Introduction

As decolonization neared its end in the 1950s, a wave of optimism swept across Sub-Saharan Africa. In Nigeria, the jewel of Britain's African colonies, citizens anxiously embraced the promise of political sovereignty. At his inauguration as governor-general in 1960, Nigeria's great nationalist Nnamdi Azikiwe, recited a poem by the African American author Langston Hughes, describing the promising future for Africa's new generation of young leaders. Hughes sat in the audience with thousands of Nigerians, all welcoming a new dawn.[1] The incoming government promised massive investment in education and socioeconomic development. Voters had peacefully exercised their rights at the polls, foreign investment was pouring in, and the economy was expanding.

When a new political generation gathered in the capital half a century later to commemorate that momentous day, militants detonated two bombs near President Goodluck Jonathan, killing a dozen people. Only minutes before, Jonathan had cautiously reflected on Nigeria's previous five decades, declaring, "There is certainly much to celebrate: our freedom, our strength, our unity and our resilience." One newspaper called the 2010 bombing "perhaps one of the most unfortunate incidents in the 50 years of Nigeria's post-independence history."[2] Another Nigerian commentary bluntly asked, "Has Nigeria achieved the greatness it was clamoring for at independence? Or is Nigeria a fool at fifty?"[3]

[1] "Zik Becomes His Excellency," *West Africa*, November 19, 1960.
[2] Abba Gana Shettima, "Nigeria: Abuja Bomb Blasts – Agony of a Confused Nation," *Daily Trust,* October 8, 2010.
[3] Lawan Yakubu, "A Requiem for Nigeria?" *Daily Trust*, October 8, 2010.

Readers responding to these questions with cynicism will be disappointed, while optimists will be challenged. It is true that the United Nations counts Nigeria among the world's most underdeveloped nations, where approximately 90 percent of the population lives on less than two dollars per day, and the average life expectancy is less than forty-eight years. Economic growth since the transition to democracy in 1999 masks significant governance failures, including increases in economic inequality and extreme poverty (United Nations Development Programme 2009). The country also has little to show for the estimated US$300 billion it has earned from oil exports since the 1970s. When Transparency International, a global nongovernmental organization that monitors corruption, ranked Nigeria just ahead of low achievers such as Zimbabwe and Mauritania in a 2010 report, an editorial in one of Nigeria's leading newspapers lamented, "The fight against corruption has remained a problematic one, with sloganeering by successive governments and very little else to show for it."[4]

But President Jonathan's optimistic reflections on the 50th anniversary of independence were not unfounded. After all, Nigeria survived one of Africa's most brutal civil wars and five military coups. It emerged from this violence to become an important regional and global leader in peacekeeping and diplomacy. The youth literacy rate stands at 87 percent, up from 65 percent in 1985. In the early years after independence, only 5 percent of the nation's children were enrolled in primary school; enrollment rates now reach 100 percent in some parts of the country. In contrast to the high inflation that crippled Nigeria's booming oil economy in the 1970s and the heavy foreign borrowing during the subsequent era of harsh economic reform, consumers today face more predictable prices and the government has rid itself of almost all foreign debt.

Nigeria's record seems to validate the claim that development occurs through good public policy. Increased literacy and school enrollment owe much to policies instituted in the 1970s, when the federal government called education the "greatest investment that a nation can make for the development of its economic, political, sociological and human resources."[5] Federal budget deficits and inflation became less volatile after a reform-minded public finance team renegotiated or paid off the

[4] Editorial, "The Transparency International Corruption Report," *Daily Trust*, November 1, 2010.

[5] Editorial, "Hard Road for Education," *West Africa,* May 21, 1979.

country's debts in 2006. Nigeria's many failings must be viewed alongside successful policies that punctuate its postcolonial history.

The question that drives this book is, How does the distribution of political authority affect the Nigerian government's ability to formulate and deliver policies conducive to development? Polices are binding decisions about public resources, and good government performance means that policy outputs serve a greater common good over the long term. Comparative studies often blame ethnic diversity, foreign debt, authoritarianism, or an economy dependent on natural resource exploitation for policy failures in the developing world. Research on Africa very often adds colonial legacies to this list. Nigeria possesses many of the qualities associated with policy failure, including a string of dictatorships, high foreign debt, tremendous ethnic diversity, and a robust oil economy. While these characteristics are certainly relevant to understanding Nigeria, none of them adequately explains the tremendous variation in policy outcomes over time.

I study these outcomes using variables that the development literature associates with long-term economic development. I distinguish between national collective goods, nonexcludable public policies that inherently benefit the country on the whole, and local collective goods that are more particularistic and might be targeted to specific communities or interests. Excessive increases in spending on local collective goods are a sign of patronage or misappropriation of these policy outputs with excludable benefits. I proxy for local collective goods with different measures of federal government spending per capita, and I operationalize national collective goods with variables measuring fiscal discipline, inflation, education outputs, and judicial efficiency.

Drawing on a historical study of Nigeria since independence, I argue that the structure of the policy-making process explains variation in government performance as measured by these two broad categories of public policy. To capture the underlying structure of policy-making authority that drives patterns of performance over time, I use the concept of "veto players," which are political actors operating in both formal and informal political settings with the leverage to block policy change and extract concessions. They can be rooted in institutions such as legislatures or military ruling councils, or they can emerge from alternative centers of power manifest in military factions, cohesive political parties, or broad regional coalitions. Using data gathered during extensive field research, I identify Nigeria's veto players between 1961 and 2007. Through quantitative and qualitative analyses, I empirically link the number of veto players to patterns in government performance over time. Even after taking into account intervening variables for dictatorship, debt, economic conditions, and oil revenue, I show that the number of veto players systematically explains Nigerian government performance over time.

However, the number of veto players has different effects on the two types of public policy in Nigeria: An increase in veto players contributes to bigger budget deficits, higher rates of inflation, larger student-teacher ratios, and slower courts, but these regimes are also better at restraining government spending characteristic of patronage. This leads to an important insight: Conditions that impair the delivery of national collective goods also tend to improve the delivery of local collective goods. Good government performance, as understood by this study, requires the delivery of both national and local collective goods. Nigeria therefore faces what I refer to as a "Madisonian dilemma," since it has to balance contradictory effects implicit in the structure of the policy process.

Resolving this dilemma remains a perennial challenge since Nigeria, like many African countries, faces cultural and demographic pressures to make the policy process representative and include additional political actors. James Madison's writings inspired my choice of terminology because he eloquently argued that dividing political wills would enhance accountability, ensuring that no single branch of government would dominate. But he also knew that separating powers could contribute to stalemates preventing policy change. Veto players in contemporary political science liberate the "veto" from its association with American government and presidential systems, formulating veto authority in broad conceptual terms that promote comparison across regimes and in different contexts.

In what follows, I summarize the conventional wisdom about government performance and associate each explanation with common approaches to Nigeria. Studying one case over time provides a natural experiment that controls for variables associated with some of these explanations, such as ethnic diversity or colonial legacy. I then advance my alternative explanation rooted in veto players, and describe how this approach contributes to new ways of thinking about the causes of suboptimal government performance in Africa and beyond. Veto players transcend blunt distinctions between democracy and dictatorship, helping to disentangle the relationship between democratization and economic development. By focusing on political actors with leverage, rather than levels of political freedom, veto player analyses also contribute to emerging literature on authoritarianism and introduce new comparative approaches to informal institutions. My application of veto player theory contributes to research on federalism, too, by linking successful collective action by subnational units to broad national policy outcomes. Finally, by exploring how veto players impose accountability on each other, I return to core Madisonian principles and ultimately claim that political leverage can be used to limit patronage rather than demand it. This places one of my main empirical findings – about the relationship between the number of veto players and the overall level of local collective goods – at the center of debates in African politics over the causes of distributional distortions.

Government Performance in the Literature

In order to situate this book's central argument about veto player theory in a proper context, it is important to review four standard explanations for poor government performance in Africa. Each of these explanations faces limitations. I begin with a discussion of modernization theory, which argues that economic and social progress lead to democratization. This theory has experienced a revival over the last decade, although the persistence of illiberal regimes in a surprising number of countries across the developing world has kept the debate over modernization theory's explanatory value alive. A second, common explanation attributes performance failures to the relative wealth of the state. Governments with little income have weak capacity due to few resources to enact good public policies, while governments with substantial revenue from natural resources perform poorly because citizens lack political leverage to hold government accountable. In this construction, Africa's poor countries are doomed either way. A third explanation blames ethnic diversity for breeding parochialism and clientelism, outcomes that distort the distribution of resources and ultimately undermine long-term economic growth. Finally, there is the bad leadership explanation. Political commentators, casual observers, and scholars often attribute governance successes or failures to leaders' personal qualities. There is reason to be skeptical of this formulation. As Tanzania's first president, Julius Nyerere, said in 1968, "Leadership cannot replace democracy" (Nyerere 1973, 62). This blunt assessment of leadership still rings true, affirming the possibilities of comparative politics by emphasizing the need to understand the systemic factors that impact decision making by individuals. "For policies to be effective," writes a leading Nigerian political scientist, "the process through which they are made and executed has to be rational, sequential and deliberative" (Jega 2007, 105).

The Regime Type Explanation: Does Democracy Deliver?

When European colonial powers withdrew from Africa in the 1950s, many Africans hoped that independence would lead to political development and economic self-sufficiency. The developed world promised assistance to ease the transition from colonialism to independence, and the new nationalist governments enjoyed enormous popular support. Decolonization coincided with democratization. Nationalist movements in Kenya, Tanzania, and elsewhere were reborn as political parties, and citizens embraced new forms of political participation as the franchise quickly expanded. By the end of the 1960s, though, a number of African countries, including Nigeria and Ghana, had experienced violent coups and fallen prey to a cycle of instability and corruption. Continuing violence sowed doubts about the possibility for true democracy. Events in the developing world, including the cold war and ambiguous outcome of the third wave of democratization, further clouded the picture in Africa.

Support for illiberal politics in the name of stability and prosperity remains common in Africa. Rwanda's middle class often rationalizes away President Paul Kagame's poor human rights record, saying, "it's necessary to have a little repression here to keep the lid on" in order to obtain economic development (Kinzer 2007, 23–26). Similarly, President Yoweri Museveni in Uganda has tightened his grip on power by suppressing civil society and harassing opposition. As the country's combined score for political and civil rights by the nongovernmental organization Freedom House dropped from 11 in 2000, to 9 (out of 14) in 2004, the economy grew at a rate of 5.4 percent. Jeffrey Sachs notes that dictators in Prussia, Japan, and China all historically created conditions conducive to economic growth (Sachs 2012). This evidence presents the question, Does democracy deliver? Is the existence of a democratic government linked to positive performance outcomes?

Research on the linkages between regime type and government performance has its origins in modernization theory. Early cross-national studies noted a correlation between development and democracy – certain socioeconomic conditions contributed to particular political outcomes (Lipset 1959; Deutsch 1961). Modernization theorists argued that democratization occurs when an educated middle class develops an expectation of political influence and a willingness to exercise political moderation. Samuel Huntington led a group of scholars who took the argument one step further, arguing that building a middle class and achieving economic growth in the developing world would require limiting popular participation in the short term until political institutions consolidated. In his view, limits on democracy were a necessary and temporary sacrifice to achieve long-term economic growth and contain communism (Huntington 1968).

"Bureaucratic authoritarian" models of development from Latin America seemed to confirm the claim. Military regimes governed by unelected technocrats adopted politically unpopular but economically rational public policies conducive to growth (O'Donnell 1973; Collier 1979). Chile emerged as a favorite example, where the dictator Augusto Pinochet recruited American economists to liberalize the economy. Growth in East Asia also seemed to confirm democracy's disadvantages, as governments maintained high growth rates through corporatism (Wade 1992) and "soft authoritarianism" (Johnson 1987, 136–164).

This reasoning had strong appeal in Africa. In 1979, reflecting on progress made under his military government, Olusegun Obasanjo defended dictatorship's ability to promote growth through sound public policies. He credited his outgoing government with a fourteenfold increase in economic output, the establishment of free primary education, and reduced inflation.[6] General Ibrahim Babangida, four years into his dictatorship in 1989, similarly praised the Nigerian military's contribution to stability and progress. He claimed credit for rescuing the nation from the "serious economic crisis arising from the mismanagement of the political era."[7] Some scholars claim that for all their flaws, these military regimes still contributed positively to the country's development (Iwayemi 1979, 47–72; Ohiorhenuan 1988, 141–162). One of Babangida's civilian governors (who later went on to chair the political party still ruling today) praises the government of the late 1980s for its policies on rural development, economic liberalization, and infrastructure expansion. Drawing a comparison to the pragmatism of U.S. President Barack Obama, he says, Babangida ran a "task oriented" cabinet full of experts.[8]

Democratization since the 1990s has challenged modernization's causal claims in both directions. First, affirming a famous critique by Rustow (1970) contemporary examples across Latin America and Africa

[6] "A Budget for Civilian Rule," *West Africa*, April 19, 1979.
[7] Address by General Imbrahim Babangida on the Occasion of the Inauguration of the Armed Forces Consultative Assembly (Government Monograph), June 5, 1989.
[8] Interview with Okwesilieze Nwodo, March 8, 2010. Abuja.

suggest there are no socioeconomic preconditions for democracy (Wood 2000; Lindberg 2006). Democratic transitions can occur at any point in a country's development, although democracy is more likely to survive the further along a country is on the development continuum (Przeworski et al. 2000). Second, a thriving postdemocratization literature explores the unexpected persistence of hybrid regimes nestled somewhere between dictatorship and democracy (Levitsky and Way 2010; Zinecker 2009; Art 2012). Breaking with modernization's linear philosophy, which sees illiberal polities as moving inexorably toward democracy, this new research explores the possibility of *authoritarian* consolidation – not just stalled democratization (Brownlee 2007; Tripp 2010). The North African revolutions of 2011 notwithstanding, Freedom House classifies a third of the world's 194 countries as only "partly free." As if taking a cue from Aristotle, who explains in *The Politics* that tyrants extend their rule by giving the appearance of limited royal authority, these intermediate regimes mask oppression in a veneer of freedom. With great skill, a surprising number of governments thus manage to hold formal elections while suppressing competition and popular participation (Schedler 2006; Bunce and Wolchik 2010).

In terms of the impact of democracy on policy performance, a robust literature on governance and growth generally concludes that democracies perform better than autocracies. But there are important layers of nuance. For example, dictators may invest in productive economic policies when they do not fear for their future. Relative political stability and institutional longevity extend the time horizon with which rulers judge the political benefits (or costs) of public policies. To borrow Mancur Olson's famous analogy, these regimes may behave as "stationary" rather than "roving" bandits and are thus able to promote long-term growth by enforcing contracts (Olson 2000), protecting property rights (Clague et al. 1997), and investing in social policies such as education and health care (Glaeser et al. 2004). Theoretical models also claim that oligarchs may adopt policies to enhance productivity because they can efficiently overcome organizational obstacles and face potentially greater potential returns on investments (Gorodinichenko and Grygorenko 2008). Countless articles document the link between natural resources and corruption, but dictators with revenue streams from natural resources also face less political uncertainty, and this can create incentives to pursue productive policies (Boix 2003).

Democracy's defenders continue to argue that political freedom and competition deliver clear benefits through several mechanisms.

Democracy resolves the problem of short-term, self-interested thinking by politicians by creating an institutional incentive for leaders to supply the type of good governance that voters demand. This arrangement is meant to bind the short-term interests of politicians to the long-term economic and political development of the nation (North and Weingast 1989). Democracy also addresses the succession problem that plagues all autocrats from Mubarak to Mugabe. An institutionalized, recurring method of leadership selection reduces uncertainty about the future (Brownlee 2002; Hirschman 1970). Finally, democracy's defenders argue that by creating a credible threat of replacement, democracy incentivizes politicians to provide public goods and resist "temptations for politically opportunistic behavior that is economically damaging" (Alence 2004, 178). Even poor democracies face electoral pressures to provide services such as education that benefit society as a whole (Brown and Hunter 1999; Halperin, Siegle, and Weinstein 2010).

Extensive cross-national research concludes that citizens of democratic countries live longer, happier, and healthier lives (Halperin, Siegle, and Weinstein 2010; Przeworski et al. 2000). Precisely how democracy leads to these outcomes remains a subject of considerable debate. Democracy may directly alter governmental spending priorities. Studies from newly democratized Latin American countries report shifts from government consumption to social welfare (Ames 1987; Looney and Frederiksen 1987), as well as increases in the absolute amount of resources devoted to social services (Brown and Hunter 2004). Research from Africa shows that democracy leads to increased spending on education (Stasavage 2005a) and access to education (Stasavage 2005b). On a global level, the evidence is more mixed: Democratic and authoritarian regimes typically fund social services (such as pension and welfare) at comparable levels (Mulligan, Gil, and Sala-i-Martin 2004).

However, democracy's most important effects on policy performance may actually be indirect. A broad range of studies refute modernization theory's claims about the developmental advantages of dictatorship, but they also fail to find a specific causal link between democracy and economic growth (Feng 2003; Bueno de Mesquita et al. 2001; Mainwaring and Perez-Linan 2003; Norris 2008). A metaanalysis of the democracy-development link reviewing 483 sets of statistical results from 84 studies concludes that democracy's direct impact on government performance is indeterminate and that its primary benefits are indirect (Doucouliagos and Ulubasoglu 2008). This is reinforced by studies showing that democracies are more likely to promote human capital formation by investing in health care and education. The effects of such policies are indirect in that the benefits become clear over time, as the labor force becomes healthier, better educated, and more productive (Schultz 1999; Baldacci et al. 2008).

But the direct and indirect benefits of democracy are both predicated on the existence of viable political competition. This caveat possibly explains the ambiguous effects of African experiments with democracy in the 1990s (Olivier de Sardan 1999; van de Walle 2001). Without competition, party turnover, and a broader political environment of freedom and transparency, governments lack accountability. This has complicated assessments of African democracy because democratic institutions seem to coexist with corruption, inflation, and economic mismanagement. Notwithstanding the significant economic development in a number of African countries, Lewis (2008), for example, points to the problematic phenomenon in Africa today of "growth without prosperity." Governance decisions generate wealth and improve macroeconomic performance, but the poor are ignored and disempowered.

A disadvantage of focusing on regime type (democracy versus dictatorship) is that it glosses over important variations among democracies and dictatorships, both in terms of how they govern and in terms of how they perform. For every Zimbabwe or Cameroon, where authoritarianism has led to economic catastrophe, there is a Uganda or Rwanda, where illiberal regimes have created laudable development. For every Ghana, where democracy has contributed to economic gains, there is a Benin, where democracy reigns but the population remains poor. Perhaps the most comprehensive multicountry study of African development to date concludes that regime type was less important to explaining growth than overregulation, war, shortsighted policy making, or distribution of resources along ethnoregional lines. Combining cross-national analyses with country case studies, the authors argue that countries can at least partially overcome unfavorable structural conditions such as landlocked geography or exploitative colonial pasts by adopting growth-enhancing policies (Ndulu et al. 2008). A recent global study makes a similar case for inclusive political institutions, arguing that economies that incentivize innovation and punish expropriation can break the low-growth poverty traps that impede prosperity (Acemoglu and Robinson 2012). Bracketing the question of whether countries are democratizing or not therefore allows us to focus on other factors and institutional arrangements that affect the policy-making environment.