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The Jobs Crisis Behind Nigeria’s Unrest

KATE MEAGHER

Since Nigeria’s return to democracy in 1999, this oil-rich country with the largest labor force in Africa has reeled from one violent crisis to another. The oil producing regions of the Niger Delta spent the first decade of democratic rule engulfed in an insurgency that cut Nigeria’s oil production by more than 25 percent and spilled insecurity into neighboring states. Inter-religious tensions and struggles over land and political control in the central city of Jos have exploded into deadly conflicts with increasing frequency since 2001. And just as an amnesty was being negotiated in the Niger Delta in 2009, an Islamic extremist group known as Boko Haram (Western education is a sin) unleashed a reign of terror across the northern states, claiming more than 3,000 lives in the past four years, and posing a threat to the survival of Nigeria as a country.

The sustained and nihilistic violence of Boko Haram has drawn attention to the debilitating inequalities that have emerged in the process of the country’s democratic and market reforms. Despite a national income averaging \$1,500 per head, qualifying Nigeria as a middle-income country, the common people face unemployment rates that reached 24 percent in 2011, and steadily rising poverty that currently leaves 61 percent of the population struggling to live on less than \$1 a day.

The diverse ethnic and religious expression of unrest has tended to obscure its common economic causes. But in the wake of the Arab Spring, the fashionable tendency to reduce the economic motives for violence to resource wars waged by greedy rebels has become increasingly untenable.

A closer look at the situation reveals deeper causes of poverty and joblessness shaped by a toxic combination of extravagant corruption, the depredations of years of savage market reforms, and integration into a global economic system that has left much of the population as surplus labor.

Typically for Nigeria, whose diverse population is made up of over 250 ethnic groups and two polarized religious communities, there is no simple narrative of how these economic grievances translate into violence. The Islamic insurgency in the north has highlighted problems of marginalization relative to the more prosperous south, while instability in the Niger Delta and the Nigerian southeast is rooted in claims of marginalization by northern interests. Inequalities emerging under the surface of market reforms have combined with local histories of ethnic and religious resentments to create explosive patterns of poverty and joblessness that are tearing Nigeria apart.

FRUSTRATING GROWTH

Tales of poverty and rebel violence seem at odds with much of the current economic news coverage of Nigeria, which focuses on boom rather than bust. A decade of recovery from the dark days of crisis and economic restructuring in the 1980s and 1990s has delivered exuberant growth rates averaging 7 percent per year, driven by high oil prices, a stable macro-economy, and encouraging growth in non-oil exports. Nigeria is Africa’s largest oil exporter and most populous country, providing the resources and a large internal market of 160 million people to drive a sustained economic recovery.

Oil production has surged to 2.6 million barrels a day since the amnesty with the Niger Delta rebels, and the government has shown more prudent financial management of oil revenues. A new wave of committed and highly trained

KATE MEAGHER is a lecturer in development studies at the London School of Economics and author of *Identity Economics: Social Networks and the Informal Economy in Nigeria* (James Currey, 2010).

reformers is diverting the gravy train of inefficient subsidies and corruption to better developmental uses. Word of improvements in governance and infrastructure is wafting in from Lagos and other states in the southwest, tempting foreign investors to give Nigeria another look.

Yet the return to buoyant growth has been accompanied by increasing hardship for the bulk of the population. The huge share of Nigerians living below the poverty line has actually risen by 17 percent since growth rates recovered in 2004. Amid expanding wealth generation and globalized consumption patterns among Nigerian elites, ordinary people remain trapped in a world of collapsing services, crumbling infrastructure, and “jobless growth.”

The capital-intensive oil sector generates little employment even in good times, while access to public and private sector jobs in the rest of the economy has continued to decline. According to a recent study by the World Bank, wage employment has fallen to a mere 10 percent of the labor force, down from 15 percent in 1999. Local industry has continued to succumb to the appalling state of Nigeria’s infrastructure. Transport is slow and dangerous, and power outages frequently last for days at a time. A survey by the Manufacturing Association of Nigeria confirmed that 834 factories shut down in 2009 alone in the face of crippling operating costs.

Meanwhile, the faltering job markets face a demographic tsunami. In contrast to most other developing regions such as East Asia and Latin America where population growth has slowed dramatically, in Nigeria 63 percent of the population is under age 25. The country’s rapidly growing population adds 1.8 million young people to the labor force every year, with few jobs to absorb them, turning the touted demographic dividend into a demographic disaster.

Youth unemployment is nearly twice the already worrying national rate, with two out of five young people unable to find stable work. Collapsing provision of basic skills and education is certainly part of the problem, but the reality is that unemployment is even higher among graduates than among unskilled workers. In 2010, 25 percent of Nigerian college graduates were unemployed, compared with only 21 percent of workers with primary education or less.

In the face of contracting job opportunities, poverty and a lack of social safety nets push the unemployed into Nigeria’s teeming informal economy, where some two-thirds of the urban

workforce cobbles together a living in a range of petty trade and craft activities amid a growing sense of discontent. Continuing outrage over reduced fuel oil subsidies—after protests forced the government to abandon an effort to end them altogether—reflects the deep sense of grievance among ordinary Nigerians, who feel that cheap fuel is the only benefit they receive from their country’s oil wealth. Fury at the massive corruption that siphons off funds from the fuel subsidy is matched by despair over a growing inability to afford even the most basic necessities.

THE AGGRIEVED NORTH

This picture of national inequality between the haves and have-nots conceals a more complex mosaic of regional and ethnic inequalities aggravated by economic deprivation. Improvements in poverty rates have been experienced in parts of southern Nigeria since the 1990s, especially in the southwest, but conditions in the north have continued to deteriorate. The predominantly Muslim states of the northeast and northwest zones have the highest unemployment in the country. Despite a booming national economy, social indicators in the north put Nigeria in the company of war-torn states like Afghanistan. Poverty levels in the north are 15 percent higher than the national average, and under-five mortality is more than double levels recorded in the south.

Even more scandalous are the appalling levels of illiteracy in the north. A combination of poverty and cultural resistance has left over 60 percent of the population with no formal education. This is as much a legacy of colonial policy, which kept Western mission schools out of northern Nigeria, as it is a product of Islamic systems of education. The upshot has been a population in the north poorly equipped to seize opportunities presented by Nigeria’s economic resurgence.

Relative economic and educational deprivation has been exacerbated by the decline of the northern economy under liberalization and global economic integration. Employment in the northern states used to be dominated by agriculture and formal jobs in the public sector and manufacturing, all of which have suffered over the past two decades. Pressures of high population growth, desertification, and a lack of investment and infrastructure have overstretched the carrying capacity of the northern rural economy, provoking a hemorrhaging of northern youth into urban centers.

At the same time, the north’s urban economy has been gutted by reductions in public employ-

ment and deindustrialization. The textile industry, once the nation's largest industrial employer, was concentrated in the northern states of Kano and Kaduna. Infrastructure decay and intensifying competition from Asian textile imports reduced the number of textile and garment firms from 175 in the mid-1990s to fewer than 25 in 2010, with a loss of over 110,000 jobs. In addition, a slashing of public employment by downsizing state governments has removed an important source of jobs for educationally disadvantaged northerners.

The result has been catastrophic levels of joblessness, with unemployment rates in the north that are 50 percent higher than in the south of the country, and income per capita that is 50 percent lower. Waves of urban migrants struggle to find a niche in an already saturated informal economy. Many of the more lucrative informal activities, such as trade in auto parts or electronics, have long been dominated by better trained and capitalized southern migrants, leaving impoverished northerners ghettoized in traditional and low income activities like agricultural trade, local crafts, and growing swarms of motorcycle taxis.

In the process, northern cities have been turned into tinderboxes where hordes of young men, ranging from Koranic students to fired workers and jobless graduates, face the daily indignities of economic desperation and police harassment in their struggle to get by. And every day these young men are confronted by the lavish consumption styles of a stupendously wealthy and corrupt political elite. Rather than addressing these social ills, unscrupulous northern politicians use the reservoir of the unemployed for recruitment into political thugery, spreading a taste for violence and easy money across these ravaged communities.

ENTER BOKO HARAM

This is the environment in which Boko Haram emerged in 2002. It started out in the northeastern city of Maiduguri, in Borno State, as a religious community offering education, basic services, and informal livelihoods to the disaffected. It drew followers from among the marginalized elements of northern society, including poor migrants and struggling middle class Muslims with limited education and prospects. After withdrawing into the countryside, the group was construed as a threat

to the state and its rural base was destroyed by an army assault in 2003.

The assault provoked a series of attacks on police stations and increasingly bloody government reprisals in the atrociously deprived northeastern states of Borno and Bauchi, where unemployment and illiteracy stand out as extreme even in the deprived northern region. These confrontations in turn bred growing radicalization and violence, culminating in a clash in 2009 in which security forces killed more than 800 Boko Haram members. The extrajudicial killing of their leader, Mohammed Yusuf, which was recorded and posted on YouTube, tipped what started as a religious protest movement among the marginalized into a full-blown insurgency.

When Boko Haram re-emerged in 2010 under the leadership of Abubakar Shekau, economic grievance had been radicalized by rage and a sense of injustice. Attacks on police stations and drive-by shootings were supplemented by attacks on churches and media companies, and by suicide bombings, previously unknown in

Nigeria. Boko Haram moved into the international spotlight in August 2011 with a suicide bomb attack on the United Nations headquarters in Abuja, in which 25 people were killed. Coordinated bombings of churches on

Christmas Day 2011 ratcheted up the political threat by striking at the religious fault lines of Nigerian society.

Since January 2012, Boko Haram has extended its murderous fury to the northern commercial city of Kano with attacks on police stations, churches, schools, and most recently, in March 2013, the bombing of a bus station for travelers to southern Nigeria, killing as many as 37 people. Despite talk of links with Al Qaeda and the Somali militant group Al Shabab, the lack of any clear political program reinforces the sense of Boko Haram as a violent reaction to the internal ills of elite corruption and the economic marginalization of the impoverished Muslim majority.

While there is some local sympathy with the critique of political misrule, there is little support for Boko Haram's violent tactics. Not only have they exposed Nigerian society to mounting fear and insecurity, but they have worsened the economic problems of the north. The displacement of Christian communities, and the wider disruption of economic activity, are hastening the decline of

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the northern economy, which is said to have contracted by 30 percent since 2010.

The banning of motorcycle taxis in a succession of northern Nigerian cities since 2011, including in Maiduguri, Jos, Abuja, and most recently Kano, owing to their use in Boko Haram activities, has eliminated a key source of livelihoods for the unemployed, without offering any economic alternatives. In 2011, motorcycle taxis were estimated at 2 million in Kano State alone, turning their prohibition into a severe loss of income opportunities among the very groups most vulnerable to Boko Haram mobilization. Rising federal expenditures on security, which have grown to 25 percent of the budget for 2012, draw resources away from the infrastructure and social investments critically needed to revive the failing northern economy.

Heavy-handed military tactics that fail to deal with the roots of the problem have proved counterproductive. Just as bloody reprisals and human rights abuses served to radicalize Boko Haram in the first place, ongoing abuses—such as the arrests of families of Boko Haram members and the destruction of their homes, or the random arrests and killings of young northern men in security raids—sustain hostility among the disaffected. Northern youth feel increasingly scapegoated by the state and security forces. As a motorcycle taxi rider in Kano complained to me, “They blame us because we’re Muslim and we’re poor.”

SECTARIAN STRIFE

For those who believe that addressing poverty and lack of education would automatically resolve the problems of violent unrest in the north, the ongoing communal conflict in Jos offers a salutary tale. Despite a string of devastatingly violent crises since 2001, Jos has nothing like the levels of deprivation of the core northern Nigerian states. Levels of education in Plateau State, where Jos is located, are only marginally worse than those found in southern Nigeria, and poverty levels are well below those in the core north.

Yet bloody clashes between Muslim and Christian inhabitants of Jos and the surrounding rural areas have continued to escalate since 2001, killing an estimated 4,000 people and displacing some 250,000. The appearance of religious conflict masks deeper tensions between indigenous Christians and Muslim settlers over access to political power and economic resources.

These animosities are rooted in the legacy of Muslim overlordship during the colonial and early independence periods, when the indigenous

Christians of Jos were regarded as ethnic minorities. Christians continue to feel that Muslim settlers in Jos use their ethnic connections at the federal level to corner resources and appointments. With the emergence of state governments, however, the power of Muslim settlers has decreased relative to that of the indigenous Christians, who have increasingly used their authority to exclude Muslims from political positions and resources at the state and local government levels.

However, beneath this sectarian and political narrative is an economic one. While the Christians have become politically dominant, the Muslim settlers, along with Igbo and Yoruba settlers from southern Nigeria, are economically dominant. The Muslim settlers control the bulk of the markets, and have become increasingly prosperous through commercial transport services, irrigated agriculture, and artisanal mining, posing a growing economic threat to their hosts.

In addition, the Muslim settlers have begun to use their economic success to advance themselves educationally, threatening a key strategic advantage of indigenous Christians. In contrast to the situation in the core northern states, a rising tide of Western-educated Muslim youth is attempting to compete with Christians for state scholarships, school places, and public sector jobs. This has only fueled the bloody rounds of ethnic cleansing, seizures of assets, and revenge attacks that are becoming increasingly blurred with the activities of Boko Haram. In a shrinking pool of economic opportunity, increasing education among Muslims has intensified underlying ethnic and religious fault lines and inflamed violence and perceptions of threat.

CONFLICT IN THE DELTA

The decade-long insurgency in the Niger Delta emerged in an economic context that, at first glance, seems the opposite of conditions in the poor and marginalized north of the country. The Niger Delta is the center of Nigeria’s oil wealth, and educational attainment in the oil-producing states of the so-called South-South zone is among the highest in the country. Inhabitants of the South-South zone boast levels of secondary and tertiary education second only to the stable and prosperous South-West. Literacy levels in the South-South zone are more than 30 percentage points above those in the north. The South-South’s poverty level, at 56 percent of people living on less than \$1 a day, is less alarming than in the north, but it is disturbingly high for a region

with both the resources and educational profile of a middle-income country.

A look at other social indicators shows deeper signs of trouble. Unemployment in the six South-South states exceeds the national average, and is nearly one-third higher than in the South-East and South-West zones. The infant mortality rate, at 120 per 1,000 in 2003, is second only to the poverty-stricken North-East zone. Indicators for basic infrastructure, such as roads and pipe-borne water, are more like those of a low-income country. The challenging terrain of the Niger Delta has served as an excuse to avoid infrastructural investment. By 2006, Bayelsa State, which produces the lion's share of the nation's oil wealth, had only 67 kilometers of paved roads.

Not only has oil production brought little in the way of benefits to the bulk of Niger Delta society; residents have been subjected to devastating environmental destruction that has reduced once-productive farming and fishing areas to apocalyptic landscapes of oil sludge, gas flaring, and crusts of ash that will take years to clean up. It is estimated that 9 million to 13 million barrels of oil have been spilled into the Delta since 1958, twice as much as the disastrous Deepwater Horizon spill into the Gulf of Mexico in 2010.

The oil companies avoid cleanup obligations by blaming spills on sabotage and illegal oil bunkering by Delta militants. However, a 2011 report by the UN Environmental Program argues that many serious spills predate the insurgency, and much of the damage has been traced to aging pipelines, poor maintenance, and the Nigerian state's failure to enforce existing environmental regulations.

Local outrage over a life of poverty amid plenty has focused dissent on the issue of resource control and state repression. Before the development of oil production, other regions enjoyed the principle of "fiscal federalism," which gave them 50 percent of the proceeds of their exports. This was systematically slashed to 1.5 percent after the oil came onstream, abandoning the Niger Delta populations to mounting poverty and unemployment while the ethnic majorities controlling the federal government lived high off the oil riches.

Years of peaceful protest through the 1970s and 1980s were countered by payoffs to local elites and escalating state repression, which culminated in the hanging of Ken Saro-Wiwa and eight other Delta activists in 1995. To quell local agitation,

the region's revenue share was raised to 3 percent in the 1990s. A shift to more violent tactics after 1998 was marked by a coordinated declaration of war on the oil industry by scores of local militias and community associations brought together under the Ijaw Youth Council. This drew a further increase to a 13 percent share of oil revenues in 1999. But ongoing poverty, unemployment, and state repression throughout most of the 2000s continued to drive a proliferation of increasingly violent militia groups and demands for a greater share of oil resources.

The ensuing onslaught of kidnappings, attacks on oil installations, and illegal oil bunkering rapidly degenerated from protest into criminality. The oil companies and local politicians played a central role in this process through efforts to buy off or harness militias for their own purposes. The use of controversial "surveillance contracts" by a number of international oil companies, and the arming and funding of unemployed youth as electoral thugs for local politicians, triggered a spiral of militia violence and criminality that undermined the insurgency's political credibility.

An amnesty offered by the late President Umaru Yar'Adua in 2009 seems to have bought a measure of peace. Some 30,000 militants handed in their weapons in return for a generous monthly stipend, as well as training in employable skills and social reintegration. While the amnesty appears to have stopped the fighting, it has been dogged by problems of slow implementation, corruption, and the capture of resources by officials, contractors, and militant leaders.

In fact, the amnesty appears to perpetuate perverse incentives created during the insurgency. The stipends create a "rebel aristocracy" in an economy in which wages are much lower. Worse still, the government's expenditure on the amnesty initiative focuses lavish funding on 30,000 ex-militants while ignoring the wider development and employment needs of the remaining 10 million youth, and 30 million total inhabitants, of the Niger Delta.

The return of peace has been accompanied by an upsurge in illegal bunkering and oil refining, as unemployed youth are drawn back into networks of ex-rebel leaders and political corruption in search of alternative sources of livelihood. According to the International Energy Agency, theft and pipeline vandalism cost the Nigerian oil industry \$6 billion in 2012 alone. Such activities have also created

Explosive patterns of poverty and joblessness are tearing Nigeria apart.

an infrastructure for renewed violence when the amnesty money runs out in 2015.

SMASH AND GRAB

Efforts to solve militancy through self-employment ignore the lessons of recent developments in the neighboring states of the South-East zone. Home to the entrepreneurial Igbo ethnic group, the southeastern states are an epicenter of the self-reliant small-business skills promoted in amnesty training camps for ex-rebels. During the 1980s, the Igbo cities of Nnewi and Aba witnessed the rise of dynamic formal and informal industrial clusters, where thousands of small firms producing auto parts, shoes, garments, and cosmetics earned this area the title of “the Japan of Africa.”

While educational attainment in the South-East zone is lower than in the Niger Delta, unemployment has also been lower, due in part to the legendary Igbo apprenticeship system, and informal credit, supply, and marketing networks. The expansion of small-enterprise clusters during the 1990s even began to absorb unemployed youth and struggling artisans from the Niger Delta.

But these economic clusters have been unraveling since the early 2000s amid disintegrating infrastructure, state neglect, and mounting insecurity. Many roads in southeastern Nigeria look like bomb sites, and the electricity supply is so erratic that businesses unable to afford generators are forced to avoid technical improvements. Efforts to combat police corruption and criminality through the formation of vigilante groups in the late 1990s, including the infamous Bakassi Boys, have succumbed to powerful political networks, turning self-help policing into new sources of insecurity.

Since 2008, business failures and escalating joblessness have combined with the arming of unemployed youth during the 2007 elections to tip the entrepreneurial southeast into a wave of commercial kidnapping, making the Japan of Africa more akin to Somalia. Targeting anyone from schoolchildren to journalists and dignitaries, the kidnapping business has frightened away customers and devastated local enterprise.

As in the north of Nigeria, efforts to rein in the chaos by banning motorcycle taxis in Abia and Enugu states have also eliminated a key economic fallback for failed entrepreneurs and unemployed youth, without providing alternatives. Brutal crackdowns by the security services, such

as massacres of young men in Enugu State in late 2009, and the targeted assassination of a kidnapping kingpin in Aba in 2010, only heighten the sense of desperation and insecurity. The collapse of such a dynamic hub of small-scale enterprise into violence and criminality despite conducive local institutions should raise questions about the Nigerian state's commitment to a self-employment strategy as a solution to joblessness.

PERVERSE INCENTIVES

Celebration of Nigeria's economic recovery sits awkwardly with the realities of catastrophic poverty and unemployment in both the north and the south of the country. The redistribution of opportunity under market reforms has inflamed long-standing ethnic, religious, and regional inequalities, defying simple narratives of grievance while trapping the bulk of the population in a disabling environment of joblessness, political corruption, and explosive levels of disaffection.

Efforts by the state to address these problems, while privileging the interests of elites and investors over those of broad-based development, are only making things worse. From the Niger Delta militants to Boko Haram, legitimate expressions of discontent have been radicalized by brutal repression. The use of political patronage, surveillance contracts, and amnesty arrangements, and the funding of political thuggery, have rewarded violence in ways that discourage honest work. The result has been a tendency to encourage greed and exacerbate grievance.

Meanwhile, inadequate attention is focused on the real issues of poverty and joblessness that plague the majority of Nigerians. The channeling of savings from reduced fuel subsidies into a development fund has created less than one-third of the jobs promised by 2012, and has brought little in the way of benefits for people struggling with the daily costs of the reduced subsidies.

Likewise, job creation programs and the fabled growth in non-oil exports have tended to generate low-wage unprotected work rather than compensating for the loss of decent wage jobs in the public and private sector. Addressing widespread insecurity and the escalation of political crises will require greater attention to the quality as well as the quantity of jobs, and to the specific needs posed by youth unemployment, local entrepreneurship, and regional disparities. Anything less is just storing up trouble for the future ■