

Chapter 5

THE EFFECTS OF THE DEBT CRISIS ON THE MASSES OF NIGERIA

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INTRODUCTION

That the Nigerian economy has experienced economic crisis since the early 1980s, is not in doubt. That this crisis specifically resulted from the Third World debt crisis and the approaches used by the international managers of the debt crisis, is not in doubt either. The topic of the paper is that this crisis has produced massive suffering for the masses of Nigerians.

MAJOR CAUSES OF NIGERIA'S DEBT CRISIS

In broad terms, two schools of economic thought have been used to explain the Nigerian debt crisis. These are the orthodox school and the historical dialectical school.

The *orthodox school* attributes the causes of Nigeria's debt crisis to the following factors:

1. The uncontrolled external borrowing from the large deposits of funds by OPEC members.
2. The massive borrowing of loans with short-term maturities directed at investments that yield no revenue.
3. The relative and absolute fall in the prices of Nigerian primary exports and the consequent unfavorable terms of trade for them.
4. The unjust international trade and finance system and the aid reduction practices of the Western countries.
5. The over-valuation of the naira.
6. Mismanagement and gross corruption in Nigeria.

According to the *historical dialectical school*, the above factors merely represent the

symptoms of the fundamental causes of Nigeria's debt crisis. This school traces the causes of Nigerian debt crisis to the historical Nigerian experiences of slavery, colonialism and neo-colonialism, brought about by Western imperialism. The thesis is that the Nigerian debt crisis can only be explained by the phenomenon of underdevelopment and dependency imposed on Nigeria through the incorporation of the Nigerian economic formation into capitalism by the Western imperialist countries.

While slavery laid the groundwork for Nigeria's underdevelopment, colonialism and neo-colonialism consolidated the foundations for Nigeria's complete exploitation. The Nigerian search for foreign capital to carry out domestic bourgeois initiatives in the international imperialist framework, led to the accumulation of the Nigerian external debt and facilitated the present debt crisis.

SAP AND THE DEBT CRISIS

The historical dialectical school provides appropriate explanations for the introduction of the Structural Adjustment Programme (SAP) in Nigeria as an instrument for dealing with the Nigerian debt crisis. The SAP was principally introduced and implemented to resolve the Nigerian economic crisis in favor of the imperialist countries and against Nigeria.

Accordingly, the following main features of SAP were imposed on Nigeria:

1. The establishment or the introduction of IFEM through which the naira was massively devalued.
2. The introduction and the implementation of the debt-equity conversion programme which has intensified the re-colonization of the Nigerian economy.
3. The privatization of public enterprises in Nigeria.
4. The removal of barriers to international trade to facilitate dumping in Nigeria.
5. The requirement to obtain loans to service only accrued interests in order to be qualified for further loans.

The introduction and implementation of these features of the SAP have long-term and

short-term effects on the Nigerian masses. These effects will be analyzed briefly in section four.

THE EFFECTS OF THE DEBT CRISIS ON THE MASSES OF NIGERIA

The devaluation of the naira through the Foreign Exchange Market (FEM) has affected most of the domestic small-scale industries that depended heavily on imports to survive. Since Nigeria cannot rely on multinational industries to industrialize Nigeria, its basic hope of industrializing is ended.

The collapse of most small-scale industries has enhanced the consolidation of the Nigerian economy by the multinational companies. As a result, even at the most difficult times in Nigeria, these companies declare super-profits.

The implementation of the debt conversion programme has officially ended the indigenization programme. The result has been the massive re-colonization of Nigeria through the conversion programme.

The privatization of the public corporations in Nigeria has skewed wealth in Nigeria in favor of the few Nigerians and foreigners who have the access. So far, it has not helped in any way in resolving the debt crisis.

The removal of specific barriers to trade based on the concept of free enterprise has not helped Nigeria. In addition to the encouraged dumping of foreign goods, it has massively facilitated flight capital.

The most visible gain from the SAP and the management of the Nigerian debt crisis has been the willingness of the creditors to give Nigeria loans for anything under the sun. As a result, Nigeria's external debt has grown out of proportion with a serious threat of debt enslavement.

On the short-term basis, the Nigerian debt crisis and its management have had the following effects on the Nigerian masses:

1. Massive unemployment of secondary and university graduates.
2. Increase in crime in both urban and rural areas as a result of the lack of gainful employment.

3. Increased deprivation of the masses of Nigerians and the concentration of wealth in few hands.
4. Political instability resulting from demonstrations by the Nigerian masses against draconian legislation to put the debt policies in place.
5. The removal of welfare programmes instituted to cushion the lives of the masses against the serious calamities of the capitalist system.
6. Increased hunger, disease, squalor and mortality of infants, mothers and children.

THE CHURCH AND THE NIGERIAN DEBT CRISIS

Many options have been proffered for Nigeria to get out of the debt crisis. For the purpose of this conference, the only option lies with the Nigerian churches to request Christian Europe to forgive Nigeria its debts, so that more souls can go to heaven from Nigeria. Even though only the SAVING GRACE of Christ can produce souls for heaven, the economic environment of crimes occasioned by massive deprivation may influence the spiritual development of individuals.

In addition, the Nigerian churches must now begin to preach and practice LIBERATION THEOLOGY in Nigeria. The clergy must share in the lives of the faithful by identifying and participating in their economic misfortunes.

Since the 1980s, most churches have reduced their welfare programmes in the provision of subsidized health facilities, orphanage programmes, scholarships to poor students, etc. This could be due to the debt crisis, but we expect the churches to give more help in cushioning the worst effects.

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