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1 April 1964

CIA COMMENTS ON THE NIGERIA NATIONAL POLICY PAPER

We find this draft a marked improvement over the paper submitted last November and reviewed by us on 3 January 1964. Most of our earlier comments have been embodied in the present draft, and the paper has been considerably reduced in size. The overly optimistic picture of Nigerian economic prospects has been toned down considerably in this version, resulting in a more balanced presentation. Our criticisms of the paper are not major ones, and relate to matters of emphasis. Mainly, we believe that the paper continues to treat lightly the magnitude of the unemployment problem and the endemic corruption which permeates most government levels. Also, the 1963 census figures, released in late February, 1964, are likely to cause greater economic and political repercussions than are indicated in the paper.

I. GENERAL CONSIDERATIONS

A. We believe that the problem of increasing unemployment and underemployment bodes ill for political stability and economic peace. The paper states (page 5, second full paragraph) that social discontent could be kept within manageable proportions if the political

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leadership develops sufficient awareness of the dangers, and adequately demonstrates its sincere concern for social welfare. We believe that much more than awareness and concern are called for, and that unless decisive measures are undertaken by the Nigerian governments, a potentially dangerous situation will emerge

B. We note in connection with the labor force that the Policy Paper's recommendations for the support of labor unions are somewhat unrealistic. On the one hand it is suggested that the US support a strong western-style labor movement whose efforts would be primarily oriented towards seeking higher wages. On the other hand, we are to urge restraint on organized labor in the matter of higher wages. In any event the organized sector of Nigerian labor is relatively small and we doubt that wage increases for the organized sector would add substantially to the already existing inflationary pressures.

C. The release of the new census figures alters markedly our position on the growth prospects for the Nigerian economy within the framework of the Six Year Plan ending in 1968. We are now concerned that the very limited growth envisaged in this plan is likely to be non-existent and that the stagnation evident throughout 1963 might well characterize the economy for sometime to come. The unexpected

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addition of 14-18 million Nigerians indicated by the new census, causes us to restate our earlier views of economic prospects in even gloomy terms. Before the current census data became available we commented:

"Even if all the economic development plans were successfully completed the annual per capita increase in private consumption would be about 1% during the plan period, hardly enough to make a significant impression on the public. We concluded that even under the best of circumstances Nigerian economic prospects are not especially bright, and that fulfillment of the development schemes are not likely to make an appreciable contribution to political or social stability."

It is now apparent that the planned annual per capita increase in private consumption will be less than the unimpressive 1% indicated above.

D. We would note that the political organization of Nigeria - a relatively loose Federal structure - has impeded and is likely to continue to impede the development effort. The goals of the Development Plan have been frustrated by numerous shortcomings, including:

- 1) corruption on a massive scale at virtually all levels of political and economic activity,

- 2) poor coordination between federal and regional governments,
- 3) lack of national objectives in many ministries,
- 4) no properly coordinated government policy for private investment,
- 5) the lack of statistics essential for economic planning.

II. SOME SPECIFIC COMMENTS

Pages 1 and 2. Several references are made to US economic aid, implying that economic development of Nigeria will greatly enhance its political stability. The paper over-emphasizes the role of economic events and treats the Six Year Plan as a panacea for political ills. Economic development alone will not solve the problems of political instability in Nigeria, for these problems are social, tribal, psychological, religious and political in nature, as well as economic.

Page 4. First full paragraph. We believe that "unlikely" is too strong a word to use in reference to the possibility of regional secession. Most of the top leaders will work to retain federal

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unity, but tribal and regional antagonisms have become intensified over the census issue, and the possibility of a break-up of the Federation cannot be ruled out so summarily.

Page 24, We do not understand the word "hope" in referring to Nigerian reaction to the assassination of President Kennedy.

Page 27. We suggest striking out the phrase "though slender", in referring to the NPC majority in Parliament. The NPC has 57% of the seats.

Page 29, Paragraph 2. The recent "working agreement" of the AG and NCNC parties in the Western Region ought to be mentioned.

Pages 40-41. The census figures have not been taken into account in this section. References to per capita income should be updated.

Page 56, last paragraph. Diplomatic relations have also been established with Rumania.

Pages 58-59. Reference might be made to the fact that a preponderance of Nigerian officers, commissioned and NCO's, are Ibos and Yorubas from the South, traditionally disliked by the Fulani and Hausa northerners who constitute more than half of the

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troops. In the event of a serious north-south confrontation, or upon the withdrawal of British officers in a year or so, the reliability of the Nigerian forces will be open to question.

Page 65. The discussion of Nigerian negotiations with the EEC could be clarified. Nigeria appears to be applying for association membership.

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