



## **Doug Bandow: Nigeria a potential powerhouse**

By DOUG BANDOW

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PORT HARCOURT, NIGERIA – I stepped into the elevator to head down for dinner. It jerked to a stop and went silent, leaving me in darkness. The finest hotel in Nigeria’s Houston, the hub of the country’s large and profitable oil industry, could not escape periodic power outages. Thankfully the hotel’s emergency generator kicked in and the elevator continued its journey.

Nigeria, with a population of 177 million, is a potential powerhouse. Yet nearly a hundred million people live in poverty, earning less than a dollar a day. A quarter of the population is out of work.

Orji Uzor Kalu, a former governor and wealthy businessman who is considering a second presidential run, acknowledged the enormous challenges facing his nation. When asked about his priorities he pointed to electricity: “Without energy we are not going to develop.”

Even more serious is the problem of security. When I arrived in Nigeria with several journalists for a tour arranged by Kalu’s SLOK Holding Co., we were met by a guide, driver and two national policemen armed with AK-47s. Kalu said a few areas, such as the capital of Abuja, were safe, “but you cannot move elsewhere.”

The Niger Delta, host to manifold energy and maritime operations, is particularly risky. Employees are kidnapped, ships are hijacked, and facilities are attacked. The government created a Joint Task Force to coordinate security strategies. Companies commonly also spread cash locally to buy protection.

The potential for violence hinders economic growth. Kalu said, “We need internal security so citizens and non-citizens can move more freely.” Moreover, in places like the Delta, where people “feel that their homes, their environments have been the victims of unjust degradation,” said Kalu, grievances also must be addressed.

Even worse has been communal violence and burgeoning Islamic terrorism, which together have cost more than 18,000 lives since 1999. The country is divided between Christian (south) and Muslim (north). A dozen Islamic-majority states have imposed sharia, and mob violence occasionally has broken out against minority religious communities.

Even more ominous is the rise of the terrorist group Boko Haram, which has spear-headed a growing insurgency costing more than 3,000 lives since 2009. The group originally made its name slaughtering Christians and moderate Muslims, but today kills more indiscriminately.

The government has responded with greater brutality than accuracy at times. Unfortunately, these activities bolster Boko Haram’s anti-government narrative, encourage terrorist recruitment, and discourage community support against the militants.

Kalu said the organization “is undoubtedly the biggest security threat challenging Nigeria.” He advocated seeking assistance from the West, establishing a “high-capacity operational base” where the group is most active, and improving “intelligence gathering and covert operations.” At the same time, he warned against “often extreme retaliatory action” by security forces, arguing that the government must fight “a battle for the hearts and minds of the friends and families of the fallen.” That requires remedying such problems as poverty and other perceived injustices.

One of which is rampant corruption. An expatriate worker observed: “Nigeria is not a country. It is an opportunity.” Transparency International rated Nigeria among the world’s most corrupt nations, ranking 144 out of 177.

The system also undermines economic productivity. But ending or even limiting corruption would be a tremendous undertaking. Kalu argued that “The entire society from A to Z is corrupt.”

Finally, the country suffers from the usual Third World maladies of an over-politicized state and dirigiste, state-dominated economic policies. Christopher Odili, a Nigerian educated overseas who worked in America before returning to help manage his family’s business, argued that the state should provide an “enabling environment” for private enterprise.

In this the government today fails miserably. The World Bank ranks Nigeria at 147, near the bottom of nations in its Doing Business report.

Some look to Kalu, who understands entrepreneurship and promotes political reform. As a teen he started trading palm oil and now chairs SLOK Holding, with interests in energy, shipping, finance, journalism, real estate and more.

Kalu argued that “the more the economy goes out of government to the private sector the better it will be for the economy.” Kalu denounced restrictive licensing, advocated privatizing state enterprises, and said he “would like to see small government and big enterprise.”

Kalu may run for president in 2015. Could he implement his message of freer markets if elected? Kalu forcefully argued that committed leadership could make the difference.

Whoever becomes president, any reform agenda will be long and its implementation difficult. And only Nigerians can make change happen. “We need friendship with other nations, but we need to do it ourselves,” argued Kalu. Nigeria’s people must liberate their land.

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