

The U.S. and Nigeria: thinking beyond oil

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Nigeria, Africa's most populous nation, is also the most important state in U.S.-Africa relations today. Nigeria is America's major trading partner in Africa. It plays the largest role of any country in peacekeeping efforts on the continent. Nigeria's attempt to build democracy from the ashes of authoritarian rule will arguably have even more consequential effects for the continent than South Africa's victory over apartheid

in 1994. Although it is oil that attracts Washington's attention the most, the ramifications of Nigeria's success or failure will extend far beyond the energy sector.

In past centuries, Nigeria's territory was home to a series of powerful and technically advanced societies, renowned for their artistic, commercial and political achievements. It was also a pioneer in the movement for African independence. But since

independence its growth has been stunted by internal conflict and military misrule.

Yet today, Nigeria is again one of Africa's most influential countries. Its unique human resources and vast oil reserves create the capacity for enormous prosperity and regional leadership. In 2002, Nigeria was the fifth-largest supplier of oil to the U.S., ranking behind only Canada, Saudi Arabia, Mexico and Venezuela. Along with Royal Dutch Shell, a British-Dutch firm, U.S. oil supermajors ChevronTexaco and Exxon Mobil Corp. dominate oil production in the oil-rich Niger Delta. Since emerging from military dictatorship in 1999, its nascent democratic institutions have survived huge challenges but have performed disappointingly in the eyes of tens of millions of Nigerians. Their capacity to deliver the peace and prosperity Nigerians want is still unproved. The fate of Nigeria has profound implications for the entire continent: both the potential and the obstacles are on the giant scale of the country itself.

Presently, the Bush Administration is inclined to give even greater attention to the strategic significance of West African oil than did previous

Administrations. Yet a long-term view of U.S.-Nigerian relations must confront fundamental issues of democracy, conflict resolution, resource use, the environment and poverty.

Nigeria's interests are in harnessing the country's wealth to achieve development while building a stable democratic political system. U.S. long-term interests are the same. Competing U.S. domestic constituencies with interests in Nigeria include the big oil companies, banks and investment houses, and the multiple Africa-interest groupings among African-Americans, religious groups, organized labor, environmentalists, global justice advocates and human-rights organizations. In addition, the rapidly growing Nigerian-American community is a well-educated and well-positioned segment of the American immigrant community. Meanwhile, the accelerating process of globalization is driving ever-closer and more-intricate interaction between the two countries on matters of trade, immigration, and shared regional and global concerns. Realizing the positive potential of those ties requires going beyond "business-as-usual" thinking. Nigeria, whose almost 130 million people make up nearly one sixth of Africa's population, reflects virtually all the major problems confronting the continent. Its success or failure will resonate far beyond its immediate neighbors in West Africa. The HIV/AIDS pandemic, the crippling debt burden, protection of the environment against corporate greed, the need to break out of dependence on raw-

material exports, the establishment of peaceful Muslim-Christian and ethno-regional relations and balancing national and local government accountability are all cases in point.

In Nigeria, as around the world, oil has been a source of great wealth. But dependence on oil has also fostered conflict, environmental damage, gross economic injustice, corruption and shortsighted economic policies.

The key test for U.S. policy toward Nigeria is whether public pressure can force policymakers to think beyond a narrow focus on oil. If so, then there is great potential for sustainable benefits for both countries. If not, then narrow elites may gain short-term profit, but the long-term prospects for most Nigerians will be bleak, and enduring U.S. interests will suffer as well.

One fundamental prerequisite for dealing with particular issues is that Americans become more aware of the richness and complexity of Nigeria's history, Nigeria's people, and the current initiatives Nigerians are taking to solve their own problems. Outside formulas for solving these problems will inevitably fail. But U.S. actions can do much to hinder or help.

Oil, Environment, and Resource Use

Nigeria produces more oil than any other African country, its more than 2 million barrels a day ranking well ahead of second-place Libya. It produces more oil than Kuwait and almost as much as Iraq. A little less than half goes to the U.S. Moreover,

the relative importance of Nigeria and other nearby countries is projected to grow. Proximity to the U.S., lower transportation costs and the high grade of West African oil, combined with assumptions about secure access to offshore oil and political pressures to reduce U.S. dependence on Middle Eastern oil, are all contributing to Washington's rising interest. The Bush Administration has declared these resources of "strategic interest," and has reportedly joined major oil companies in pressuring Nigeria to withdraw from the Organization of Petroleum Exporting Countries (OPEC), the world cartel of major oil-producing countries.

In the last two decades, oil has supplied more than 90% of Nigeria's export earnings and more than 80% of federal government revenues. Major international oil companies, operating in joint venture agreements with Nigeria's national oil company, produce 99% of the crude oil. Royal Dutch Shell accounts for a little less than half, Exxon Mobil about one fourth, and Chevron Texaco about one fifth of the total.

Yet many Nigerians, and particularly those who live where the oil is produced, would say that oil has been more of a curse than a blessing to the country. The oil is concentrated in onshore and offshore deposits in the Niger Delta in the far south, an area that Nigerians call "south-south" Nigeria, one of the world's largest wetlands and mangrove forests. The Niger Delta is home to groups who traditionally have lived by fishing and

agriculture adapted to the swampy environment. The Ijaw (the fourth-largest ethnic group), the Ogoni and other local groups, all minorities in the national context, have lacked the political power either to protect their own environment or to ensure that oil income flows to the communities in the oil-producing area.

In the 1990s and still today, community groups in the Niger Delta have taken the lead in protesting against damage to their environment. They have come into conflict both with oil companies and with military forces sent by the federal government to repress unrest. This conflict became murderous and state repression in the region increased under the military dictatorship of Sani Abacha, when his regime executed writer and environmental activist Ken Saro-Wiwa and eight colleagues.

Despite the return to democracy, however, conflict continues in the Niger Delta. In November 1999, soldiers massacred scores of people in the village of Odi; no one has yet been held accountable for these killings. Groups of youths, and most recently large groups of women, have occupied and shut down oil-production areas. They have also taken hostage oil-platform workers from Nigeria and Western countries. While some incidents have been resolved without violence, and oil companies have promised greater benefits to residents, neither the oil companies nor the government have addressed the fundamental issues. U.S. oil firms have called in Nigerian armed forces

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to attack protesters and have allowed the military to use their facilities and transportation in repressive measures that have often resulted in civilian deaths.

Oil companies have pledged greater care in protecting the environment. But they have neither assumed responsibility for cleaning up past damage nor accepted independent monitoring of current operations. The Niger Delta region, rich in biodiversity, is not only an important ecosystem but also a densely populated area with as much as 10% of the country's population. As a result of four decades of oil production, it is also an area of vast environmental destruction, threatening the survival and health of its peoples, as well as the land, the creeks and local economies.

Oil has enriched a military elite while leaving devastation behind. In the words of Nnimmo Bassey, director of Environmental Rights Action (ERA), "provocative unemployment is rife here in the face of fabulous wealth." When hundreds of Niger Delta women with their children took over Chevron oil platforms in 2002, they drew fresh attention to the despair of its people at the degradation of their land. Though the women targeted close-by oil company facilities, their protests were equally directed at federal, state and local governments.

In the political arena, the division of oil revenue between the federal government and the states has been a major source of contention. So has the misuse of what little revenue does

flow to the state and local level. In 1967, before oil production took off, half of the revenue went to the federal level and half to the state where the oil was located. In the early 1970s, the federal government assumed control of 100% of offshore revenue and reduced the share of on-shore revenue going to producing states to 20%. In the 1999 constitution, the share going to the producing states was set at 13%. Even disbursement of this revenue has often been delayed.

In the run-up to elections in 2003, both President Olusegun Obasanjo and the National Assembly have shown some flexibility in responding to demands by south-south governors and civic groups that their region get more benefits from oil. In late 2002, for example, a bill was pending to abolish the offshore/ onshore distinction, bringing more revenue to the states. The key test, however, will be how much actually reaches oil-producing communities. At the national level, many Nigerians who do not live in the Niger Delta or do not come from there are unaware of the level of devastation that exists. With poverty also endemic in other areas, there is still opposition to sharing more of federal revenues with communities in the producing states.

Beyond the immediate oil-producing area, the perverse effects of oil on Nigeria's economy are also overwhelming. In the last three decades overconcentration on oil has eroded the country's capacity for food production, leading to a decline in agricultural exports such as cocoa, palm

oil and peanuts. Manufacturing also declined, with capacity utilization dropping to 30% or less. Oil wealth, with its boom-and-bust cycles dependent on world market prices and weak linkages to the local economy, accentuates weaknesses in national economic management and promotes corruption. This worldwide tendency has played itself out in Nigeria with severe consequences. In 2002, this potentially rich country ranked close to the bottom (148 out of 173) in the United Nations Human Development Report, which measures social indicators as well as economic data.

The enthusiasm for oil should be tempered by the fact that Nigeria is already using up its known reserves almost three times as fast as Saudi Arabia. At the current rate, Nigeria's known reserves will be exhausted in only 30 years. A heavy U.S. focus on accelerating the production of Nigerian oil would also hasten the day when the wells run dry, bringing short-term profits for American firms but proving quite costly for Nigeria's future.

Primary responsibility for resolving these issues clearly lies with the Nigerian government. Notably, in a landmark case for international law in 2002, the intergovernmental African Commission on Human and People's Rights ruled that the Nigerian government should compensate the Ogoni people for abuses inflicted on their lands, environment, housing and health by oil production and government security forces. The court also called on Nigeria to under-

take a comprehensive cleanup and ensure that future oil development not harm local communities.

Human-rights groups contend, however, that similar responsibilities for the results of their actions must apply to international oil companies and their home governments. More broadly, international nongovernmental organizations have called for transparency from both companies and governments on the use of oil revenue. With oil production in Nigeria and surrounding countries poised for rapid expansion, these issues will become even more urgent. Nigeria's current approach still primarily benefits a small oil-enriched elite of former military officers and their networks. The country's capacity to develop an economic plan capable of harnessing its resources in the service of national development is directly dependent upon its success or failure at democratization.

Debt and Loot vs. Public Investment

With the economy so heavily dependent on oil, the income Nigeria receives fluctuates wildly, depending on international oil prices. Prices soared in the 1970s and dropped in the 1980s. Despite somewhat greater stability in the 1990s, the price in recent years has ranged between slightly more than \$10 a barrel (in Jan. 1999) and almost \$29 a barrel (in Sept. 2002).

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Much of the wealth that has flowed in has also flowed out, to pay interest on foreign loans or to swell foreign bank accounts held by corrupt officials. A sustainable future for Nigeria's economy requires not only that current oil income be spent productively, but also that steps be taken to halt the drain of over \$3 billion a

year in debt service and to recover billions more in overseas assets stolen by former military rulers.

The return to elected government in 1999 and the elections of 2003, created incentives for politicians at national, state and local levels to seek to deliver new benefits to voters. Both civil society and the press have added their voices to calls to deliver the democracy dividend. But there are serious questions about how that can be done.

International financial institutions focus their advice on maintaining macroeconomic stability, with the

usual prescriptions for budget cutting, privatization and reducing regulation. They also now recognize the need to combat corruption, on which Nigerian civil society, the UN and international development groups all agree. But the latter stress that balanced budgets and conventional economic management will be ineffective or counterproductive unless there is a quantum leap in long-term investment in health, education and infrastructure.

As of the year 2000, Nigeria was spending less than 1% of national income (gross domestic product, or GDP) on health and less than 1% on education, with more than 2.5% going to pay off foreign debts. Spending has increased somewhat since then, but does not begin to approach the 15% on health targeted by African leaders at their summit on AIDS in the Nigerian capital in April 2001. Yet the HIV- infection rate in Nigeria is now estimated to have passed 5% for adults, the point at which experts say the pandemic threatens its most explosive growth. With Nigerian journalists and civic groups increasingly vocal, public awareness is growing that failure to confront this threat will undermine any prospect of economic growth under any model. But the scale of the response does not match the magnitude of the threat.

Both international and national studies show that investment in health, education and information infrastructure is essential for countries like Nigeria to make a new

economic start. Yet finding the resources requires the political will to act by Nigeria's creditors as well as Nigerians themselves, on two fronts: debt cancellation and corruption.

Nigeria owes approximately \$29 billion to foreign creditors, much of it the result of loans they knowingly provided to corrupt and repressive governments. In 2001 Nigeria paid \$2.1 billion on its debts, 10 times its spending on health that year. Yet Nigeria is not even included in the World Bank's Heavily Indebted Poor Countries (HIPC) initiative because it doesn't meet the bank's GDP-based criteria for what constitutes a "poor" country. In September 2002, the government said it would only be able to pay \$1.5 billion of the \$3.2 billion due for the year. International economist Jeffrey Sachs and others proposed that Nigeria and other African countries simply stop paying debt and invest the resources in health. But Nigerian officials engaged in negotiations with creditors felt unable to take such decisive action. While President Obasanjo continued to call for full cancellation, the debts stayed on the books.

Culture of Corruption

Similar obstacles faced efforts to recover stolen wealth and combat corruption. Internally, the government faced a pervasive culture of corruption. While President Obasanjo himself has a reputation for personal honesty and his administration has launched significant anticorruption measures, last year Nigeria still

ranked as the second-most-corrupt country in the world according to polls by Transparency International (an organization of which Obasanjo was a founding member).

Both Nigerian and international observers, however, have often noted that this level of corruption would be impossible without external partners. Former military ruler Sani Abacha, for example, is estimated to have siphoned off \$4 billion to foreign bank accounts. The Obasanjo administration has been engaged in efforts to recuperate some of these resources, through negotiations with the Abacha family and pressure on banks in Europe and North America. These efforts have not yet succeeded, however, and civil society groups were scathingly critical of a proposed settlement that would allow the Abacha family to retain \$100 million if they returned \$1 billion.

In Nigeria, as in the case of other oil-producing countries, tracking and controlling the huge sums of money paid by oil companies requires not only vigilant national governments and press. It also requires transparency by oil companies and banks and proactive regulation and investigation by the governments of the countries where those giant enterprises are based.

In sum, whether it is combating AIDS, removing the debt overhang, or fighting corruption in public spending, redirecting Nigeria's economy will require action not only by Nigerians but by those outsiders who now profit from Nigeria's wealth.

Nigeria's Human Security Imperatives

Most Nigerian and outside analysts agree that Nigeria neither faces nor poses a significant external security threat. Discontent over the 2002 International Court of Justice ruling for Cameroon on the disputed potentially oil-rich Bakassi Peninsula in the east might lead to incidents. But the real security threats to Nigerians are internal, and directly related to the economic and social issues. As poverty, AIDS, and inequality increase, can the country avoid a return to military rule? Can politicians and the military dampen and manage conflicts among Nigeria's diverse peoples, or will they exploit and exacerbate the divisions? Can the police and justice system improve their capacity to provide protection against both violent crime and its white-collar counterpart? In the long term, Nigeria's role as a force for regional stability will depend on answers to these questions.

In one area, President Obasanjo has won credit for lessening the chances of backsliding into military rule. He quickly retired the so-called "political soldiers" who had held political office while on active duty and reinforced those officers committed to military professionalism. Despite popular disappointment with the dividends of democracy, polls show that more than 70% of Nigerians strongly oppose a return to military rule.

Yet the overall record is much more mixed. Since the return to civilian rule in 1999, communal violence and,

in some cases, harsh military action to repress violence, has cost some 10,000 lives. The roots of violence are neither ethnic nor religious, commented The Economist (London), September 15 - 21, 2001, echoing the consensus among analysts. But when conflict explodes in Nigeria's crowded cities or in rural areas beset by competition for land, communal dividing lines may quickly become battle lines. Violence broke out between Muslims and Christians on several occasions in 2001 and 2002, in Kano and Kaduna in the North, Jos in central Nigeria, and southern cities as well. In most of these incidents, with the noticeable exception of Jos in September 2001, the military responded quickly and professionally to limit the violence. At Odi in the Niger Delta in 1999, and in Benue state in 2001, however, the military itself killed hundreds of civilians in retaliation against communities. The military and President Obasanjo have resisted open inquiries into responsibilities for these abuses.

The essential prerequisite for the needed changes, says leading Nigerian security studies scholar Dr. Said Adejumobi of Lagos State University, is building in new structures for broader accountability. Greater discipline and professionalism in the military is to be applauded, but it is not enough. The 1999 constitution, for example, gives wide powers to the National Assembly for oversight of the military. With the principle of civilian control well established, the Ministry of Defense and Ministry of

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Finance could also take more decisive action. But both expertise and political will are lacking. Ultimately, whether the Nigerian military is held accountable depends on whether the politicians themselves are held accountable by voters, the press and public opinion. The recent 2003 elections will provide a key test of whether democratic institutions can not only survive but become more effective.

The U.S., Democracy and Human Rights

The conventional case for U.S. strategic interest in Nigeria focuses on its oil wealth and on its potential for contributing to stability in the West African region and beyond. Although Nigeria has not attracted much attention in the context of global terrorism, extremism is already finding fertile ground among Nigerian Muslims, who at about half the population number almost as many as Muslims in Egypt. These factors lie behind current U.S. military support for Nigeria, which included over \$10 million in assistance and over \$30 million in arms sales in 2000, and somewhat lower levels more recently.

For non-Nigerians, the details of Nigerian politics are often bewildering. For Americans, however, there are some striking general parallels with the U.S. scene. Nigeria's 36 states, bicameral legislature with a House and Senate, a president elected on a separate ballot, and a separate judicial branch and well-developed legal profession are all factors in com-

mon. So is the fact that differences on issues take second place to the complex interaction of ethnic, religious and party loyalties with personal political and economic networks. Both countries also feature intense rivalries within parties and between levels of government, and the ever-present but rarely transparent role of money in politics.

The return to civilian rule reestablished the forms and institutions of democracy in Nigeria but the content remained constricted by the legacy of military rule and the continuing influence of an elite of former officers. As Clement Nwankwo, director of the Constitutional Rights Project, recently stated, "Nigeria has only begun to civilianize the political system; democratization has hardly begun."

Many Nigerians, especially in the human-rights and prodemocracy movements of the 1990s, had called for a national conference to allow civilian political forces to address key longtime challenges and to establish a new constitutional order before preceding to elections. The military denied Nigeria that opportunity and handed over the country to General Obasanjo following elections they ran themselves. As president, Obasanjo failed to view his role as one of a historical transition figure - such as South Africa's Nelson Mandela - who should build the bridges for a younger generation to cross. To the contrary, he was encouraged to see himself as the country's savior and showed little interest in adjusting the constitution

that the military rushed into place following his election. Constitutional reform has become the rallying call of the human-rights and democracy activists who played such prominent roles in the struggle against the military. They see legal changes to protect women's rights and everyone's economic and social rights as the best way to guarantee the democratic development of the country.

In the meantime, many Nigerians are deeply frustrated by the lack of progress since the return of civilian government. They are also skeptical of the military-designed electoral system which restricts the registration of more potentially popular parties. The six officially registered parties offer little in the way of alternate policy choices. Although women are organizing to demand greater participation, they are still extremely marginalized in the current political system. Young people, in this context anyone under 50, are alienated by a president who Nigerians quip "doesn't listen to anyone under 70-years old."

Despite challenges, the vast majority of Nigerians are committed to the survival of civilian rule. Even more fundamental, however, is the challenge of what a study by Nigerian and international scholars called "a new social compact" between the government and the people. In the words of the report on Democracy in Nigeria, such a compact must be inclusive and transparent, and inculcate a culture of accountability. It must break the cultures of fear and elite pursuit of self-interest that persist from the decades

of military rule.

The rights of women and national survival are also at stake in the country's response to the AIDS pandemic. In recent years, Nigerian journalists, medical professionals, people living with AIDS, and an increasing number of community and religious groups have become engaged in action on this issue, calling for treatment as well as prevention and public awareness. President Obasanjo has supported these initiatives. In April 2001, Nigeria hosted the Africa-wide summit on AIDS in Abuja, at which leaders committed themselves to a continentwide plan of action. Nigeria has also established a national body on AIDS that reports to the president and involves all government ministries, as well as people living with AIDS. The government has established an antiretroviral treatment program that needs to be scaled up to reach more people.

Nevertheless, as in many other countries in Africa and elsewhere in the world, denial and stigmatization of people with AIDS is pervasive. Over 4 million Nigerians are reported to be infected with the HIV virus, and deaths due to AIDS are estimated at over 170,000 a year. More than half of those afflicted with AIDS are women, and the proportion is expected to grow. As elsewhere, greater respect for women's rights to control their own reproductive health is indispensable to combating the pandemic. Advocates at the Center for the Right to Health (CRH) near Lagos contend that debt cancellation is directly relat-

ed to Nigeria's capacity to invest in health care. But as Ebenezer Durojaye of CRH says, "most Nigerians don't know how bad the AIDS problem is at a time when the health sector is dilapidated and the nature of care is declining. This is our biggest human-rights crisis!"

Official U.S. concern over the AIDS pandemic in Nigeria and its security implications (as detailed in last year's National Intelligence Council report on the five big countries that constitute the "Next Wave" of the HIV/ AIDS pandemic) are growing. But they have not been placed within a framework that focuses on supporting democracy, constitutional reform and economic and social rights over a sustained period of time. Building democracy, Nigerian civil society advocates stress, is the essential prerequisite for addressing other problems.

The Role of the Nigerian Diaspora

No one knows the exact numbers, but it is estimated that as many as 15 million Nigerians live outside the country, in neighboring countries and across the African continent, in Britain and throughout the Commonwealth, in other European countries, and in many Asian countries as well. The latest U.S. census data counts 87,000 U.S. residents born in Nigeria. If children born in the U.S. are included, these numbers would expand to between 200,000 and 300,000 in the Nigerian-American community. Few Nigerian immigrants or other observers doubt that even

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this estimate is much too low.

Nigerians abroad excel in many areas and are found among top professionals in academic, medical and other sectors. A Nigerian-American heads Credit Suisse First Boston, one of the leading American investment banks. The Association of Nigerian Physicians in the Americas numbers more than 2,500 doctors in the U.S. and Canada, and in most countries of the Western Hemisphere it would be hard to find a university without a Nigerian on the faculty.

There is also a minority of Nigerians who have turned their talents to crime, leading to widespread stereotypes justifiably resented by the vast majority of immigrants. The "419" scam, for example, named after the clause in the Nigerian criminal code for fraud, now finds gullible victims worldwide through Internet email. No one knows whether the majority of con artists using it are Nigerians at home or abroad, or copycats who have followed their example.

Less publicized are the contributions of Nigerian immigrants in the U.S., many of them naturalized U.S. citizens, to their professions and communities. With African immigrants at the highest educational level of immigrants from any continent, and Nigerians among the best-educated of national groups, the returns from the investments their families and communities made in their education are in large part being reaped here in the U.S.

Even less noticed are the quiet contributions Nigerian families are mak-

ing by sending remittances to relatives at home for school fees, medical care and simple survival. Or the volunteer efforts of computer professionals on visits home, bringing equipment and expertise. Or the nonprofit organizations as well as business ventures that support schools, clinics, small businesses, or local governments back home in Nigeria. A study published by the Federal Reserve Bank of Chicago, for example, estimated that family remittances to Nigeria were equivalent to more than \$1.3 billion, more than six times the annual flow of foreign aid to Nigeria. Based on research among Nigerian immigrants in Chicago, the study also estimated that they sent home an average of \$6,000 a year, or 12% of household income. The Nigerian-American community is growing and becoming more active in American political life. There are local elected officials who are Nigerian born, and the Nigerian-American vote is significant in key cities such as Chicago where it helped to unseat Sen. Carol Mosley-Braun (D-Ill.) because of her dalliances with the Abacha regime. The increase in this community's participation in U.S. policy debates on Nigeria will become a major influence in years ahead.

U.S. Policy Options

1. The U.S. should require oil companies investing in Nigeria and other developing countries to (a) provide full transparency on payments to governments and government officials, as demanded by the global "publish what you pay" campaign, (b) accept

financial responsibility for environmental damage caused by their past operations, and (c) implement international standards for environmental protection.

PRO: The impact of oil on Nigeria and other oil-producing countries in Africa is overwhelming, shaping not only economic options but also the environment, the political culture, and society at large. The giant oil companies based in the U.S. and Europe have responsibilities not only to their shareholders but also to the people whose oil they are taking. The aforementioned steps are minimum requirements for social responsibility. Such an approach may also help U.S. companies compete with foreign oil companies unwilling to adopt such measures.

CON: U.S. oil companies have a primary responsibility to their shareholders and a secondary responsibility to ensure that the U.S. has access to enough oil. While the companies do have some responsibility to the producing countries, it is up to those governments to set the rules and enforce them. Oil companies cannot and should not impose higher standards than the governments themselves.

2. The U.S. should support an immediate moratorium on Nigeria's foreign debt, to allow repayment funds to be used for combating AIDS and other urgent needs. The moratorium should be combined with a review of past loans to determine which should be fully cancelled.

PRO: Nigeria urgently needs to direct additional resources to the AIDS cri-

sis, education and other basic needs. Many of the loans being repaid were illegitimate in the first place, as creditors were aware that they were loaning money to corrupt or repressive rulers, and many have in any case received repayments already worth more than the original principal loaned. Paying debts in preference to saving lives is immoral as well as unsustainable.

CON: It may be unfortunate, but Nigeria cannot afford to default on its debts. Refusing to pay the debt will erode confidence of foreign creditors and investors, and deny the country the opportunity to build an economy that can pay for its people's needs in the future. Moreover, instead of focusing on debts, the Nigerian government should crack down on corruption and make sure that current and future oil revenues go for real needs.

3. In supporting democracy and human rights in Nigeria, the U.S. should speak out clearly in cases of human-rights abuses, and develop strong ties with a range of Nigerian civil society organizations and democratic political forces.

PRO: The return to civilian rule in 1999 was only the beginning of building democracy. Constitutional reform, strong Nigerian civil-society organizations and an independent press are essential to establishing accountability from politicians. The Nigerian government may be sensitive to public criticism, and sometimes "quiet diplomacy" may be the best strategy. But in important cases it is essential that the U.S. position be public, or

Nigerians will think that the U.S. is only interested in oil.

CON: The most important consideration for the U.S. in relating to Nigeria should be maintaining a good relationship with the regime in power, to ensure the security of oil supplies. Raising human- rights and other similar questions in private is appropriate, but the U.S. should be cautious about speaking out on issues where there are Nigerian government sensitivities.

4. The U.S. tax code should be innovatively reformed to allow the inclusion as charitable deductions of remittances provided by immigrants from Nigeria and other developing countries to family members, schools, clinics and similar community projects in their home countries.

PRO: The U.S. tax code is used to benefit many public purposes such as encouraging charitable donations and

subsidizing particular industries. In a globalizing world, extending such deductions to allow immigrants to help their families and communities at home is a cost-effective way of allowing person-to-person contributions to fighting global inequality. Safeguards against abuse can and should be built in, as is the case for other individual deductions.

CON: Using tax regulations to benefit foreign countries is not a good idea. If the U.S. wants to help with health and education in countries like Nigeria, it should be through appropriations for foreign aid, monitored by the U.S. Agency for International Development rather than the Internal Revenue Services.

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