

# CHAPTER 11

## THE MILITARY RULE AND RECONSTRUCTION

### Objectives

After studying this chapter, students should be able to:

- discuss the new revenue source for government;
- discuss the second national development plan;
- list the nine point programme of Gowon;
- identify the achievements and failures of the Gowon reform.

### Introduction

Nigeria's independence in 1960 brought much hope to Nigerians. The struggles of our heroes past were not in vain. Few years later, that hope seem to be fading away as hate, ethnicity, corruption were allowed to creep into the fabrics of our unity as a nation. Nigeria fell from grace to grass into the abyss of an unnecessary civil war. The civil war over, yet Nigerians are still not being able to articulate good policy to ensure peace, love and unity as a nation. The promise of a better Nigeria through new source of revenue was not utilized. From wealth to poverty, Nigeria has been battling since independence for a leader. Yes, a leader with vision to know where we should be as a nation.

### 11.1 Oil: A Source of New Revenue

Nigeria is located in the tropical zone of West Africa. Her neighbours include: Chad, Cameroon, Benin and Niger. Nigeria is blessed with abundant natural resources which include water, land, forest and minerals. Nigeria is undoubtedly the most populous country in sub-Saharan Africa with about or more than 137 million people and consists 25% of sub-Saharan Africa's entire population as well as growing at an annual rate to about 2.8%

The Nigerian GROSS DOMESTIC PRODUCT GDP reveals that Nigeria's economy heavily depends on the oil sector with 40.6% of GDP in 2002 while in the non-oil sector, agriculture accounts for 28.35% as well as the manufacturing sector contributes around 5.5% in 2002. The agricultural sector alone accounts for about 90% of the non-oil foreign exchange earnings, and provides employment to about 63.4% of the total labour force in Nigeria. It has been estimated that 70% of poor Nigerian's live in rural areas and are engaged primarily in small scale agriculture.

However, by the time Nigeria became politically independent in October 1, 1960, agriculture was more prominent in the economic sector contributing about 64.1% of the Gross Domestic Product (GDP) employing about the same percentage of the engaged population while accounting for 90% of foreign exchange earnings and revenue. The early period of post independence, to the 1970s

witnessed a rapid growth in industrial capacity and output as well as the manufacturing sector contributing about 4.8% to 8.2%. The trend in growth changed when oil suddenly became strategic and vital to the world economy and a new source of revenue for Nigeria. See Table I below.

*Table I: Nigeria sectorial contribution to Gross Domestic Product (GDP)*

Sector	1960	1970	1980	1990	2000	2002
Agriculture	64.1%	47.6%	30.8%	39.0%	35.7%	28.35%
Manufacturing	4.8%	8.2%	8.1%	8.2%	3.4%	5.5%
Crude oil	0.3%	7.1%	22.0%	12.8%	47.5%	40.6%
Others	30.8	3.7%	59.1%	40.0%	13.4%	25.55%

*Source: Central Bank of Nigeria, changing structure of the Nigerian economy (2000) and annual report and statement of account (2002)*

The crude oil in Nigeria was discovered in Oloibiri, in commercial quantity in 1958 in the swampy area of the Niger Delta currently in Bayelsa state of Nigeria. The rise of Nigeria as a vital strategic player in the world oil politics has been described as dramatic during the early beginning of the Nigerian civil war that ended in 1970. It is worthy to note that before this period, oil in Nigeria is insignificant and unknown and irrelevant to the growth of the economy. It amounted to less than 2% as total export and between 1960 to 1973 oil output has sky rocketed from a mere 5million to over 600million barrels. This indeed, caused the government oil revenues to increase from 66million naira in 1970 to over 10 trillion in 1980.

### i. Oil Boom Era

Nigerian oil reserve is put at 34trillion barrels of crude oil, 5.3trillion cubic metres of gas as well as 639million tons of coal and hydro resources. Nigerian daily crude oil and gas production were 2.46million barrels and 165million cubic metres in 2004. However, the oil sector contributes 81.2% of total public revenue.

The boom in the production of crude oil demands equally a proper and gainful management on the part of government. The oil boom is as a result of the Middle East war of 1973 which created unprecedented, unexpected and unplanned wealth for Nigeria. The oil boom created a shift of policies from a comprehensive or holistic method to an acceptable standard against the environmental condition of the producing state.

Government started creating conducive economic environment to accommodate the new investments. With huge investment used in development or building infrastructure in the urban cities, neglecting the rural areas. The attraction of the urban area caused migration of rural people to the urban areas thereby creating social problem.

## ii. Oil Boom Effects

With much money in the hands of the government, there was need for proper planning in order to understand the trends of things. The federal government instituted a committee called the Udoji commission, to review, assess and to examine jobs in the public service.

This means reviewing of the salary structure which is the first impact or consequence of the oil boom. With much money in the hands of Nigerians, the consumption and spending habit of Nigerians changed reflecting people being able to provide basic needs.

As if the Udoji commission was not enough, Nigerian government decided to change the business environment by enacting the indigenization decree in 1974-1977 in order to have total and unflinching control over the nation's economy. The policy reduced in most cases, removed foreign investors equity shares. In most companies from 100% to 60% or 40%, sensing evil, foreign investors in those affected companies left the shores of Nigeria. This policy alone brought or placed much money in the hands of the government that they envisaged before, even after the Udoji commission that was made in order to turn back this unplanned excess money in the hands of Nigerians. The policy ensured the relegation of the agricultural sector.

Then the money coming from oil sky rocketed or better depicted, ballooned in the early 1970s. The government went wild in spending and embarked on frivolous spending and expensive projects most times, unrealistic, having or lacking in value. The government did not know how to use the excess revenue to transform the economy, or initiate programmes that would have ignited the entrepreneurial ingenuity of Nigerians more especially having seen how the civil war was fought amongst the Biafra's who has to improvise to withstand federal forces should have encouraged the government to rechannel some of the money to encourage entrepreneurial growth, if indeed the 3R's meant something (reconstruction, rehabilitation bad reconciliation).

Also, government should have help encourage small scale or medium scale enterprises.

Therefore, due to improper management or in misappropriation, not having the right people at the right time in position managing the economy, the economy snowballed into a more dangerous position. In late 1970s, the oil price dropped suddenly and the shock outwitted Nigerian economic managers, to remedy the situation, Nigeria resorted to borrowing. The oil boom became the oil doom.

## 11.2 The Second National Development Plan (1970 – 1974)

Nigeria first experience in national planning pre-dates Nigerian independence. It was more or less prepared by the British colonial government to suit their development objective and plan for Nigeria. However, after independence, an indigenous development plan was planned and organized in order for it to reflect Nigerian development plan. The development plan could not materialize due to the political crisis of 1966 that led to the Nigerian civil war. Infact, the money that was given to fund the project was later used to prosecute the Nigerian civil war. However, after the civil war, the federal government under General Gowon realized that without a development plan for the country, it would

be impossible to resuscitate the economy. Hence, the need to formulate a new development plan for the country in order to give policy makers direction.

The experience of Nigerians after the civil war coupled with the problems associated with the oil boom that increased the Nigerian oil revenue, resulted to the prevalence of a bleak and bizarre state. The oil boom effect had changed the consumption psych of Nigerians, so after the war, very many Nigerian could not afford the means of livelihood and the money to get that they want.

Therefore, the second national development plan christened Rehabilitation, Reconstruction and Reconciliation, by General Gowon was in effect geared towards resuscitating the debris of the civil war to close further escalation of unnecessary tension and hate, in order to foster national integration.

### **11.3 The Second Development Plan Objectives**

However, in order to achieve growth, promote and accelerated progress, the national policy matters should note that national development planning is not merely an increase in economic growth but it should be geared towards sustaining and achieving a social and political balance in the society. This must be articulated in the objectives, which the plan will focus on. Hence, the objectives are to produce:

- (a) a great and dynamic economy
- (b) a just and egalitarian society
- (c) a united, strong and self reliant nation
- (d) a land of bright and full opportunities for all citizens, and
- (e) a free and democratic society

The objectives indeed, show that the objectives are geared toward promoting sustainable socio-economic-cum-political balance. Therefore, the importance of a national development plan cannot be over emphasized. The national development plan is not only to reconstruct, rehabilitate and to reconcile or for a more replacement but an economic blueprint for a rapid growth and the progressive removal of foreign control of the Nigerian economy.

### **11.4 The Era of General Yakubu Gowon Regime (1966-1975)**

The civil war started on the 6th July, 1967 and ended on 10th January, 1970. The war that lasted for over two years brought much pain, frustrations and debilitating situation mostly, from the Biafrans, who among all things beared the brunt of the civil war. The devastation of the civil war, stagnated the socio-economic structure of Nigeria making development virtually impossible. Two, the effects and psychological trauma that the war brought made it impossible for Nigerians to integrate properly. Nation building became difficult because most post-civil war policies of the government coupled with other profile events did not allow for sustainable development as people in Nigeria began to see themselves more as strangers than citizens. There were total disarticulation of infrastructure, nor absence of basic needs of life as the cost of the war to Nigerians was monumental.

Hence, General Gowon in 1970, in the bid to foster unity that will propel national integration inaugurated a nine point agenda aimed at bridging the socio-political cleavage as well as to create a Nigeria everyone will be proud to identify with. The nine-point agenda of his regime include:

- (a) The reorganization of the armed forces for improved efficiency;
- (b) The implementation of the national development plan;
- (c) The preparation and adoption of a new constitution;
- (d) The introduction of a new revenue allocation formula;
- (e) The organization of genuinely national political parties;
- (f) The organization of elections and installation of popularly elected government in the states and at the centre;
- (g) The eradication of corruption in our national life;
- (h) The settlement of the question of the creation of states;
- (i) Conducting a national population census.

### **11.5 Achievements of General Gowon's Administration (1966-1975)**

- i. **Economic achievement:** General Yakubu Gowon's administration introduced a new currency in order to strengthen the Nigerian ailing economy. He equally ensured that Nigeria had a reputable national development plan. He embarked on rapid industrialization by ensuring the setting up of industries all over the country to spur socio-economic and also to create and export oriented economy.
- ii. **Foreign policy:** General Gowon realized the importance of regional organization or having good neighbours as one of this war experience. Therefore he joined other West African leaders to form the Economic Community of West African State (ECOWAS). General Yakubu Gowon was able to ensure the headquarter of ECOWAS is in Nigeria through diplomatic maneuver.
- iii. **Political achievement:** General Gowon ensured that Nigeria remain a cooperative entity. He achieved by the way, he successfully executed the war. To a large extent one could say that he was also supported by the Organization of African Unity (O.A.U) and the Soviet Union.
- iv. **Social achievements:** After the civil war his regime carried out massive construction of roads, seaports, airports and other basic infrastructure. He established the National Youth Service Scheme in 1973 to foster unity amongst Nigerian.

### **11.6 Failures of General Gowon's Regime**

- i. **Political failure:** The system that brought General Gowon to power was faulty and unconstitutional. That was resorted. It eventually led to Nigerian civil war. Also due to his political naivety, he could not adhere the Aburi Accord of 4th January, 1967 which prompted the secession of Biafra.

- ii. **Economic failure:** General Gowon was wasteful. He lacked good management experience. His regime got a lot of money from the new source of revenue yet he could not manage it properly for Nigerian development, rather he embarked on frivolous spending. He did not make any conscious effort to invest this huge capital into other sectors like agriculture and industries. His regime did not benefit the poor but rather it benefitted those in government.
- iii. **Educational sector:** His regime did not make any conscious effort at developing education after the Nigerian civil war. Despite the NYSC scheme, the devastation of the war was still visible even with huge oil revenue.
- iv. **Social sector:** Gowon did nothing to curb corruption. His administration was neck deep into corruption and the money which could have been used judiciously to prosecute his policy of reconciliation, reconstruction and rehabilitation was misappropriated. He claimed that Nigeria has plenty of money but did not know what to do with it, which is an indication that he was inexperienced.

Although, General Yakubu Gowon may not have done much and should be held capable for the waste of Nigerian resources. However, the fact that he ensured the cooperative existence of Nigeria is indeed, a great achievement.

### **Summary**

- Nigerian economy before independence depended on the agricultural sector for its development and source of revenue. However, with increasing demand and reliance on the oil sector as a source of revenue for Nigeria, agriculture which formerly is the mainstay of Nigerian economy became relegated.
- The Nigerian civil war created several development challenges to Nigeria and Nigerians. In spite of the presence of the nine-point agenda programme enunciated by General Gowon, the Nigerian economy is still faced with some challenges.
- The nine-point development plan, socio-economic blueprint to heal past wound and bring the country back to progress. Forty-two years after, Nigerians are yet to be reconstructed, rehabilitated and reconciled officially.
- The leaders in Nigeria have not done much to change the direction of the economy, in spite of the volume of the revenue which accrued to these regimes, Nigerians are still far away from having a better life in the midst of plenty.
- Fifty-four years after oil exploration in Nigeria and with its attendant crisis and challenges, Nigeria and Nigerians are expected to grapple with the challenges.

### **Revision Questions**

#### **Objectives**

1. The oil boom in the 1970s was triggered by the \_\_\_\_\_.
  - A. Niger-Delta civil war
  - B. Nigerian civil war
  - C. Middle East crises
  - D. oil exploration
2. The indigenization policy led to \_\_\_\_\_.
  - A. foreign investors leaving Nigeria
  - B. foreign investors buying more firms
  - C. population explosion
  - D. free education
3. The Nigerian first development plan did not materialize because of \_\_\_\_\_.
  - A. world war
  - B. Nigerian civil war
  - C. lack of fund
  - D. none of the above
4. The second national plan started in \_\_\_\_\_.
  - A. 1970
  - B. 1870
  - C. 1968
  - D. 1967
5. \_\_\_\_\_ is not among the nine-point development plan.
  - A. Eradication of corruption
  - B. Population census
  - C. Reorganization of the army
  - D. Udoji commission
6. The objective of Nigerian development plan includes:
  - A. united and strong nation
  - B. Union Jack
  - C. United Bank of Africa
  - D. Unity Bank
7. The Nigerian civil war started in the year \_\_\_\_\_.
  - A. 6th July, 1967
  - B. 6th July, 1968
  - C. 10th January, 1970
  - D. 10th January, 1968
8. One of the primary functions of the NYSC is to \_\_\_\_\_.
  - A. develop the economy
  - B. foster unity among the youths

- C. distribute money
  - D. none of the above
9. The headquarters of ECOWAS is in \_\_\_\_\_.
- A. Niger
  - B. Nigeria
  - C. Chad
  - D. ECOWAS
10. Udoti commission was set up in view of \_\_\_\_\_.
- A. civil reform
  - B. banking reform
  - C. oil subsidy
  - D. none of the above

### **Essay Questions**

1. Suggest five ways with which the new source of revenue in Nigeria can be properly managed for Nigeria's economic development.
2. List the nine-point development programme of General Gowon.
3. Identify the achievements of President Olusegun Obasanjo's economic in the banking sector.
4. Suggest five ways to improve the Nigerian economy.
5. Examine the effects of oil production on the agricultural sector in Nigeria.