

NIGERIA 2023
AN OUTLOOK ON THE POLITICAL ECONOMY OF THE ELECTIONS

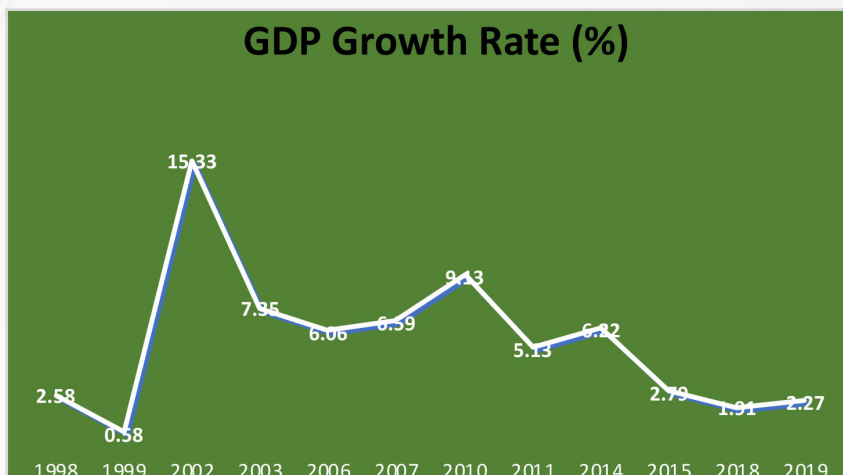


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The unique cultural idiosyncrasies of any society are reflected in any significant event or activity that characterizes said society. Nigerian culture has unique traits, including the propensity to attach catchphrases and slang around events and occurrences of notoriety, importance, or infamy. And there is no event more significant than the general elections that have been held every four years since the advent of democracy in 1999, and some notable slang that has been popularized in the electoral process includes *Power To The People; Change; Next Level; Four Plus Four; Cash Out, Stomach Politics amongst others* – the meaning behind the last two examples forms the basis of this article.

Stomach Politics loosely translates to political participation by the electorate with the sole or ultimate purpose of some financial or material gain which has been one of the darkest clouds preventing the glorious sunshine of true democracy from shining down on the polity in Nigeria. Therefore, the interplay between macroeconomics and the electoral process is a critical subject for analysis as Africa's biggest economy goes to the polls again in 2023. Political analysts and scholars have attempted to question how (and to what degree) economic conditions influence voting behaviors and, ultimately, the outcome of elections. Despite slight variations, the answers overwhelmingly confirm that short-term microeconomic fluctuations indeed impact electoral outcomes.

Historically, the Nigerian economy has shown noticeable changes during election cycles. For instance, the nation's Gross Domestic Product (GDP) growth rate tends to increase in the year preceding an election and drops slightly in the election year, with a slight exception in 2007 and 2019. (illustrated below)



Source: ACIOE Associates Ipsum

2022 seems to follow this trend as the Nigerian economy grew by 3.54% as of Q2 2022 despite rising inflation at 19.64%, total public debt valued at 23.6% of GDP, and a devaluation of the naira against the US dollar in the same period. It is intriguing to note that historically Nigeria's manufacturing and investment indices show a decline in the year preceding an election – yet GDP grows!

The above might seem like a macroeconomic riddle that only the most brilliant of analytical minds could decipher, but in reality, the explanation doesn't require much mental rigor. The reason is that political office hopefuls, especially incumbents running for re-election, spend heavily during the build-up to the polls, especially in the penultimate year; this yields an uptick in the purchasing power of the economy and consumption (recall the Cash Out slang) resulting in GDP growth that makes up for the shortfalls in manufacturing. Another economic index that should be considered around the period of high political activity is the foreign reserves. Traditionally, foreign reserves show a typical growth pattern in the build-up to elections except for consecutive election cycles in 2007 and 2011, where there was a marked decline in Nigeria's foreign reserves- this was mainly due to volatility in oil prices, rising insurgency, and the elections itself. As convincing and informative as these politico-economic trends are, the 2023 general elections in Nigeria are poised to be unprecedented and disruptive considering historical trends from the reasons highlighted hereinafter.

Presently The Nigerian economy is plagued by substantial fiscal deficits, rising inflation and sustained depreciation in the value of its currency. The nation's inflation growth rate has hit historical highs every successive month since June 2022 and currently stands at 20.77% with rising levels of unemployment, an uptick in interest and lending rates, and a shortage in forex availability. Nigeria's oil production is at an all-time low of 972,394bpd by August 2022, way lower than the 1.86million bpd allocated by OPEC. There has been an increased exodus of young, skilled Nigerians from the country in search of greener and more stable pastures overseas, aggravating the already worrisome brain drain. Lastly, the elections have an unfamiliar outlook as a potential three- or four-horse race is touted in contrast to the usual two-party tussle in past elections. (An in-depth analysis of the political outlook to the elections was carried out by ACIOE Associates and can be found [here](#)).

These realities are indicative of the fact that, unlike previous election cycles where issues like vote-buying and Stomach Politics dominated the political conversations, the hot topics around the 2023 elections have been the constitutional provisions for crowdfunding and diaspora contributions to presidential campaigns (especially as it involves the Labour Party presidential candidate, Mr. Peter Obi), and the state of Nigeria's macroeconomic indicators in the face of increased government borrowing and rising debt profile amongst other matters. On crowdfunding, it was reported that supporters of Mr. Obi planned to open crowdfunding portals to raise \$150 million dollars and NGN 100 billion from the diaspora and those in Nigeria, respectively. Nigeria's foremost campaign finance law expert, Ayodele Babalola, wrote an expert [synopsis](#) of the legal provisions around this issue. His submissions summarize that while the constitution prohibits political parties from holding foreign assets or receiving contributions from the diaspora (including Nigerians living abroad), it has no such injunction stopping candidates from accepting donations from the diaspora for their campaigns. The fact that sections of the electorate plan such audacious contributions hints at a paradigm shift from Stomach Politics, where citizens willingly propose to give rather than scheming to receive. Cases of young Nigerians rejecting monetary gifts at polling units were also reported during the recently conducted Osun state gubernatorial elections in Nigeria. This apparent move away from the erstwhile norm to issue-centered politics has brought about a renewed sense of interest in the macroeconomic state of the nation and the proposed economic policies of the major presidential hopefuls. Recently, President Muhammadu Buhari presented his final Appropriation Bill to the National Assembly. During a public presentation of the proposed 2023 budget, the Honorable Minister of Finance, Budget, and National Planning, Mrs. Zainab Ahmed, announced that the nation's total public debt was at 23% of the real GDP, which is below the 55% threshold recommended by the World bank for developing countries. She also indicated that the over N20 trillion provided by the CBN to the Federal Government would be included in the country's national debt, raising the national debt profile to 35% of GDP. This announcement was not greeted with great enthusiasm by Nigerians who, across social media trends, have started to draw parallels between the trajectory of Nigeria's economy and that of Lebanon, which is presently experiencing one of the greatest economic crises in modern times. Therefore, the ability to adequately articulate and execute their economic priorities and policy directions could ultimately decide who would be sworn in as Nigeria's next president. This point is further strengthened by an analysis of the results of public opinion polls carried out by Bloomberg, ANAP, and We2Geda, respectively, which all indicated that the state of the economy is the main issue being considered by the majority of the electorates leading up to the general elections.

Interestingly, all three frontrunners in the race for Aso Villa have considerable fiscal and economic expertise that, if transformed into action, could be leveraged by their respective campaigns to make a case for their candidature. Asiwaju Bola Tinubu of the APC has a background in accounting and is widely credited for marshaling the economic destiny of Lagos state (Nigeria's economic hub) into self-sufficiency and stability, Alhaji Atiku Abubakar of PDP was Nigeria's vice president (an office that is responsible for the economy) during what was arguably the nation's most prosperous stretch from 1999 to 2007. Mr. Peter Obi of LP is widely regarded as an economic savant being a successful businessman and has been credited to have revitalized and strengthening the economy of Anambra state, leaving behind considerable funds in the coffers of the state treasury after his tenure as governor and repeatedly been quoted as saying that the problem of Nigeria is an economic one which his administration (if elected) would prioritize above all else.