

THE POLITICAL POLICIES OF NIGERIA

By N. Nnadozie Nwosu

Ignorance is preferable to error; and he is less remote from the truth who believes nothing, than he who believes what is wrong.

Thomas Jefferson

The borders of Nigeria were formed during the period of British colonial rule, and essentially served only as delineating lines marking the areas ruled by the British from the neighboring areas ruled by the French. As such, Nigeria comprises many different races and people, and the First Republic of Nigeria died a premature death partly because the Nigerian leaders had failed to inculcate in the minds of Nigerians, despite the enormous political apparatus which they controlled, a feeling of oneness; rather, they tended to manipulate tribal and ethnic sentiments for their own political purposes. The First Republic failed also because of the greed and avarice of the political leaders during the great era of "carpet crossers" in which Nigerians witnessed a situation whereby a person elected on a platform of a particular political party was literally "bought" by another party. Having been "bought," he then crossed over to the purchasing party, swelling its ranks in Parliament and making a mockery of the ballot box. During this era, political alliances of convenience were formed principally for the benefit of the leaders. This system or lack of system eventually led to bloodshed and the breakdown of law and order. The final acts were coups, counter coups, and civil war.

Nigeria emerged from the civil war united and strong, its leaders more mature than they were before the war. The history of the First Republic with its political alliances of convenience could be a useful guide that might lead to the avoidance of the past bitter political experiences, only if their lesson is followed.

This can be done if Nigerians learn to stress and emphasize things that unite them, rather than those that divide them. Nigerians and their leaders must come to grips with the fact that no individual is indispensable. In order to ensure respect for the political party in power, there must not be any co-mingling of the funds of the government and the funds of the

party, as was evident during the "hay days" of the defunct Action Group.(1)

Let us briefly examine the role of political parties in political development and modernization. According to David E. Apter, "the political party is such a critical force for modernization in all contemporary societies that the particular pattern of modernization adopted by each is quite often determined by its parties."(2)

Sigmund Neumann attempted to define a political party. According to Neumann:

A definition of "party" might as well begin with its simple word derivation. To become a "party" to something always means identification with one group and differentiation from another. Every party in its very essence signifies partnership in a particular organization and separation from others by a specific program. Such an initial description, to be sure, indicates that the very definition of party presupposes a democratic climate and hence makes it a misnomer in every dictatorship. A one-party system (*le parti unique*) is a contradiction in itself.

"A primary function of parties," said Apter, "is to organize public opinion and test attitudes and to transmit these to government officials and leaders so that the ruled and rulers, public and government, are in reasonably close accord. The entire representative principle of government rests on this relationship.(3) It is the nonapplication of this basic representative principle of government by political parties in the developing countries that not only muzzles public opinion, but also results in tyranny. The employment of political thugs to harass opponents and the use of the apparatus of government to silence honest and healthy dissent create bitterness, tension, and insecurity that tend to undermine the authority of the government. The end result is usually more repression of the citizenry as the government feels more and more insecure, leading to a breakdown of law and order.

An examination of the literature on political parties convinces one that the type of political parties operating in Nigeria is what David E. Apter calls "the party of solidarity, in which the party organization determines the critical relationships of society,"(4) as opposed to the "party of representation." Explaining the reasons for the existence of parties of solidarity, Apter observed that "one cause of such a pattern of develop-

ment is the existence in the society of conflicting organizations that mirror primordial lines of cleavage.” (5)

The attitude of some of the leaders of the developing nations as to their “divine right to rule until death do them part with their subjects” needs a genuine re-examination by such leaders. The fact that there are capable people at any given time in a country who can take up the mantle of leadership cannot be honestly denied. It is unfortunate that some of the leaders of these emerging nations would prefer to be removed by force of arms rather than abdicate power constitutionally and democratically and play a constructive role of elder statesmen; some believe that by abolishing the multiparty system and adopting the single party system they would perpetuate their rule. What follows as these leaders entrench themselves in power forever is corruption, instability, and inefficiency.

Ruth Schachter Morgenthau in her *Single-Party Systems in West Africa* noted that although the party system had evolved in West Africa prior to independence,(6) the events of the 1960s in the developing nations of Africa have shown that the leaders of those nations have taken steps to destroy the opposition parties and install a one-party state by intimidation, repression, and the annihilation of opponents.(7)

Let us briefly examine some of the past and present party alignments and realignments in Nigeria with a view to attempting an analysis of the mistakes that led to the demise of the First Nigerian Republic.

The politics of the First Nigerian Republic were dominated by the National Council of Nigerian Citizens (NCNC); the Northern Peoples Congress (NPC); the Action Group (AG); and the Northern Elements Progressive Union (NEPU). Other mushroom parties included the Dynamic Party (DP); the Niger Delta Congress (NDC); the United Middle Belt Congress (UMBC); the United Peoples Party (UPP); and the Democratic Party of Nigerian Citizens (DPNC). The National Council of Nigerian Citizens (NCNC), formerly known as the National Council of Nigeria and the Cameroons (NCNC), was inaugurated on August 26, 1944, under the leadership of the late Herbert Macaulay, as President. The mantle of leadership of the party was passed on to another prominent statesman, Dr. Nnamdi Azikiwe, when Herbert Macaulay died. Dr. Azikiwe immediately made known the direction the party would take in the Nigerian political arena on his assumption of the leadership of

the party when he said: "The NCNC was born with the primary task of exerting mass pressure in order to accelerate the political development of Nigeria." (7)

Inspired by this goal, Dr. Nnamdi Azikiwe prematurely announced, in 1948, that the NCNC "had fulfilled the dreams of its founders by unifying the various elements of Nigeria ..." (8) The events leading to the demise of the First Republic of Nigeria proved that the NCNC and the other major parties had failed to unify the diverse elements of Nigeria during the First Republic.

At the time Nigeria achieved her independence, in 1960, the NCNC, together with its ally, the Northern Elements Progressive Union (NEPU), constituted the Federal Nigerian Government in partnership with the Northern Peoples Congress (NPC). The NCNC was also in power in both the Eastern and Midwestern Regions of Nigeria, in addition to being the official opposition in the Western Regional Government. The NCNC voice and influence in Northern Nigeria were also apparent through its ally, the Northern Elements Progressive Union (NEPU). In addition to its influence and representation in the then four regions of Nigeria, the NCNC was also in control of the Lagos Capital Territory.

Another major party during the time of the First Nigerian Republic was the Northern People's Congress (NPC). This was originally established as a cultural organization, known in Hausa as "Jam'iyyar Mutanen Arewa," but from the beginning it served as a political rallying ground for the educated Northern Nigerians. The NPC had become a political force of enormous magnitude in Northern Nigeria by 1951 because of the unquestioned loyalty it garnered from the feudal emirs and the other traditional rulers whose orders were unquestioned by the common men (the 'talakawas'). One of the results of the 1966 army coup was a reduction of the powers of the Northern emirs.

The three prominent Northern Nigerians who played a significant part in the formation of what later became the Northern People's Congress were Dr. A.R.B. Dikko, Malam D.A. Rafit, and Malam Abubakar Imam of the Hausa language newspaper *Gaskiya Ta Fi Kobo* (Truth is worth more than a penny). Rafit founded and organized the *Jam'iyyar Mutanen Arewa A Yau* (the Association of Northern People of Today) on October 3, 1948 in Kaduna. Dr. Dikko and Malam A. Imam,

on the other hand, founded in Zaria on October 12, 1948 the *Jam'iyyar Jama'ar Arewa* (the Northern Nigerian Congress). Since Malam D.A. Rafit, who founded the *Jam'iyyar Mutanen Arewa A Yau* in Kaduna earlier in the month, was also in attendance at the October 12 founding of the *Jam'iyyar Jama'ar Arewa*, the three men and their supporters agreed to amalgamate the two organizations and rename them the *Jam'iyyar Mutanen Arewa*, (the Northern Nigerian Congress, later renamed the Northern Peoples' Congress).⁽⁹⁾ One of the early founding members of the Northern People's Congress (NPC) was Malam Aminu Kano, who later broke ranks with the NPC to found and organize the Northern Elements Progressive Union (NEPU) that was later aligned with the National Council of Nigeria and the Cameroons (NCNC). Although the Northern Peoples' Congress was originally founded by men who were considered to be "moderate radicals," its leadership later reverted to the chiefs (the *sarakuna*) rather than to the commoners (the *tala-kawa*), since status and role in Northern Nigeria during the First Nigerian Republic was strictly ascriptive in the administrative and ruling elite.⁽¹⁰⁾

Regionalism was acclaimed by some of the leaders of the Nigerian political parties of the First Republic, in the guise of speaking for "the people." One of the founders of the Northern Peoples' Congress was quoted as saying that ... "the common people of the North put more confidence in the white man than in either their black Southern brothers, or the educated Northerners ..."⁽¹¹⁾ Tribalism and regionalism were not confined to the NPC alone during the First Republic. Similar charges of regionalism and tribalism were made against both the NCNC and the Action Group.

The *Egbe Omo Oduduwa* (Society of the Descendants of Oduduwa), an offshoot of the Action Group, was founded by Chief Obafemi Awolowo in 1945 during his student days in London. In addition to being the founder and General Secretary of the *Egbe Omo Oduduwa*, Chief Awolowo was also the founder and President of the Action Group. The Action Group, in 1951, proclaimed to:

.... maintain the closest possible association with the *Egbe Omo Oduduwa*, the Edo Union and other ethnic organizations in the Western Region. As far as possible, it will use the existing branches of these organizations to foster its own interests and it will in turn use its organiza-

tional machinery to enlarge and consolidate the spheres of their influence.(12)

In the first Nigerian election in 1951, after the formation of the Action Group, the party campaigned for regionalism in Western Nigeria and won, while the NCNC campaigned against regionalism and lost. Some people have since, fairly or unfairly, regarded Chief Obafemi Awolowo, the Action Group leader, as a tribalist, in part because of his assertion that:

Nigeria is not a nation. It is a geographical expression. There are no "Nigerians" in the sense that there are "English," "Welsh," or "French." The word "Nigerian" is merely a distinctive appellation to distinguish those who live within the boundaries of Nigeria and those who do not.(13)

Perhaps, Chief Awolowo was not alone in his negative reflections about Nigeria as a nation. Sir Abubaka T. Balewas similarly observed, with regionalism in mind, that:

Since 1914, the British have been trying to make Nigeria into one country, but the people themselves are historically different in their backgrounds, in their religious beliefs and customs, and do not show themselves any sign of willingness to unite ... Nigerian unity is only a British intention for the country.(14)

The leader of what later became the Northern Elements Progressive Union (NEPU), Alhaji Aminu Kano, was a foundation member of *Jam'iyyar Mutanen Arewa* which later became the Northern Peoples' Congress (NPC). Out of apparent dissatisfaction with the fact that the NPC was being too closely aligned with the allegedly oppressive Emirs and other natural rulers, he broke ranks and inaugurated the Northern Elements Progressive Union (NEPU) on August 8, 1950. The declared aims of the NEPU leaders were a struggle between the *talakawa* (the commoners) and the Emirs. It was partly reaction to the perceived threat of the NEPU and "Southern pan-Nigerian nationalism"(15) that prompted the Northern Peoples' Congress (NPC) to cast aside its guise as a cultural organization and become a political party dedicated to the maintenance of the status quo, vis-a-vis the role of the Emirs and the Native Authority functionaries.(16)

Let us now briefly examine some of the political party alignments and realignments and how they contributed first to the fragile stability and later to the disastrous and bloody

collapse of the First Republic.

As the Nigerian leaders shuttled back and forth in the game of political alignments and realignments, it became obvious that some of the politicians of the First Republic did not really enter into political alliances with the national interest at heart, but mainly because they wanted to remain in power. The political party leaders of the First Republic simply looked down upon the people from their positions of power. For example, according to Chief Awolowo:

... the generality of the people are not interested in self-government or in government generally. What they are interested in is their food, shelter, clothing, to get married, bear children, and drink plenty of palm wine, and if they have money, to drink gin as well. (17)

Many of these political coalitions were made on the spur of the moment, only to be dissolved as other issues arose. After the 1954 Federal Elections, in which the National Council of Nigeria and the Cameroons (NCNC) won both the Western and Eastern Regions, and the Northern People's Congress (NPC) won the Northern Region, the two parties agreed to cooperate to form the Federal Government of Nigeria as coalition partners. After the 1959 Federal Election, both parties again agreed to form the pre-independent Federal Government of Nigeria. Both parties shunned overtures by the Action Group (AG), led by Chief Awolowo, to form a Federal Coalition Government with either, because of the alleged tribalistic tendencies and the incitement of Nigerian ethnic groups against one another by the Action Group and its leadership. The NCNC-NPC coalition ensured an orderly transfer of power from the British colonial administration to an independent Nigeria. "I personally believe," said Dr. Nnamdi Azikiwe, "that a coalition between the NPC and the NCNC would bring in an element of stability in the country." (18)

The Action Group (AG) crisis of 1962 split the party into the Awolowo and Akintola factions, the door became open for the A.G. to cause discord within the NCNC-NPC coalition government as the NPC and the NCNC separately attempted to woo each of the A.G. factions, even though both the NCNC and the NPC deprecated the divisive role of the A.G. leadership in the Nigerian body politic. Chief Samuel L. Akintola's ambition led to his expulsion from the A.G. after he refused to resign as Premier of Western Nigeria. When Chief Akintola's faction in

the Action Group (AG) emerged victorious over the Awolowo faction, Akintola formed a new political party, the United People's Party (UPP) and, later, the Nigerian National Democratic Party (NNDP), which quickly went into alliance with the National Council of Nigerian Citizens (NCNC). This was an alliance of convenience and Akintola later used tribalistic anti-Ibo and pro-Yoruba rhetoric to destroy the NCNC in Western Nigeria, while at the same time playing crony to the NPC, an NCNC partner in the Federal Coalition Government.⁽¹⁹⁾ The purpose was to again cause discord and bring about the disintegration of the NPC-NCNC coalition.

The approach of the 1964 Federal Election saw yet another alliance of convenience. Having succeeded in driving a wedge between the two Federal Government Coalition partners (the NPC-NCNC Coalition), Chief Akintola entered into an alliance with the NPC, which became known as the Nigerian National Alliance (NNA). Chief Awolowo, another player in the Action Group melodrama, then entered into an alliance with the NCNC, which became known as the United Progressive Grand Alliance (UPGA). The NCNC should have known that Chief Awolowo, a former leader of the Action Group, would do to them what Chief Akintola, another former leader of the Action Group, did to them, that is, discard the NCNC as soon as it was convenient to do so. The politicians fought each to retain control of the federal government of Nigeria after the general election, and they gave no thought to the stability of the nation or to the fact that a rigged and unfair election would incur the wrath of the people. Warning of the consequences of an unfair election, Dr. Nnamdi Azikiwe said, "... should the politicians fail to heed this warning, then I will venture the prediction that the experience of the Democratic Republic of the Congo will be a child's play, if it ever comes to our turn to play such a tragic role."⁽²⁰⁾

Dr. Nnamdi Azikiwe's warning was ignored. The alliances of convenience formed purposely to contest the 1964 General Election did everything in their power to defeat the will of the people. Both the so-called Nigerian National Alliance (NNA) and the so-called United Progressive Grand Alliance (UPGA) were reported to have used hooligans and thugs to physically abuse opposition leaders and their supporters with a view to preventing them from putting their views to the electorates. People appointed as "elections returning officers" were intimi-

dated by the various regional governments controlled by parties belonging to the two alliances of convenience. The result was that these "returning officers" accepted only election nomination papers from candidates sponsored by the regional governments controlled by alliance members' parties of both the Nigerian National Alliance (NNA) and the United Progressive Grand Alliance (UPGA). Opposition party members often could not file their election nominating papers since the "elections returning officers" could not be found the minute the nominating papers of the regional government-backed candidates had been accepted. The idea was to have the candidates whose papers were accepted declared "elected unopposed" as soon as the time limitation for filing election papers expired. The entire election was a calculated fraud on the electorate! In an attempt to appear to be the champion of free and fair elections, the United Progressive Grand Alliance (UPGA) decided to boycott the General Election. This gave the leaders of the Nigerian National Alliance a one-sided victory in 1964. (21)

Nigerians, having witnessed one of the most fraudulent General Elections, supposedly "legitimized" by the formation of a broadly-based federal government tooled in party alliances, and it came as no surprise when during the 1965 West Nigeria election, there were verifiable accounts of ballot papers being found on Akintola's supporters, and of women concealing ballot papers in their clothes and dumping them into the ballot boxes of Akintola's candidates. Newspapers and other accounts showed that:

... [electoral] returning officers refused to declare the result of the pool after the count, enabling false returns to be broadcast from the regional capital, Ibadan; ... In several constituencies, the A.G. [Action Group] candidate secured a certificate from the returning officer that stated that he had won, but the victory of the NNDP [Nigerian National Democratic Party] candidate was announced from Ibadan. (22)

Lamenting about this mockery of the democratic process, the *Nigerian Opinion* said that although

The present crisis hurts the West more immediately, it is a Nigerian crisis. It is not possible to bring into contempt the electoral system of one region and not call into question the system in every region. It is not possible to damage economic growth in the West and not damage

economic growth in the Federation. It is not possible for Sir Ahmadu Bello to support Chief Akintola against Alhaji Adegbenro and not draw in the federal and Eastern governments. We think that it is time the Prime Minister took some initiative. (23)

The confusion, chaos, and the breakdown of law and order which followed Chief Samuel L. Akintola's calculated rigging of the Western Nigeria parliamentary elections led to the military coup d'état in early 1966. Nigerians witnessed the most disgraceful actions whereby the trustees of Governments made themselves the beneficiaries. The result was that:

[Nigerian] rulers used power that they held constitutionally to do unconstitutional things. In the process, they destroyed themselves. Nigeria had censuses that were no censuses, elections that were no elections, and finally, governments that were no governments. (24)

By contrast, the 1979 General Elections, when Nigeria reverted to civilian rule after thirteen years of military rule may be regarded as a model for future elections. The fact is that the 1979 General Elections (25) were supervised by the Nigerian Armed Forces, and that the political party leaders and their supporters dared not rig the elections in any form for fear of swift military justice. Addressing the Nigerian nation on Thursday, December 28, 1978, Brigadier Shehu Yar'Adua, Chief of Staff, Supreme Headquarters said, *inter alia*:

We are satisfied that all possible measures to ensure smooth elections next year are being taken. In addition, if necessary, the Federal Military Government is fully equipped to deal with any reported actual or possible plans or acts to disrupt the coming elections. We are also open to constructive suggestions in having free and fair elections. (26)

Nigerians are again witnessing the approach of another "crucial" election in 1983. To prevent any one ethnic group from electing its own political party to rule the whole of Nigeria, simply by weight of tribal or ethnic preponderance, the Nigerian constitution requires that no political party may exist unless its governing body is comprised of men from widely different ethnic groups. Thus, Chapter VI, Part II, Section 203(1)(a), (b), (2)(a), (b) of the Nigerian Constitution reads as follows:

The Constitution and rules of a political party shall provide —

(a) for the periodic election, on a democratic basis, of the principal officers and members of the executive party; and

(b) ensure that the members of the executive committee or other governing body of the political party reflect the federal character of Nigeria.

For the purposes of this Section —

(a) the election of the officers or members of the executive committee of a political party shall be deemed to be periodical only if it is made at regular intervals not exceeding four years; and,

(b) the members of the executive committee or other governing body of the political party shall be deemed to reflect the federal character of Nigeria only if the members thereof belong to different States not being less in number than two-thirds of all the States comprising the Federation.(27)

The Nigerian Constitution very specifically and unambiguously provides that “the members of the executive committee or other governing body of the political party shall be deemed to reflect the federal character of Nigeria only if the members thereof belong to different States not being less in number than two-thirds of all the States comprising the Federation.” The current Nigerian political parties (NPN, NPP, UPN, PRP, and GNPP) meet the above and other criteria. Yet certain elements of the Nigerian population still consciously or unconsciously refer to the NPN as a Hausa party, the NPP as the Ibo party, and the UPN as a Yoruba party, and during the 1979 presidential elections, the NPN did not field an Ibo man or a Yoruba man as its presidential candidate, nor did the NPP field a Hausa man or a Yoruba man as its presidential candidate. The UPN did not field a Hausa man or an Ibo man as its presidential candidate. The only solution to this problem would be to require political parties to rotate their presidential candidates every eight years, so that if they offer a Northern Nigerian candidate this time, they must offer a Southern Nigerian candidate next time. Under the present system, without some such requirement, there can be no guarantee that Nigeria will survive as a federation of diverse people, or that one ethnic group will not seize power and dominate all other ethnic groups. Indeed, if ethnic and tribal loyalties remain strong, as at present, then the mere publication of census figures relative to the diverse ethnic groups would be enough to determine which leader and

which political party will win or lose the election. People still vote according to what they perceive to be tribal loyalties, and the Nigerian party system has not succeeded in bringing about a unified Nigeria.

FOOTNOTES

(1) See the Report of the Coker Commission of Inquiry into the Affairs of Certain Statutory Corporations in Western Nigeria, 4 Volumes (Lagos: Federal Ministry of Information, 1962). It was alleged during this inquiry that four leaders of the Action Group formed a National Investment and Properties Company purporting to develop certain properties of the National Bank. It then got about a \$15 million loan from the Marketing Board and, out of this loan, \$5.6 million was siphoned into the Action Group Funds.

(2) David E. Apter, *The Politics of Modernization* (Chicago: The University of Chicago Press, 1965), p. 179.

(3) Ibid., p. 181.

(4) Ibid., p. 197.

(5) Ibid.

(6) Ruth Schachter Morgenthau, "Single Party Systems in West Africa," *American Political Science Review* (June, 1961), reprinted in H. Eckstein and David E. Apter (eds), *Comparative Politics: A Reader* (New York: Free Press of Glencoe, Inc., 1963), pp. 693-705. See also Morgenthau, *Political Parties in French Speaking Africa* (Oxford: Clarendon Press, 1964).

(7) Nnamdi Azikiwe, *Zik: A Selection of Speeches*, op. cit., p. 312.

(8) James S. Coleman, *Nigeria: Background to Nationalism* (Los Angeles: University of California Press, 1958), p. 295.

(9) Sklar, op. cit., p. 91.

(10) See, for example, C.S. Whitaker, Jr., "A Dysrhythmic Process of Political Change," *World Politics*, Vol. 19, No. 2 (January, 1967), p. 210; Sklar, op. cit., pp. 210-366.

(11) James S. Coleman, op. cit., p. 360.

(12) K.W.J. Post, *The Nigerian Federal Election of 1959* (Oxford University Press, 1963), p. 33.

(13) Obafemi Awolowo, *Path to Nigerian Freedom* (London: Faber and Faber Ltd., 1947), p. 47.

(14) James S. Coleman, p. cit., p. 320.

(15) Coleman, op. cit., p. 359.

(16) K.W.J. Post, *The Nigerian Federal Election of 1959* (London: Oxford University Press, 1963), p. 50.

(17) *Nigeria: Federal Parliamentary Debates. House of Representatives Debates*, March 31, 1953 (Lagos: Government Printer, 1953); see, also, Obafemi Awolowo, *Path to Nigerian Freedom* (London: Faber and Faber Ltd., 1947), p. 31 in which he said, "... as for the masses, they are ignorant and will not be bothered by politics ..."

(18) See, for example, *Daily Times*, March 9, 1964; Kalu Ezere, *Constitutional Development in Nigeria* (Cambridge: University Press, 1964), pp. 262-263; J.P. MacKintosh, *Nigerian Government and Politics* (Evanston, Illinois: Northwestern University Press, 1966), pp. 419-427.

(19) J.P. MacKintosh, "Politics in Nigeria: The Action Group Crisis of 1962," *Political Studies*, Vol. XI, No. 2, 1963, pp. 142-145.

(20) See *Daily Times*, December 11, 1964; J.P. MacKintosh, *Nigerian Government and Politics*, op. cit.; Frederick A.O. Schwartz, Jr., *Nigeria, The Tribes, The Nation or The Race: The Politic of Independence*, (Cambridge, Mass.: Massachusetts Institute of Technology Press, 1965).

(21) See, MacKintosh, *Nigerian Government and Politics*, op. cit., pp. 581-592.

(22) N.J. Miners, *The Nigerian Army 1956-1966* (London: Methnen & Co., Ltd. 1971), p. 151.

(23) See *Nigerian Opinion* (Ibadan: University Press, 1965-1966).

(24) A.H.M. Kirk-Greene, *Crisis and Conflict in Nigeria*, Vol. 1 (London: Osford University Press, 1971), p. 28.

(25) See, for example, Walter Ibekwe Ofonagoro, *The Story of the Nigerian General Elections, 1979* (Lagos: Federal Ministry of Information, 1979).

(26) Nigeria, *The Constitution of the Federal Republic of Nigeria* (Apapa: Times Press, Ltd.), p. xiii.

(27) *The Constitution of the Federal Republic of Nigeria*, op. cit., p. 75.

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TAX INCREASES AND THE PRICE LEVEL

By Vito Tanzi

Economists who have received their training in public finance or in macroeconomics in recent decades have learned that inflation can be fought through tax increases or cuts in public expenditure. Keynesian analysis demonstrates how these changes set in motion deflationary forces that put downward pressure on prices. Although Keynesian economics concludes that deflationary fiscal policy can be pursued either through tax increases or through expenditure cuts, the prevalent view among public finance experts has been that tax changes are more efficient. This conclusion is based on the view that the level of public expenditure should be set in relation to (longer-run) social objectives and should, thus, not be changed to accommodate short-run or cyclical considerations.

Tax increases, according to the public finance experts, reduce the disposable income of individuals and, as consumption is assumed to depend on disposable income, reduce consumption. This reduction, through the effect of the multiplier, brings about a magnified fall in national income, which, in turn, puts downward pressures on prices and wages by its effect on the rate of unemployment and the utilization of capital. These deflationary effects of tax increases are the ones that receive most attention. In fact they are the only effects recognized in macroeconomic textbooks. However, it has always been recognized in public finance textbooks that tax changes may, in addition to their inevitable, deflationary effects, also have an impact on prices and on factor supplies. Further, under the stimulation brought about by a renewed interest in supply-side economics and by the high level of taxation, these supply-side effects, especially those related to direct taxes, have in recent years been analyzed more closely than before and have been shown to be more pervasive and significant than previously believed.

The conclusion of this article is that, when both the demand-side (deflationary) effects and the supply-side (inflationary) effects of tax increases are considered, the case of using tax increases to fight inflation appears somewhat weaker than previously believed. This does not mean that this instrument of