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Original Research Article

State Cohesion and Economic Development: Analysis of South Korea and Nigeria Colonial and Post-Colonial Experiences (1900-1980)

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ABSTRACT

This paper seeks to explain variation in state building development outcomes under different colonial occupations. Why do some state-building missions produce sustained institutional transformation, while others leave a legacy of failed institutions? This question was explored through an analysis of the state as a crucial actor in economic transformation and development in developing countries. The basic argument is that states that are more cohesive will be more successful in promoting economic transformation than states that are fragmented and patrimonial. Two states, South Korea and Nigeria were examined with a focus on (a) patterns of state construction and (b) patterns of state intervention in promoting economic development. These two cases provide variations in state capacities to pursue economic transformation, from a cohesive and developmental state to an ineffective, fragmented patrimonial state.

KEYWORDS: State Cohesion, Economic Development, Analysis, Nigeria, South Korea

INTRODUCTION

One of the big economic debates concerns the role of states and its institutions in the process of development especially in developing countries. It is important to note that there are numerous variables that influence a given country's economic performance over a specific period, such as: world economic conditions, resource endowments, differing starting points, demographic factors, patterns of savings, levels of technology and entrepreneurship. However, historians of economic processes have always emphasized the significance of institutions, especially the role of government (Kholi, 2004; Fukuyama, 2014; Reynolds, 1985, Lewis, 1984, Evans, 1995; Haggard, 1990; Wade, 1990). This paper subscribes to this position. The state and its institutions are needed to put these variables together. According to Arthur Lewis, one building block of any full understanding of the engine for growth would be "a theory of government, where government would appear to be as much the problem as the solution" (Lewis, 1984:8). While in Nigeria, the government has been the problem, in South Korea, it has been the solution. This creates the rationale for examining the role of the state in development. What did South Korea do that Nigeria failed to do is a key question of this paper.

The central argument of this paper is that one of the key determinants for economic transformation in the developing world is the state's exclusive commitment to high growth. On the supply side, such commitments include facilitating the availability of capital, labour, technology and entrepreneurship. On the demand side, it will include expansionist monetary and fiscal policies, tariffs and exchange rate policies aimed at boosting domestic demand. Similarly, the worst setting, for economic transformation is when states have no clear public goals and where the leaders (whether civilian, military) have reduced the state to an arena for personal aggrandizement. While the former is typical of South Korea, the later typifies Nigeria. Why are they different? This paper was examined in both countries: (a) Patterns of state construction and (b) Patterns of state intervention in promoting economic development. It is very important to present below the development profiles of South Korea and Nigeria.

SUMMARY OF DEVELOPMENT PROFILES/INDICATORS OF SOUTH KOREA AND NIGERIA

The difference between South Korea and Nigeria in terms of development is like day and night. Most Nigerians would definitely want Nigeria to be as developed as South Korea. Most South Koreans will prefer to have the standard of life in South Korean to the one of Nigeria.

According to the Central Intelligence Agency(CIA) Fact book, if South Korea were home instead of Nigeria one would:

1. Live 27.18 years longer.
2. Use 79.7 times more electricity
3. Make 11.9 times more money.
4. Consume 31.3 times more oil.
5. Spend 18.1 times more money on health care.
6. Be 86.61% less likely to be unemployed.
7. Be 3.2 times more likely to be in prison.
8. Be 96.77% less likely to have HIV/AIDS.
9. Be 92.23% less likely to be murdered
10. Experience 28.83% less of a class divide
11. Have 78.28% fewer babies.

There is no question that the socio-economic indicators of South Korean are far better than the ones of Nigeria elaborating on a few of the above illustrate the point. One, while the life-expectancy at birth in South Korea is 79.80, Nigeria is 52.62. Two, the per-capita consumption of electricity in South Korea is 9,165 KWH; the one for Nigeria is 115KWH. Three, the GDP per capita in South Korea is \$USD 33,200, the one for Nigeria is \$USD2, 800. Four, while South Korea has an unemployment rate of 3.2%, Nigeria, has 23.90% unemployment rate. Five, the number of deaths of infants under one year old in a given year per 1000 live births in South Korea is 3.93, while in Nigeria it is 74.09. Finally, and very importantly, the income inequality is higher in Nigeria than South Korea. The Gini index measures the degree of inequality in the distribution of family income. In South Korea it is 31.10 while in Nigeria, is 43.70. The more nearly equal a country's income distribution, the lower its Gini Index; the more unequal a country's income distribution, the higher its Gini Index.

CONCEPTUALIZATIONS OF THE STATE

What is currently referred to as the state has evolved from many thousands years of the existence of human species from (a) band level societies to (b) tribal-level societies and to (c) state level societies (Young, 2012). Early states were indistinguishable from the ruler's household and were described as "patrimonial" because they favoured and worked through the rulers' family and friends. Highly developed states, by contrast, make a distinction between the private interests of the rulers and the public interest of the whole community.

One key feature of all modern states is a well established public arena that is both normatively and organizationally distinguishable from private interests and pursuits (Kohli,

2004). Unfortunately, for a variety of historical reasons, this distinction between the public and private realms was never well established in many African states. As a result, a number of distorted states emerged with weakly centralized and barely legitimate authority structures. Consequently, leadership tends to be personalistic, and unconstrained by norms or institutions. These states are labelled as neo-patrimonial, because despite the facade of a modern state, public office holders tend to treat public resources as their personal patrimony (Kohli, 2004, Fukuyama, 2014, Young, 2012). Nigeria and many other African countries exemplify this ideal-typical tendency. Some other scholars in a similar fashion have characterized the Nigerian state as 'rent seeking' and 'predatory' in contrast to the East Asian and Japanese models of the activist developmental state (Asadurian, Nnadozie, and Wantchekon, 2006). These in the Weberian context are not really modern, rational-legal states.

The cohesive activist developmental state is the other ideal-typical one found in the developing countries. This is the direct opposite of the neo-patrimonial. These states as in Japan and East Asian countries are characterised by centralized and purposive authority structures that penetrate into the deep structure of the society, strong social links with productive and capitalist groups in the society. In between these two extremes, neo-patrimonial and cohesive activist state lie the fragmented-multi-class states, as typified by India and Brazil. Regardless of the degree of government intervention, the fast growing economies of East Asia share a common feature: they all possess competent, high performing states (Wade, 1990; WB, 1993).

ANALYSIS OF STATE FORMATION IN SOUTH KOREA AND NIGERIA

The key question here is why has some developing countries ended up with activist cohesive developmental state (South Korea) and others with neo-patrimonial state (Nigeria)? Basic state forms in the developing world emerged through some drastic happenings in the society, such as colonialism, nationalist movements and military interventions in politics. These categories are used to analyze what happened in South Korea and Nigeria.

Colonialism

The effect of colonialism on state formation is very significant because most developing country states are the product of colonialism, and their respective forms and institutions were moulded by this encounter with more advanced political economies. But the colonial experiences between various countries differed. How did Korea and Nigeria fare in their respective colonial experiences?

South Korea

The Japanese colonised Korea from 1905 to 1945. The Japanese colonial strategy was deeply informed by its own successful domestic reform efforts following the Meiji restoration (Myers and Peattie, 1984). The essential elements of the Meiji political economy are: (i) the creation of a centralized state capable of controlling and transforming Japanese society; (ii) deliberate state intervention aimed first at agricultural development and second at rapid industrial growth, and (iii) production of a disciplined, obedient and educated work force. This model of deliberate development, with emphasis of state building and using state power to facilitate socioeconomic change inspired the Japanese colonizers (Kublin, 1959).

The Japanese colonial regime created a competent civil service and a well-organized police force. The colonial police force was designed along the lines of the Meiji police insofar as it was highly centralized and well disciplined and played a major role in social and economic reforms. This police force which penetrated every Korean village performed numerous functions other than standard police duties of maintaining law and order. Police were also empowered with control over politics, education, religion, morals, health, public welfare and tax collection (Kohli, 2004). One aspect of the police role that is very crucial is the developmental link between the police and the local society. The police in collaboration with the indigenous authority structures assisted in moulding the behaviour of average citizens in such diverse matters as birth control, types of crops grown, count and movement of people, prevention of spread of diseases (Myers and Peattie 1984).

Nigeria

The British colonized Nigeria from 1914 to 1960. Before the British colonization, there was no Nigerian state. Before colonialism, the Nigerian political economy was characterized by (a) a collection of communities, essentially isolated from one another (b) low level of technology and (c) most people engaged primarily with subsistence traditional activities. These presented a formidable obstacle to the emergence of an effective state.

The British colonial system did very little to transform the rudimentary political economy of Nigerian into a modern cohesive state. Instead, they ran the state as three to four separate regions, demarcated along the northern and southern divides and utilized traditional chiefs as their agents. The British in Nigeria reinforced weak centralization, indirect, personal rule and subordination rather than assimilation the opposite of what was needed to create a modernizing state (Tilly, 1999). This minimal state was organized along laissez-faire lines, responsible

for little more than preserving law and order for promoting commodity exports.

The decision to run Nigeria cheaply was dictated by a lesson learnt in India, Egypt and other places that educated natives were trouble (Roberts, 1986). And since the potential for collecting taxes from the very backward local economies were always questionable, the Indian option of creating a significant centralized state, staffed by both British and educated native civil servants were never seriously pursued in Nigeria (Nicolson, 1977). Instead, the British used the indirect rule strategy to run Nigeria. This strategy has had negative consequences for state building in Nigeria.

The thinness of the colonial state was further evident in the fragmented nature of the police and in the weak civil bureaucracy constructed by the British. In 1861, the nucleus of the first police force, a constabulary of 30 men was formed (Tamuno, 1970). By October 1863, the strength rose to 600 (Ahire, 1991). The police force, which was small in number, was mainly used to enforce political order. It has been argued that this early employment of police resources to advance the narrow colonial agenda shaped the future of policing as an agency of oppression in the whole history of Nigeria (Ikime, 1977; Tamuno, 1970). The traditions of civility, efficiency, and submission to the rule of law that constituted the bedrock of the British Police system were not emphasized in the establishment or running of colonial police forces in Nigeria. On the contrary, law and order maintenance and riot suppression functions of the police were emphasized to the exclusion of social services as in Korea.

The civil service that the British created in Nigeria reflected the minimal goals of British colonialism. There were some 430 British officers in all of Nigeria in 1930 and the ratio of officers to the people they ruled was approximately one to 50,000 (Nicolson, 1977); the figure improved during the late 1930's that in 1938, there was only one British officer for every 20,000 Nigerians (Coleman, 1958). This figure contrasts for around the same time with colonial rule in Korea, where there was one Japanese officer for every 400 Koreans, making colonial Korea fifty times more densely bureaucratized than Nigeria. Not only were the numbers of civil servants relatively small but the quality was relatively low. This is partly because unlike in Korea, recruitment for service in Nigeria was not exam based. The ethos of an exam-based, well trained civil service was never really transmitted to Nigeria. In 1940, it was observed that out of 110 administrative officers empowered to act as magistrates only thirteen were professionally qualified (Nicolson, 1977).

The main outcome of colonial rule in Nigeria is that it gave Nigeria a state architecture that can be characterized as fragmented. This fragmented architecture shaped the Nigeria's nationalist movement. The divided movement further disunited an already weak central state. By 1960, when Britain granted independence to Nigeria, the nationalist movement was divided along personalistic, ethnic and regional lines.

The Post Colonial Era

Both countries had some challenging experiences after independence. Each went through periods of civil war and military dictatorships. But the nature of the state put in place earlier increasingly played significant roles during the post colonial era on the development processes and outcomes. There was colonial continuity of the nature of state.

Korea

The defeat of the Japanese in the Second World War opened the way for the Civil War in Korea in which the country was divided into a communist north and an American controlled south. With the establishment of a pro-American political order as its central goal, the U. S. occupation force in South Korea chose to maintain the colonial bureaucracy established by Japan. This pattern of bureaucratic continuity of Japanese designed institutions staffed by Koreans eventually came to characterize not only the civil service but also the police and the judiciary (Kohli, 2004). During the Korean War, this bureaucracy became more entrenched; it ran daily government, generally following Japanese precedents (Lee, 1968). Subsequently, the regimes after the civil war more or less maintained this structure. It has been argued that the Japanese-trained Korean bureaucrats "helped to implant the sinews of a basic legal and rational framework in administration, staving off what might have become a hot bed for the unchecked spoils system of the inexperienced politicians" (Lee, 1968: 90).

During the Korean War these bureaucrats ran daily government and subsequently helped with the war recovery and with facilitating a modicum of stability. One area of the economy that was important after the civil war and where the bureaucracy acted efficaciously was tax collection. It is important to note that the collection of direct taxes challenges the capacity of even the most well designed bureaucracies. Early success in Korea on this front underlines the point that the bureaucracy rebuilt on the line of the Japanese colonial base was effective and available to be used if and when the political leadership so desired. The fact that the Korean state could collect direct taxes relatively effectively also helps to explain why in subsequent periods, Korea needed to depend less on

taxing foreign trade for public revenue than many other developing countries.

A second area of colonial continuity with the colonial state structure was the police. The Americans maintained the Japanese police academies and with the help of Japanese advisers trained Korean officers. The size of the police force grew over its already sizable colonial base, nearly doubling the intensity of the police penetration within South Korea (Cummings, 1979). The continuity in personnel was remarkable. The police after the civil war constituted a cohesive core, with their own esprit de corps. In terms of functions, beyond the usual areas of law and order, the police continued to be multitasked with important political and economic functions.

One other important institution that played a very key role is the South Korean army. The armed forces were moulded in the American image; but the Japanese connection was significant. Senior officers in the early army consisted mainly of Korean veterans of the Japanese army (Cummings, 1979). Americans used Korean advisers who had served in the Japanese army to recruit these officers. The size of the military in South Korea grew tremendously during the Korean War to emerge as a relatively strong institution from some 5,000 men in 1946 to 50,000 by 1950 and up to 600,000 in 1953.

Nigeria

The British left Nigeria in 1960 as part of the negotiated retreat from much of Africa. They left a chaotic situation. There was simply not an effective state that could help put Nigeria on an upward trajectory. The situation left are characterized by: (i) a fragmented and contentious polity with little commitment on the part of leaders to national development; (ii) an incompetent bureaucracy that reflected the broader political fragmentation and personalism; (iii) and a relatively small armed force that adopted the broader political tendencies of regionalism and patronage politics. All of these issues were continuities from the colonial period, and many of them worsened in the early sovereign phase and increasingly deteriorated that there are questions 'if Nigeria is not becoming a fail state'. Decolonization left Nigeria with no centralized authority with indigenous roots (Forrest, 1995). The modern institutions inherited from the British were weak to hold the centre together. The political leaders to varying degrees were more interested in utilizing public resources for personal gain or for the gain of their kit and communities.

After independence, the bureaucracy grew rapidly. Much of the growth resulted from patronage oriented political pressures with little regard to merit (Adamolekun, 1978). At the time of independence, many under qualified Nigerians were hired, based often on

personalistic and regional criteria. This way the national civil service grew in defiance of the basics of good bureaucracy, and professionalism was increasingly subverted by political interference.

The other key component of the state is the armed forces. When the British left Nigeria, the military was relatively small –some 8,000 armed men (Peters, 1997). This was ethnically divided, with mostly northerners recruited by the British to the rank and file, but southerners recruited to the officer ranks because of their education. Of the thirty commissioned officers in 1959, for example, six were northerners and twenty four were southerners (Peters, 1997 emphasis mine). Between 1960 and 1966, the armed forces grew from some 8,000 to 11,000 men and from 61 to 511 officers (Luckman, 1971). The rapid growth in the officer corps had some long term consequences. One, haste brought in individuals without appropriate professional training and experience, leading to deficiencies in professional experience and organizational cohesion that seriously affected the professional efficiency, discipline and morale of the army. The extent varying levels of education among the officer corp in the Nigeria army led to the division among the senior army officers before the civil war, is an area that needs further inquiry. What seems clear is that the country went through a civil war mainly because of lack of regional affiliations and low thrust in the polity and military.

In the 56 years of history from the time when Nigeria achieved independence from the United Kingdom in October 1960 to now the year 2016, the country has been under military rule for 29 years. The military rule had a big negative and positive political and economic imprints on Nigeria given the number of years the military had to rule. It has been argued that Nigeria's military regimes reinforced and operated the patrimonial system to a very large extent (Ikpe, 2000). Patrimonialism, according to Max Weber, is a system of personal rule in which the ruler dispenses offices and benefits to subordinates in return for loyalty, support and services (Weber, 1978). Each military regime tried to outdo each other in increasing and perpetuating the Personalistic patrimonialism in the country that it has become an accepted organizing principle in the country even for the civilian administrations after the military. This continued, and efforts to utilize the country's immense natural resources for sustained economic development failed. By 1991 after two decades of oil boom, bust and apparent structural adjustment, manufacturing still contributed only 8 percent of the national product. And per capita incomes (excluding oil incomes) were not much higher in the 1990's than they were in pre-civil war period (Lewis, 1994). The economic situation currently cannot be said to be better.

An important analytical question for the Nigerian case is why –unlike Korea or Brazil –even prolonged military rule failed to provide an alternative to personalistic and patrimonial politics. The answer lies in the nature of the political rule under the military, which had neither a developmental ideology nor the professional talent to offer itself as a distinct political force in the society. The military thus found itself dependent for governance on the very problematic civil service and the ethnic divisive politicians. Instead of creating a cohesive-capitalist alternative to corrupt, civilian politics, the rule of military in Nigeria reproduced and perpetuated personal rule. Neopatrimonial politics thus continued, leading to waste and developmental failures. Unlike the military rulers in South Korea, Nigerian military leaders had a fairly limited conception of their role as political leaders. They had no independent development goals and fairly quickly came to mirror the broader political society around them, especially its personalism and communalism.

STATE INTERVENTIONS IN ECONOMIC DEVELOPMENT

Colonial State

Korea

The colonial state in Korea developed a full policy agenda, including the goal of Korea's economic transformation. The increased capacity of the colonial state enabled it to (a) collect more taxes from the society (b) undertook other projects of economic value such as investment in infrastructure, primary education, which lead to a relatively literate labour force down the line and boosted food production, especially rice (Eckert *et al*, 1990). The colonial state also supported industrialization considerably.

Nigeria

The British colonial state of Nigeria played a minimal role in promoting economic transformation of Nigeria. The government did play some roles in promoting agriculture, but mainly in cash crop production for export. British manufacturers preferred exporting their manufactured goods to establishing industries in the colonies, and the British colonial government reinforced these preferences. The colonial state never encouraged indigenous entrepreneurs to invest in local import-substituting industrial production; the rationale was mainly to protect the interests of British manufacturers (Nicolson, 1977) The colonial state discouraged local textile manufacturing by imposing tolls on caravans carrying local goods but not on those carrying British goods (Liedholm, 1970); it levied freight charges that

discriminated against African and smaller companies (Ajayi and Crowther, 1987).

Civil War and Aftermath

South Korea

As the Japanese departed, a very substantial part of the Korean economy fell into Korean hands. Clearly the Koreans had learned much during the colonial period about running manufacturing plants. There was disruption of the economy during the war and immediately after. What is surprising is the considerable economic recovery that followed after the war. After a sharp decline, "the recovery of production was fairly rapid" between 1946 and 1949: production of cotton cloth increased from 100 to 230, of cement from 100 to 225, of electric power from 100 to 291 and average production increased about two and a half times." (Frank *et al* 1975. Much of this increase in production was of course, based on resuscitating capacity that had already been built up. Korea came out of the war with a viable group of entrepreneurs, some knowledge of industrial technology and management and an educated, trained and disciplined workforce to undergird subsequent economic recovery and growth.

By 1960, the country experienced economic recession. The situation led a military coup and the emergence of a military government. The emergence of Park Chung Hee and his colleagues as South Korea new rulers marked a dramatic change in the nation's leadership and economic transformation. Elected civilians were replaced by military men. Park was educated at the Japanese military academy in Manchuria and was very comfortable working with the Japanese. He admired Meiji Japan for its state led nationalist revolution and fancied himself and his coup colleagues as something akin to the 'young samurai' of the Meiji era (Scaloppini, 1962).

The military junta that came to power in 1961 set as a priority 'the restoration of political order' and 'promotion of economic growth'. Many military leaders in developing countries, such as Nigeria have at one time espoused such goals too, but without the same results as in South Korea. What was distinct about Korea was both the intensity of the commitment and the organizational capacities that were available (or were constructed) to achieve these goals. The military government helped to reconstruct a militarized, top-down, growth oriented state with the following defining features (a) an authoritarian apex that minimised intra-elite divisions; (b) a variety of top-down institutions that incorporated major social groups; (c) a commitment to promoting capitalist growth (Se-Jin Kim, 1991).

The military rulers also undertook some important bureaucratic reforms based on the Japanese model. They grafted the powerful growth-oriented bureaucratic structure of the Japanese colonial period into the Korean political structure (Kohli, 2004). Specifically they ensured

that (a) important bureaus and ministries, especially the economic ones as the Economic Planning Board (EPB), Ministry of Trade and others were modelled on their Japanese counterparts; (b) the civil service examinations and training of recruits continued to be modelled along Japanese lines (Lee, 1990). The military rule in South Korea lasted from May 1961 to October 1979. During this period they put Korea strongly on the road to cohesive-capitalist development through an efficacious state that intervened extensively in the economy. The country industrialized rapidly during this period, with growth in mining and manufacturing averaging nearly 15 percent per annum and the overall economic growth averaging some 9 percent per annum (Kohli, 2004).

One factor that was very crucial in the economic development of Korea is the close relationship between the cohesive-capitalist state and the critical economic groups. The public and the private were rolled into one (Woo, 1991). The State in the state-business alliance was unequivocally the dominant partner. As in the colonial period, the military regime used periodic plans to set the direction in which the state intended to move the economy. Most prominently, the state set export targets for sectors and firms. It rewarded those who complied with easy credit, tax benefits and other incentives and punished those who failed with tax audits and credit squeeze.

Tax collection was taken very seriously. A series of reforms in 1960, 1964, 1966, and again in 1967 were responsible for both broadening the tax base and improving tax collection (Cole and Lyman, 1971). To collect taxes, the government allocated quotas to regions, districts, and even individual tax officials. It used an incentive system of rewards and penalties to enforce compliance. The result was that tax revenues as a percentage of GNP went up from 7 percent in 1964 to 16 percent in 1979. The share of direct taxes in overall taxes also increased from some 34 percent during the Rhee period to some 46 percent between 1966 and 1976 (Kohli, 2004).

Nigeria

After gaining independence from the United Kingdom in 1960, Nigeria's parliamentary government collapsed on January 15, 1966, when a group of army officers staged a military coup. This marked the beginning of military governance and military coups and counter coups. The uncertainties and low trust in the polity led to a civil war (1967-1970), in which a section of the country tried to secede. The war ended in 1970. The country generated a lot of resources from the oil boom.

The period 1970-80 corresponds roughly to the years of increase in oil revenues. The increase in oil prices during

the 1970s spurred sharp growth in the Nigerian economy, which then plummeted in the 1980s when oil prices declined. During the 1970s, industry grew rapidly at some 13 percent per annum and then, within the first few years of the sharp decline in oil prices, nearly 50 percent of manufacturing output was lost (Olukoshi, 1995). As a major oil exporter and a member of OPEC, Nigeria benefited handsomely. The Nigerian state increasingly expanded into the economic and social sectors with very poor results. The main issue is why, despite the enormous oil revenues, Nigeria's efforts at industrialization, ultimately amounted to so little.

Some of the explanations are One, the post-civil war military government's approach to industrialization and development was a mild form of import substitution, where the main agent of industrialization was to be the public sector. While foreign investment and foreign expertise would still be welcome, the government did indigenize some of the existing foreign companies. Thus indigenization, by transferring some equity of foreign companies into the hands of national entrepreneurs, was supported by some senior civil servants and businessmen because they were likely beneficiaries. The emphasis on the public sector was also less form of nationalistically inclined statism and more of a gesture to the underlying interests of the military political elite, because it could further help a section of the military/political elite to neutralize some regional imbalances (Kohli, 2004).

Two, aside from the emphasis on indigenization and the public sector, the military government had no coherent approach to industrialization and economic development. Macro-economic policies were thus mainly reactive to what was happening to the oil economy and did not follow any particular logic (Forrest, 1995). As oil revenues grew, so did government expenditures and with ample foreign exchange, so did import. With resources readily available to the government, the military rulers eliminated some direct taxes, though without much thought to the long term financial consequences of such move.

Three, when in fact oil prices declined in the late 1970s, the government cut some expenditures and restricted some imports, but mainly resorted to a two-pronged strategy of deficit financing and external borrowing. These strategies started by the military were perpetuated by the civilian regime, which consequently gave the country a long experience of debt burden. That enormous inflow of oil resources only contributed to growing indebtedness emphasizes, how poor the economic management was and how ineffective the state was.

The oil boom in Nigeria created an illusion of economic dynamism. Nigeria missed the opportunity to transform oil resources into something more permanent, probably

ending up worse off than when it started. The deeper causes of this economic failure were bad politics; that is to say the inability of Nigerian state whether under military or civilian regimes to organize the country on principles of oneness, without communal and primordial instincts. Since national capital was not in a position to respond to new opportunities and challenges offered by oil wealth, a domineering military-run state decided to undertake numerous economic tasks directly. Unfortunately, the Nigerian state was also not up to the task. The state ended up as a poor entrepreneur, wasting resources and appropriating others for personal use. By the middle of 1980's the economy was almost collapsing. The same situation seems to be repeating itself currently in Nigeria.

CONCLUSION

This paper has cautiously posited that cohesive capitalist states have been most effective at facilitating rapid economic development in the developing countries. This is illustrated by South Korea case. Development comes from emulation and learning. Certain things can be learnt by Nigeria, from Korea. One is, state's role in institutionalizing social discipline. The challenge here is who will lead the effort. The military missed their chance. With major political actors deeply embedded in a variety of personalistic and sectional networks, it is not at all obvious who the agents of change, even of modest change will be. It may well be that a slowly emerging stratum of private entrepreneurs will eventually lead such a political effort.

Two, even though effective states have been at the heart of rapid development successes, effective states are hard to create. Basic state forms alter only, rarely and that too happens only in big bangs. Forces capable of creating such big bangs, namely colonialism, well organized nationalist movements, military coups, are now of historical past that is not likely to re-emerge. The challenge at reforming the country's economy will be difficult without a serious work at reforming the Nigerian state.

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