultural sector where majority of Nigerians had their occupations, but also suspended the mechanisms of the derivation bundle. This, the military leaders did by shifting emphasis to the petroleum resource. The shift of attention to petroleum which only accounted for 20% GDP as against 65% recorded when the agricultural sector led the economy (http://www.thisdaylive.com), led to hardship and under-exploitation of the environment in the country, leading to the unemployment of many Nigerians and the destruction of some vital economic structures. The produce marketing boards which were the driving force of the agricultural sector were discontinued and they lost their relevance in the military scheme of operation of the state economy. Certain decrees made by the military, were responsible for the awkward situation. For instance, the military under General Yakubu Gowon promulgated the Petroleum Act of 1969, which robbed the petroleum bearing states of their natural resources endowment under the pretext that the proceeds of petroleum would be used to prosecute the civil war which took place between 1967 and 1970. This received a caveat impetus when under Muritala/ Obasanjo, the regime promulgated the Land Use Decree/Act 1978, which unilaterally gave ownership of all land in the federation and properties therein to the federal government, which completely affected fiscal federalism in Nigeria, in the guise of state equalization, as subsequent arguments in the politics of the country later revealed (http://247ureports.com).

It can be recalled that, the military led by Gowon, abolished the 50% derivation principle. After the war, the derivation situation was not reversed to the status quo in spite of the various revenue allocation commissions set up by the military regimes, just as oil became a very lucrative largesse in the hands of the military government. As such, the military governments over concentrated on oil while they neglected other minerals such as tin and columbite for which Nigeria was the top six world producer before the military menace (http://motherearthtravel.com). The politics of state capture and its autonomization by the military and the subsequent civilian governments at the centre paved way for the sustenance of the suboptimal use of the environment by the ruling elite, who also prefer the appropriation of the oil resource and the manipulation of the derivative principle below the percentage applied in the first republic. The Decree/Act responsible for the state capture is expressed in both the Laws of the Federation, 1990 (cap 202), and the 1999 Constitution (Article 44 (3)).

The discovery of oil as a potant source of revenue for the military federal government eventually led to the neglect of other solid minerals such as tin and columbite. Also, as already pointed out, agriculture which hitherto employed over 60% of the Nigerian working class was neglected. The neglect of the gamut of the inventory of the country’s rich
environment except oil was the major cause of high rate of unemployment in the country. With many other sectors sank, the Nigerian economy experienced a colossal loss of indigenous occupations among local communities which in the process promotes an economy of non-commodity bearers, against an economy of commodity bearers. In view of this, the Nigerian economy which was once a large net exporter of food invariably became an importer of various kinds of food.

The state capture and politics of the oil resource has produced three categories of people in Nigeria: (1) those that can be classified as the opportunists by virtue of their inclination to the oil wealth facilitated by the state captors, through the allocation of oil blocks. (2) Those appropriating states monthly allocations from Abuja and over which they engage in self-enrichment, and the enrichment of their clusters. (3) The third category involves the oil-bearing communities and other Nigerians (masses) that are marginalized in the oil production and exchange bundle, and who are frequently engulfed in the crisis of resource control and fiscal federalism. The first category can be further divided into two groups. The first group involves those from non-oil bearing states or geopolitical zones of the country who are eventually the dominant ruling elite of the Nigerian state that control political decisions in the country. This group of opportunists sees state capture and the monopoly of the captors over the environmental resources, as a way of balancing the economic power equation in the country to avert lopsided economic advantage which might be the case should the oil-bearing states have ownership and control rights of their oil wealth. The position of the Northern states delegates to the 2014 over fiscal federalism particularly over the oil wealth distribution is a clear instance. The second group of the first category involves those politicians that have tickly enriched themselves without necessarily owning oil blocs, but by misappropriating their state allocations. The mansions they build and their fat bank accounts in the country and abroad are clear pointers.

The two categories herewith described as opportunistic classes essentially dictate the pace of the Nigerian economy dominated by non-commodity bearers, that is, an economy led and dominated by those without exchange values. The implication of this is that, this type of a non-productive economy cannot deliver development. Thus, what is prevalent in Nigeria is unemployment, inflation, hunger, instability, insecurity, etc, which justify Todd (2007:65) assertion that in Africa, oil raises a country’s chances of plunging into war.

**Unitary system of government:** A second major decision of those who captured the state was the imposition of a unitary system of government on the country. The implication of the unitary system to the economy was the centrality of the economy, against requirements of a plural society such as Nigeria that yearns for devolution of power and diversification of the economy, and also against the doctrine of federalism which requires the component units of the federation to develop at their own pace. The first military head of state Gen. J. T. Aguiyi Ironsi from the Igbo extraction destroyed the federal system of government which was hitherto adopted by Nigerians based on the availability of federal conditions and prime-facie federal mobilizers.

Though it was not clear why the military under Ironsi rejected the federal system., but the consistent way in which all the military regimes jettisoned the federal system, suggest first of all, that the military was not comfortable with federalism because its leadership was not ready to share powers with the component units of the federation. Secondly, from the body language of the military, given the annexation of the oil wealth which was found from a particular region of the country, the military was interested in balancing the power of states in the country in a way that states do not develop at their own pace, and that the so-called oil wealth does not produce states that would be ahead of others in terms of economic development.

The unitary system of government and the imposition of the 1999 constitution on Nigerians, weakened the foundation and structure of federalism in Nigeria. For instance, the federal military government expanded their control over the economy to the extent that in 1999, the states depended on it for up to 90 percent for their revenue (http://247ureports.com). The rejection of federalism and the suppression of political economy development can also be seen to be in tune with the desire of the military regimes to promote a single line economy which they can control, irrespective of the consequences. It was also clear that all the military regimes rejected federal structures which supported economic diversification, while preferring a unitary system imbued in a unitary economy. Ironsi for instance introduced the unitary system and disengaged the federal structures. Muritala did not only retain the unitary system, but did not just recognize the governors as he removed them from the Supreme Military Council (SMC) and created another body known as the National Council of States, where they were included.

General Buhari who was stern and resolute in sacking Shehu Shagari to close the second republic, became as unitary as his predecessors (Irons and Muritala/Obasanjo). Gen. Babangida who was calculative and tactical, took a number of anti-federal actions such as, giving in to the sharia demands, Nigeria’s membership of OIC, which were actions that were anti-federal system. Gen. Sani Abacha who came in after displacing the interim government Babangida put in place, accentuated what the military governments represented. The regime weakened the structures of federalism further, through the creation of states that could not stand economically. The states he created were so dependent, and he adopted fiscal measures that appropriated more resources to the centre. The military government under Gen. Abdulsalami Abubarka presented Nigeria with what can be described as a unitary-federal system, and went ahead to give the country the 1999 constitution along that line.

In sum, the military unitary system expanded its control over the economy to the point that the gate-keepers or the exercise of control by states were removed, a situation that makes it difficult to check the excesses of the ruling elite in their primordial settings.

**Mono-cultural Economy:** A third major implication and fallacy of extrapolation flowing from this work is the...
mono-cultural economy. This is essentially an economy that depends primarily on one product (Iheanyi and Ekpemauzor, 2008). The state capture by the ambitious Nigerian military leaders and their perception and utilization of the environmental resources in the country, was below development. This is because they saw oil or petroleum as the only strategic commodity of all the commodities such as solid minerals and agricultural produce which abound the Nigerian environment. The military state captors then exerted significant influence and control of the oil resource.

From the 1970s Nigeria’s critical dependence on the oil sector became evident as the country’s balance of payments became linked closely with the developments in the international oil market. The implication of depending solely on oil is tremendous because apart from swaying the country from mobilizing other resources to tackle the poverty conditions in the country, it also influenced consumption demand. Accordingly, the influence of oil resources on the private sector and household behaviour is indirect, since oil revenues are received wholly by the federal government. Hence, there was no direct relation between current account development and the liquidity of the private sector (http://www.medwelljournals.com). For a country to attain growth and development it must engage in resource mobilization, but unfortunately, the military captors of the Nigerian state jettisoned the gamut of resources available in the country such as solid minerals, agriculture and manufactures, that would have been used to diversify the Nigerian economy and bridge the dichotomy between the private sector and public sector financial development. This means the simultaneous development of the various sectors instead of practicing monoculturalism which enlarges the consumption nature of the Nigerian economy.

CONCLUSION

This work has attempted to emphasize some of the major causes of poverty of the masses and the underdevelopment of the Nigerian economy, following the state capture by the ambitious military leaders. Essentially, the work illuminates the point that Nigeria’s rich environment has been misapplied to produce an economy of a few wealthy non-commodity bearers imbued in monoculturalism and sharing of the oil wealth largesse at the expense of the masses. It is noted here that, the state capture from both the first and the second republics, did extensive economic damage in the hitherto framework of the political economy of the country in which people were massively gainfully employed. The state captors as the paper accentuates, instead enlarged the public sector and stunted the growth of economic diversification befitting a plural setting like Nigeria.

The usual military’s cause of worry, that the civilian administrations were corrupt, after all did not constitute any lesson for the military, as military regimes also were not left out in corrupt practices. For instance the loots under Abacha are still fresh in the memory of Nigerians. The state capture by the military, apart from its infraction of the course of development, it also violated the tenets of federalism and misrepresented the country’s constitutional history (Ekeh, 2010). Thus, it appears as if the achievement made from the independence struggle and the progress of the erstwhile regions and states was a waste, as the systems that brought them were thrown overboard. Above all, the military state captors so structured political development in such a way that their totalitarian and authoritarian systems of politics encourages exclusionary state politics and internal colonialism in the administration of the country.

The work argues that most of the prevailing crises and limitations in the country are caused by the hold-back of the environment of states, especially with regard to the natural resources. Against the backdrop of these implications is the fact that a fundamental necessity is created which requires that the government under the present dispensation makes reversal policies to return the control and exploitation of the environment to states in the country. Accordingly, the natural resources such as solid minerals, oil and gas, and agricultural produce, should be mobilized henceforth for domestic industrialization process. This will facilitate the much desired economic diversification which showed initial signs in the first republic. The way forward is actually through the making of a new federal constitution by elected constitutional conference representatives of the people, and the conduct of a referendum to resolve the issues that are rolling-back the Nigerian state pointed out in this work.

REFERENCES


