Indigenization, Class Formation and Class Struggle in Nigeria: An Analysis

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RÉSUMÉ Au Nigéria, le processus de formation de classes s'est déclenché avec l'indigénisation, politique dont un des traits saillants a été la transformation qu'elle a occasionnée au niveau du mode d'accumulation privée de capital et d'appropriation du capital. Avec la nouvelle politique d'investissement, une petite classe de grand exploitants agricoles et de grands industriels capitalistes convaincus a vu le jour. Ce transfert accru des excédents vers les secteurs industriel et agricole a eu pour résultante une élévation du taux de croissance de la propriété et des revenus connexes et inversement une baisse du taux de croissance des revenus des travailleurs. Ainsi, en dépit de la prépondérance du capital étranger, la part du capital détenu par les nigérians s'est accrue par rapport à la part que représentait le capital étranger dans le capital global de ce pays. L'indigénisation, à ce niveau, consiste en une sorte d'arrangement entre le capital extérieur et le capital indigène, l'extériorisation de la base productive de l'économie tout en faisant jouer à la bourgeoisie indigène un rôle encore plus déterminant dans la mise en place et la préservation des conditions politiques nécessaires à l'accumulation. Compte tenu du rôle de premier plan joué par l'Etat dans le processus d'indigénisation, l'on s'est servi de plus en plus du pouvoir étatique pour l'accumulation primitive du capital au Nigéria. Cette tendance accrue a entraîné à son tour l'aggravation de la corruption officielle et une fuite considérable des capitaux vers l'extérieur.

Introduction

The Focus of most of the previous studies on the Nigerian Enterprises Promotion Decrees has been on the impact of the indigenization policies on the pattern of ownership and control of the means of production, distribution and exchange in Nigeria. On this point, three main schools of thoughts have emerged. The first school argues that the indigenization policies have been a success, that they have gone a long way in transferring ownership and control of enterprises in Nigeria to Nigerians. The second school maintains that they have been only a partial success; that the overall effect has been to transfer fiscal ownership, but not actual (managerial, and technological) control, of enterprises based in Nigeria to Nigerians. The third school insists that, on the whole, the policies have been a failure: they have resulted in the transfer of neither ownership nor control of public and private enterprises in Nigeria to Nigerians. All that has happened, this school maintains, is

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that the financial participation of Nigerians, and therefore their stake in these enterprises have risen.

The second and third schools of thought have tried to offer explanations for the partial success or total failure of the indigenization programme. These explanations fall into three categories. The decision-making sub-school attributes the partial success to the fault in the initial conception of the policy and the lack of imagination and commitment in its implementation. The second sub-school, which may be designated the devil-theorist sub-school, attributes the failure of the policies to the activities of evil men, the unpatriotic manoeuvres of selfish and profligate Nigerians (public office holders and private businessmen alike) who have collaborated with foreign companies and entrepreneous to frustrate what was otherwise a good programme. Then there is the explanation offered by class theorists - the third sub-school. They attribute the failure of indigenization to the same basic factors which undermine an escape from under-development. These are the character of the Nigerian ruling class (the indigenous bourgeoisie) and the nature of Nigeria's political economy, that is its neo-colonial character. According to this sub-school, the level of consciousness of the Nigerian bourgeoisie and the nature of their class interests makes them see economic transformation in trivial or superficial terms. To the Nigerian bourgeoisie indigenization was not conceptualized as a fundamental socio-economic transformation involving a relocation of the control over the Nigerian economy, or a liberation of the economy from foreign economic domination and the initiation of autocentric development. Rather, the Nigerian bourgeoisie saw indigenization as economic transformation in the trivial sense, that is, as involving "an increase of the participation in the ownership and control of the indigenous bourgeoisie".

Furthermore, according to the sub-school of class theorists, the character of the Nigerian political economy is such that while the indigenous bourgeoisie has legal-political power, the foreign firms have enormous economic power, that is power over capital and technological resources. In the struggle for ownership and control of the Nigerian economy, therefore, the balance of forces favours the latter. What has therefore happened is that the indigenous bourgeoisie has found itself powerless to carry out even the trivial and superficial economic transformation which the indigenization programme entails. In general then, it is the view of the class theorists that both the objective character of the Nigerian bourgeoisie and the neo-colonial character of the Nigerian economy have rendered the implementation of indigenization under the auspice of the Nigerian bourgeoisie "quite impossible"[1].

A related factor, also touching on the character of the indigenous bourgeoisie, in the view of the class theorists, is the incoherence of the Nigerian capitalist class. Because of its tendency towards anarchy, the Nigerian capitalist class, has been unable to "exercise the collective (class) discipline which would have enabled it to get a greater share of ownership and control and a much greater share of the surplus in the longer run". Rather "particular capitalists went for immediate appropriation of surplus made available by foreign capital"; in the process, they defeated the purposes of indigenization[2].

Within one of the three schools of thought, a few writers have explored, albeit briefly, the impact of indigenization of intra-class relations in Nigeria: Among these writers, two distinct viewpoints have emerged. The first and the more common viewpoint, represented by Claude Ake, sees indigenization as part of the on-going intra-class struggle between the Nigerian bourgeoisie and foreign capitalists. According to this group of writers, indigenization represents an attempt by the Nigerian bourgeoisie to use its political power to reduce its marginalization in the Nigerian economy, or put differently, to improve its position in the economy *vis-à-vis* foreign capital. But, paradoxically, the effect of the failure of indigenization has been to authenticate and dramatize the dominance of foreign capital. The effect of the poorly implemented indigenization policies has been to reinforce the old division of labour between the Nigerian bourgeoisie (as specialists in maintaining the political conditions of accumulation) and foreign capital (as specialists in production). On the whole, indigenization has resulted in "an accommodation" that reflects or represents "acceptance of the division of labour" which existed before indigenization[3].

Clearly, this group of class theorists is concerned with the impact of indigenization on intra-class struggles, that is on secondary contradictions. And its verdict is that indigenization has blunted the edges of intra-class struggles: it has brought about an "accommodation", a kind of peaceful coexistence between foreign capital and indigenous capital. Since before indigenization, foreign capital was dominant, the failure of

1 "Indigenization: problems of transformation in neo-colonial economy", in Claude Ake, ed. Political Economy of Nigeria. (London and Lagos: Longman, 1985), p. 197.

2 Ibid.

3 Ibid., p. 196.

indigenization has meant a legitimation of the dominance of foreign capital over indigenous capital, of foreign capitalists over the Nigerian bourgeoisie.

The other group of class theorists agrees that the "policy of indigenization is an attempt to regulate competition between international firms and the rising Nigerian bourgeoisie". But it maintains that it has produced a more complex effect than the first group of writers seems to think. True, it has enhanced the national credentials of foreign companies, and by so doing, legitimated and strengthened foreign capital. However, simultaneously, it has contributed to the consolidation of the Nigerian ruling class. It has done so in two ways: first by propagating the national authenticity of the Nigerian state, in other words, by proclaiming the legitimacy of the political dominance of the domestic ruling class; and second, by encouraging closer partnership between Nigerian and foreign capital. On the whole, at the level of secondary contradictions, indigenization has served to strengthen the domestic social and political basis of international capital accumulation. It has helped to "domesticate" imperialist social relations, producing a new phase of imperialist domination, that is imperialist domination from within. Consequently, the scope for attacking capital on an anti-foreign platform has been considerably reduced. And the class character of the Nigerian state has changed. It is no longer a comprador state; it is now a state of "internationally subordinated state monopoly capitalism"[1].

According to this second view, indigenization has also had an impact on class struggles at the level of primary contradictions. By "Nigerianizing" foreign capital and domesticating imperialism, indigenization has also helped to weaken the links between anti-imperialist and anti-capitalist agitations in the working class. Moreover, it has, in addition, "diverted petty-bourgeois aspirations from potentially threatening link-ups with anti-imperialist and anti-capitalist social forces". In short, indigenization has, in the view of this school, had the effect of stemming the tide of revolutionary pressures in Nigeria. It has muffled inter-class as well as intra-class struggles.

Unlike the first group of class theorists, represented by Ake, the second group, represented by Beckman, does not base its conclusions on any detailed study of the impact of indigenization policies on class struggles and the character of the state. But the questions it raises are important and require further investigation.

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1 Bjorn Beckman, "Whose State? State and Capitalist Development in Nigeria". Review of African Political Economy No.22 (1981), p.54.

The central aim of this paper, therefore, is to examine the impact of the indigenization policies on class formation and class struggles in Nigeria. The critical questions that will be addressed in the paper are: How have indigenization policies furthered or hindered the process of class formation in Nigeria? What have been the effects of indigenization policies on the dynamics of class struggles in Nigeria - have they resulted in a consolidation of the dominance of a pre-indigenization fraction of the ruling class; have they assisted or inhibited the intensification of revolutionary pressures on the ruling class by the dominated classes?

These questions require to be asked and answered at this stage in Nigerian political history for several reasons. First, there is the timeliness of the topic itself. The government is at the verge of inaugurating a new set of policies which will amount to a reversal of the indigenization policies. As President Ibrahim B. Banbangida revealed in a recent interview, the Nigerian government will soon set up an institution similar to the Nigerian Enterprises Promotion Board (N.E.P.B.). Its task will be to go "into the whole subject with respect to the commercialization and privatization of government parastatals" And "once their job is completed, government will look at it and give final approval"*West Africa*. 28.9,87, p.1899.. It would seem that the main rationale for the review and reversal of indigenization is the view that the indigenization decrees have "helped stifle the flow of much needed foreign investment" in Nigeria[1]. It will be interesting to examine this assertion in the context of both the initial objectives of the indigenization decrees and the impact of indigenization on the pattern of dominance in the Nigerian political economy.

Secondly, and more importantly, there is a need to explore the issue of indigenization from the perspective of politics. There is a need to know what indigenization has meant for the structure and dynamics of the struggle for state power in Nigeria. Such a survey is useful from both an academic and practical political point of view. The question is: should further indigenization be encouraged; should a reversal of indigenization be supported?

Indigenization Policies in Historical Perspective

To appreciate the significance of the policy contents, and the spirit of the Nigerian Enterprises Promotion Decrees, it is necessary to trace the evolution of indigenization policies in Nigeria. The origins of what could broadly be called indigenization policies in Nigeria predate Nigeria's independence. Indeed, they could be seen as co-terminous with the beginnings of the struggle for Nigeria's political independence.

1 Newswatch (Lagos). 5.10.87, 41.

(a) The Colonial Situation

The control of state power in Nigeria by the British enabled them to centralise Nigeria's economic surplus in the hands of the British bourgeoisie. By the use of the colonial state apparatus, the British bourgeoisie in Nigeria established monopoly over financial and commercial activities; profits from these economic activities were also monopolized by British enterprises operating in Nigeria. Such surpluses or profits were systematically "transferred to Britain for capitalist accumulation there and de-capitalization of Nigeria".

Commercial banking, for instance, was monopolized by two British Banks. These were the Bank of British West Africa (B.B.W.A., now called the First Bank) and Barclays Bank, Dominion, Colonial and overseas (Barclays Bank, D.C.O., now known as the Union Bank). These banks, especially B.B.W.A., had as their directors and shareholders, leading politicians in the British Government and the Colonial Administration in Nigeria. They were highly favoured by the colonial administration. In particular, the B.B.W.A. was made the sole agent of the West African Currency Board and the sole depository of the funds of the Nigerian colonial administration and governmental agencies[1].

The oligopolistic position occupied by foreign banks in the Nigerian economy is shown by the fact that, on the eve of Nigeria's independence, they accounted for over 70% of total time and savings deposits in Nigeria. More important, they gave the bulk of their loans and advances to expatriates generally and foreign commercial firms in particular. They even discriminated against Nigerian businessmen by requiring greater collateral security from them[2].

Also, European commercial firms enjoyed oligopolistic position in the colonial economy of Nigeria. In 1949, for instance, six European commercial firms, grouped under the umbrella of the Association of West African Merchants (AWAM) handled about 66% of Nigeria's imports and nearly 70% of her exports. Of the six, the most influential and conspicuous was the United Africa Company (U.A.C.). It handled, in 1949, 34% of commercial imports into Nigeria and purchased,

1 Richard L. Sklar, Nigerian Political Parties: Power in an Emergent African Nation. (New York: NOK Publishers International/Princeton University Press - Paperback, 1983), p. 185.

2 Bade Onimode, "Imperialism and Nigerian Development", in Okwudiba Nnoli, ed., Path to Nigerian Development. (Dakar: CODESRIA, 1981), p.83.

on behalf of the Nigerian Marketing Boards, 43% of all Nigerian non-mineral exports. The other firms were: John Holt and Co. Ltd., Paterson Zochonis and Co. Ltd. - like U.A.C., British Companies, two French firms - Compagnie Française de l'Afrique Occidentale (C.F.A.O.) and Société Commerciale de l'Ouest Africain (S.C.O.A.); and a Swiss firm - the Union Trading Company Ltd. (U.T.C.)[1].

The oligopolistic position of these firms was created and sustained by both the British colonial administration in Nigeria and the foreign banks. The latter saw their mission in Nigeria as "primarily to render services in connection with international trade" and therefore established relations "chiefly with the European trading companies maintaining very limited business contacts with Africans[2]. For its part, the British colonial administration in Nigeria "dealt mostly with a few large firms in the allocation of trading licences, the administration of trade, and the formulation of tax policies"Coleman (1958), op. cit., p.81..

One result of this oligopoly was that Nigerian peasants were badly exploited. The Nigerian export commodity producers were paid low prices for their products. They and the Nigerian workers were charged high prices for the imported manufactured commodities. The profits made in the process by the marketing boards, for instance, were staggering. In 1946, for example, the profits ranged from 168.7 per cent to 633 per cent. (Palm oil was bought from the farmers at 33.5 Naira per ton and sold for 90 Naira; groundnuts were bought at 30 Naira and sold at 220 Naira per ton). It must be noted that the Marketing Boards acted as agents of the British colonial State; its members were appointed by the British Governors[3].

As would be expected, this situation was unacceptable to Nigerian nationalists. Consequently, a number of organizations sprang up and began to make demands which amounted to a call for indigenization. They demanded a whittling down of the monopolistic position occupied by foreigners in the Nigerian economy. They called for an end to discrimination against Nigerian businessmen by European banks in the extension of credits. They demanded special assistance to indigenous traders and businessmen by the colonial administration in Nigeria. They called for an end to discrimination in the exploitation of minerals. They demanded an end to the low prices paid to export commodity

1 James Coleman, Nigeria: Background to Nationalism (Berkeley and Los Angeles: University of California Press, 1958), pp.82-83.

2 Sklar (1983), op. cit., p.175.

3 Eme Ekekwe, Class and State in Nigeria. (Harlow, Essex/Lagos: Longman Nigeria Ltd., 1986), pp.42-43.

producers and excessively high prices charged consumers by European and Asian middlemen on imported goods. They demanded the elevation of indigenous public servants to senior posts and executive position in the civil service. Some of the organizations, for instance, the labour unions, even demanded the nationalization of all natural resources and public utilities.

The British Colonial administration in Nigeria made only half - hearted efforts to meet these demands. For instance, it established the Nigeria Local Development Board (N.L.D.B.). Its function was to extend loans and grants to the government and government - controlled bodies as well as to private businessmen. The declared aim was to further the development of Nigerian business activities. The N.L.D.B. was later succeeded by the Colonial Development Board (C.D.B.). It was established to aid government and private economic activities. The C.D.B. was later replaced by the Federal Loans Board. The impact of these agencies, in terms of extending loans to indigenous enterprises was insignificant. Altogether the N.L.D.B. and C.D.B. extended loans amounting to 216,550 Naira to 31 enterprises in Nigeria during their existence. And the F.L.B. issued loans worth 387,880 to 30 indigenous businessmen.

Prominent among the economic activities which were financed with the loans were: saw milling, printing, tailoring, banking, hotel-keeping, and catering, wooden furniture and cabinet making. These petty economic enterprises were the only ones in which the Nigerian (indigenous) business class could engage. Foreign firms had superior access to technology, managerial skills and credit facilities. It was therefore easy for them to dominate investment opportunities in the capital - intensive and heavy goods industrial sector[1]. More important, the colonial administration in Nigeria was not really genuinely keen on assisting Nigerian entrepreneurs.

It was the Nigerian nationalists themselves who initiated the moves that provided the catalyst for the indigenization process. One of the earliest moves was the establishment of indigenous banks to liberalize credit to African businessmen. One of the first banks to be established was the National Bank of Nigeria. It was established in 1933 by three Nigerian businessmen who later became leading members of the Action Group (A.G.). The men were Dr. T. Adebayo Dohety, Dr. Akinola Maja and Mr. M.A. Subair. The National Bank maintained a close relationship with the Action Group when it was formed and,

1 Ojoh Kris - Abba Obodoum, "Accumulation and Foreign Policy: A Case Study of Nigerian Foreign Policy, 1970-1983". (M. Sc. Thesis, Ahmadu Bello University, Zaria: April 1987) pp. 79-83.

later, with the Western regional government run by the Action Group. In addition to the National Bank, two smaller banking institutions were supported by the Action Group - controlled Western regional government. These were: the Agbo Magbe Bank Ltd., owned by a Lagos business man and leading member of the Action Group, and the Merchant Bank controlled by three businessmen who were closely associated with the Action Group[1].

The Action Group and its government, the Western Regional Government, had a policy of giving "financial assistance to indigenous banks so that they may be better able to provide credit facilities to Nigerian businessmen". In accordance with this policy, in 1952, the Western Regional Production Development Board and the Cocoa Marketing Board made deposits in the National Bank of Nigeria, of funds totalling 4 million Naira. In turn, the National Bank initiated a large-scale programme of loan to indigenous businessmen. In 1955, the Western Regional Government deposited 45% of its funds in the National Bank, thus ending the Bank of British West Africa's monopoly over government banking business in Western Nigeria. In the same year, the Western Regional Marketing Board invested 2 million Naira, in non-participating preference shares, in the National Bank. And in 1961, it converted its preference shares into equity shares. It also made an additional investment of 4 million Naira to save the National Bank from suspicion of insolvency. It then assumed total control of the Bank. On its part, the National Bank supported the Action Group by extending loans and credit facilities liberally to it and its members.

A similar relationship existed between the African Continental Bank (A.C.B.) and National Council of Nigeria and Carreroons (NCNC) which controlled the government of the Eastern Region. The A.C.B. had been founded in 1944 by Dr. Nnamdi Azikiwe. Its establishment was motivated by the desire "to teach alien banks to respect African business on its own right"[2]. It was further strengthened in 1951. This was also the year in which Dr. Azikiwe incorporated the policy of nationalizing all banks in Nigeria on independence in the N.C.N.C.'s party manifesto. In 1955, the A.C.B. ran into financial problems, and Dr. Nnamdi Azikiwe Premier of Eastern Nigeria, in collaboration with some of the Ministers in the Eastern Nigerian government and other leaders of the N.C.N.C., took steps to save the A.C.B. from collapse.

1 Sklar, op. cit., p.177.

2 Ibid.

They established an Eastern Finance Corporation, and through it, the Regional Government bought 87.7% of shares in the A.C.B. This involved a transfer of 2 million Naira from the Eastern Regional Marketing Board to the Bank. A clause in the agreement between the A.C.B. and the Eastern Finance Corporation required the Corporation to "persuade its beneficiaries and customers to use the Bank as one of the main depositories of its funds"[1]. The effect of the agreement was to break, in the Eastern Region, the monopoly enjoyed by the two British Banks, Barclays and B.N.W.A. The move was also specifically designed to assist Nigerian businessmen in their enterprises. As the Chairman of the Eastern Regional Marketing Board, Sir Louis Ojukwu explained, the Nigerian nationalists believed that an indigenous bank would be in a better position than a foreign bank, to appreciate the needs of indigenous businessmen.

Like the other regional governments, the Northern Regional Government, controlled by the Northern People's Congress (N.D.C.) found it necessary to establish a Bank. This was the Bank of the North set up in January 1960. Its initial, nominal share capital of 500,000 Naira was contributed by the Northern Regional Production Development Board, the Northern Regional Marketing Board (both, agents of the Northern Regional Government), and indigenous businessmen. The Bank of the North, however, had a foreign partner. This was the Intra - Bank of Lebanon which later collapsed. It was only after the indigenization decrees of the 1970s that the Bank became fully Nigerianized.

According to its founders, the Bank of the North was established primarily to quicken the pace of industrialization in Northern Nigeria. It had a policy of extending the bulk of its credits to Northern businessmen. This was a continuation of an earlier policy, pursued by the Northern Regional Government of extending loans mainly to Northerners. The hope was that the policy would result in the creation of a core of industrial and commercial capitalist class in Northern Nigeria. In October 1959 alone, the Government of Northern Regional approved loans totalling 1.1 million Naira to indigenous (i.e. Northern) businessmen and traders. The Lebanese and Syrian businessmen who, hitherto, had dominated the economic life of the North began to complain that the Northern Regional Government was trying to destroy them[2].

1 Ibid.

2 John Paden, Ahmadu Bello, Sardauna of Sokoto - Values and Leadership in Nigeria.(Zaria: Hadahuda Publishing Company, 1986), pp.265-266.

Another area that attracted the attention of Nigerian nationalists in this colonial area was the indigenization of roles or personnel. An Inquiry into the Nigerianization of the Civil Service, conducted by Simeon Adebo and Sidney Phillipson in 1954 had revealed overwhelming foreign domination of the roles in Nigeria's Civil Service. Out of a total of 559 "Senior Service" posts, 522 (or 93.4%) were occupied by expatriates. Only 37 (or 6.6%) were occupied by non-expatriates[1]. At the Federal level, little was done to change the situation. Thus, by 1959, when a Committee of the Nigerian House of Representatives on Nigerianization published the report of an inquiry conducted in 1958, the situation had not shown any significant improvement. The Committee found, for instance, that of the 73 "super-scale" posts in the Federal Administrative Service, expatriates occupied 58 (i.e. 79.5%); only 8 Nigerians (i.e. 11%) were to be found in that category[2].

It was the Regional Governments that acted first to Nigerianize their civil service personnel. The Eastern Regional Government, for instance, "used all the available indigenous personnel to fill up most of the vacant senior administrative positions in its service". Expatriate heads of departments were replaced with Nigerian personnel whenever they were available. Similarly, the Western Regional Government insisted that non-Nigerians would not be appointed to vacant position by promotion if a suitable Nigerian was available. Moreover, it reserved certain key or strategic positions to Nigerians only; all posts in the recruitment branch of the Public Service Commission; all those in the office of the Commissioner of Western Nigeria in London; Secretary to the Western Cabinet and his staff; permanent Secretaries; all heads of professional divisions; the heads of the civil service, etc.[3].

In the Northern Region, however, the position was slightly different. The policy followed was to "Northernise the Northern Region Public Service as soon as possible". In employing new personnel into the Northern Public Service, the policy was to give preference to persons of Northern origin. Where no suitable Northerners were available, the expatriates were appointed. It was only if expatriates could not be found that "local expatriates", that is non-Northern Nigerians, could be

1 Ekekwe (1986), op. cit., p. 46.

2 David Williams, President and Power in Nigeria: The Life of Shehu Shagari; (London: Frank cass and Co. Ltd., 1982), p. 59.

3 H. N. Nwosu, Political Authority and the Nigerian Civil Service (Enugu: Fourth Dimension Publishers, 1977), pp.51-52.

engaged on a one - year contract basis[1]. This policy was adopted primarily to prevent the more educated Southern Nigerians from filling up, permanently, the top posts in the Northern Civil Service - to ensure that the educated Northerner of the future would have employment opportunities in the region. Hence the preference for foreigners over "local expatriates", for the former were engaged on short-term contract terms and could be dispensed with more easily. Ironically, the Northern Regional policy of indigenization of the personnel of the civil service had the opposite effect. Thus, in 1964 - fours years after independence, - out of a total of 11,310 persons of non-Northern origin holding senior posts in the seven Ministries in Northern Nigerian Civil Service, 11,112 (or 98.2 per cent) were expatriates (i.e. non-Nigerians), only 198 (or 1.8 per cent) were Nigerians of non-Northern Origin[2].

From the above account, a number of facts emerge about the extent and character of indigenization in the colonial period, First, it is clear that the monopoly of foreign firms over financial activities and in particular, the extension of credit facilities in Nigerian was only slightly dented. Indigenous Banks and insurance companies were established to compete with expatriate ones. By 1958, there were six operating banking companies in Nigeria, four of which were indigenous banks. But, in the same year, a policy of encouraging the expansion of foreign participation in banking business was adopted by the Federal Government. The result was that, of the additional eleven banks which came into existence, between 1958 and 1962, six were expatriate, three were of mixed (Nigerian and foreign) ownership and only two were Nigerian owned. More important, although the indigenous banks did their best to extend credits to Nigerian businessmen, they could not expand credit facilities beyond the very restrictive limits imposed by the Federal Monetary and fiscal authorities.

Second, it is evident that in the colonial period, foreign monopoly over commercial activities in Nigeria was hardly dented. There was, in aggregate terms, increased participation of Nigerians in the commercial life of the country. But this was not the result of the policy of indigenization by the Nigerian governments. Rather, it was the direct outcome of the evolving strategies of domination by the foreign commercial firms, themselves reacting to the changing needs of international capital.

1 Paden (1986), op. cit., pp.252-255.

2 Northern Nigeria House of Assembly Debates, The Daily Hansard, 12.3.64, pp.398-399.

The foreign commercial firms in Nigeria evolved a classic response to the anticipated rash of demands for, or growing tendency towards indigenization, by the regional governments and Nigerian nationalists. It was to transform themselves from general trading companies handling the full range of merchandise imports and exports into smaller, semi-autonomous specialized marketing and manufacturing units. Thus, instead of selling fully-assembled lorries and bicycles, for instance, they established subsidiaries assembling vehicles and cycles. Instead of importing and selling beer, they set up breweries in Nigeria, etc. Besides, the foreign commercial firms pandered to the perceived ambition of Nigerians to become "owners" of business by entering into business partnerships with many politically influential Nigerians. By giving them token or minor shares of capital and profits in the foreign companies, the foreign firms received the active support and protection of these Nigerians[1]. These strategies helped to give political security to the foreign firms and even encouraged few foreign "manufacturing" companies to invest in the Nigerian economy. At the same time, they facilitated the growth of the Nigerian commercial capitalist class.

As noted earlier, this flexibility on the part of the foreign commercial firms was as much a response to anticipated nationalist demands for indigenization in Nigeria as to the changing needs of global capitalism. As Bangura has noted, as global capitalism moved from its restrictive regionalist character to multilateral system of production, commerce and finance under U.S. hegemony, there arose the need for foreign firms in colonial territories to be more flexible in their strategies in order to survive in the teeth of fierce competition[2].

The third point that emerges is that foreign control over the industrial sector of the Nigerian economy remained intact, at independence, despite the efforts of the Regional and Federal Governments. Indeed, as late as 1966, the proportion of foreign private ownership of industries in Nigeria remained quite high. It ranged from 41 percent (for paper products), through well over 60 per cent (for footwear, textile manufacturing and beer brewing) to over 90 per cent (for paints

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1 Bertram Ugochukwu Uba, "The Political Economy of the Nigerian Oil Palm Industry: A Case Study of Eastern Nigeria". (Ph.D. Dissertation: Queen's University, Kingston, Canada, June 1981), pp.191-193.

2 Yusuf Bangura, Kauf Mustapha and Saidu Adamu. "The Deepening Economy Crisis and its Political Implications", in Siddique Mohammed and Tony Edoh eds. Nigeria: A Republic in Ruins. (Zaria Department of Political Science, 1986), p.175.

manufacture, miscellaneous chemical products, and vehicle and bicycle assembly plants[1]).

Foreign monopoly over the economy continued because of the peculiarities of the indigenization policies. One of the peculiarities of indigenization policies in the colonial period was that they served as a means, not for wresting control of the economy from foreigners, but primarily for the consolidation of control over aspects of state power by the indigenous petty bourgeoisie and feudal oligarchy. The process of indigenization was essentially a process of extraction of surplus from the working class and peasants to finance the political parties and further the process of primitive capital accumulation through the manipulation of state power. Thus, all the regional Banks served as the financial allies of the regionally based parties: National Bank with the Action Group, A.C.B. with the N.C.N.C., and Bank of the North with the Northern People's Congress. It is significant that most of the indigenous businessmen who got the bulk of the loans were leading members of the regionally based political parties. In turn, they acted as the main financiers of the political parties.

Another peculiarity of the indigenization process in the colonial period, is that the emphasis was on the public sector; the Nigerianization of the administrative personnel for instance, was limited to the public sector. This is a further evidence that the motive was political, not economic; the objective was to secure and consolidate state power, rather than to wrest control over the economy from the foreign private monopolies.

The fourth point to note is that one of the effects of the weak efforts at indigenization in the colonial era was to expand the size of the petty - bourgeois class and to create a tiny class of dependent commercial capitalist class - the comprador bourgeoisie. Mainly as a result of the change of strategy by the foreign commercial firms and partly due to the indigenization policies, indigenous entrepreneurs became compradors i.e. intermediaries between expatriate and indigenous polity and economy) and/or turned to the state as a source of capital[2]. On independence, in spite of the efforts at indigenization, the Nigerian political economy was controlled by the metropolitical bourgeoisie and its Nigerian adversary and ally, the Nigerian petty-bourgeoisie plus a tiny group of comprador bourgeoisie.

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1 Obodomu (1987), op. cit. p.84.

2 Mark Anikpo, "Nigeria's, evolving Class Structure", in Ake (1985), op. cit. p.46.

(b) The Post-colonial development

The seeds of the indigenization policies of the 1970s were sown in the 1960s. One of the earliest steps towards indigenization was the inauguration of the *Company Act of 1961.* The Act, for the first time, formally made a distinction between two types of companies in Nigeria: a Nigerian company and a non - Nigerian company. A Nigerian company was defined as one whose control and management activities were exercised and carried out in Nigeria. All other companies were categorized as non-Nigerian.

The next important step was the legislation *of the Immigration Act of 1963.* This Act, which is essentially still in force, prescribed the quota of expatriates (as a proportion of total personnel) that could be employed by foreign entrepreneurs. More importantly, it stipulated that no foreigner might, either on his own account or in partnership with any person, including a Nigerian citizen, practice a "profession" without the prior written approval of the Minister of Internal Affairs. Such approval should be obtained before the entrepreneur himself could enter the country. And the word "profession" was understood to mean any kind of business in Nigeria. Before the Act came into force, the Federal Government, in its desire to attract foreign investors freely approved the employment of foreigners in all capacities. What happened then was that foreign companies felt free to employ those who, they claimed, could make quick profits for them. In practice, this resulted in discrimination against Nigerians who, though they might be qualified for the job, were not believed to be suitable for high managerial positions in profit - oriented enterprises[1].

Two other measures, taken by Gowon's military regime moved Nigeria further towards an explicit policy of indigenization. The military administration promulgated the *Companies Decree of 1968* and the *Petroleum Decree of 1969.* The Companies decree essentially compelled all alien enterprises to register as Nigerian entities. The purpose was to bring the local subsidiaries of multinational corporations under effective Nigerian direction[2]. The Petroleum Decree of 1969 stipulated, among other things, that within ten years, petroleum exploration companies must Nigerianize their most senior positions up to 75 per cent

1 J. O. Osakwe, "Foreign Private Investment in Nigeria", in Central Bank of Nigeria, Economic and Financial Review. December 1981), p. 13.

2 Inyang Eteng, "Indigenization for Lumpen - Bourgeois Development in Nigeria", in Nnoli (1981), op. cit., p. 219.

and 100 per cent for other cadres. It also reduced the length of concession periods given to oil exploration companies from 99 years to 20 years and set out clearly the period and stages for surrender of acreage granted under concessions[1]

It was in 1969, too, at the National conference on Reconstruction and Development at Ibadan, that clear indications were given of the intention of the Federal Military Government to embark on an explicit and fairly comprehensive policy of indigenization and of what would be the nature of the policy. In a paper titled "Development Objectives", A. Akene Ayida, Permanent Secretary, Ministry of Economic Development, explained why the Federal Military Government, or any "Nigerian government which has its objective and priorities right" would not embark on "large scale nationalization of the existing and prospective private enterprises". First, nationalization of foreign enterprises would involve the *"diversion"* of scarce foreign exchange resources to the payment of compensation, and in the absence of adequate number of skilled local management personnel, the payment of substantial management fees. Second, it would scare away foreign investors. He distinguished between "indiscriminate public ownership of enterprises based on ideological commitment" which he called nationalization and selective control by government "over a specific sector of the economy because of its strategic importance", coupled with bringing about, increased Nigerian participation in the ownership and management of the strategic, industrial and commercial enterprises in the private sector. He suggested that the latter policy, and not nationalization, should be adopted by the government. He maintained that "partial explanation" for the effectiveness and insignificance of Nigerian participation lay in the inadequate supply of indigenous capital, managerial talent and technical know-how". To remedy the situation, he proposed that "public policy" should aim at "releasing funds for further investment in industry" and *"promoting an indigenous capitalist class"*[2] *(emphasis added).*

The Permanent Secretary, Federal Ministry of Industries, Philip Asiodu, in his paper titled "Planning for Further Development in Nigeria" also noted, like Ayida, that "in the industrial sector foreign enterprise (had) been dominant". But then, he argued that this was not "for want of local resources if the Government pursued a different

1 Cliff Edogun, "The Structure of State Capitalism in the Nigerian Petroleum Industry", in Ake (1985), op. cit., p.92.

2 A. A. Ayida and H. M. Onitiri, eds. Reconstruction and Development in Nigeria: Proceedings of a National Conference. (Ibadan: Oxford University Press, 1971), pp.9-10.

policy". And the different policy he suggested was that Nigerians must "own more of the equity of the manufacturing firms and retain more of the profits". More specifically, he proposed that:

> *"Apart from the few industries to be reserved for public sector control (i.e. over 55 per cent) all large-scale plants should give at least 35 per cent equity to Nigerians - Individuals and indigenous institutions... (Also), small-scale enterprises should be reserved exclusively, for training Nigerians... should (and)... A fund for industrial training..., should be created... The fund (financed by Government appropriations and mandatory contributions from all large-scale enterprises) could establish targets of progressive Nigerianization in existing and planned enterprises and ensure that enough Nigerians are trained in the industries themselves or elsewhere to fulfill the targets"*[1].

Asiodu argued that such a policy was imperative because, politically, the situation would be untenable "if within the next decade... when industry will become much more important, the bulk of the investments are held by foreign and largely absentee owners". The foreign investors, he implied, would not feel secure in such a situation. Besides, he maintained, it was to the advantage of the foreign investor to adopt this alternative approach, *so as to "foreclose the debate on nationalization and guarantee his expectations"*[2] (emphasis added).

Thus by 1969, the outlines of the indigenization policy had become fairly clear. What is meant was increased Nigerian participation in the ownership and management of enterprises in the country as well as control by the government of strategic sectors of the economy. It was a policy designed essentially to "promote an indigenous capitalist class" in Nigeria, to forestall nationalization of foreign and indigenous private enterprises in future; and to provide a sense of security for foreign private investors.

The Indigenization Decrees 1972-1981

The Objectives

Essentially, the indigenization decrees represented a plan by the Nigerian government to ensure direct involvement and an increasing share by Nigerians in the fields of commerce, industry and finance. The central objective of indigenization was, as General Gowon put it, to

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1 Ibid., p. 195.

2 Ibid., p.196.

secure for Nigerians greater participation in the economic life of the country. It was to create and expand opportunities for Nigerian businessmen and entrepreneurs to participate directly in the commercial, industrial and financial activities and growth of Nigeria. Such increased participation, it was hoped, would produce a number of benefits both to the indigenous businessmen or entrepreneurs and the Nigerian economy; First, it would maximize local retention of profits in Nigeria, thereby increasing the rate of capital accumulation in Nigeria and by Nigerians. The argument there was that one of the factors which tended to reduce the benefits of growing industrialization in Nigeria was the employment of a large number of foreign nationals who received considerable sums in the forms of salaries and allowances. It was to stem these "earnings leakages" that the indigenization policy embodied measures which would ensure not only that high level Nigerian personnel were employed by private industry, but also that they were given responsibilities commensurate with their training. The hope was that the Nigerian personnel would help to control the repatriation of dividend and interests and encourage their investment in Nigeria. Thus a major aim of indigenization was to facilitate the process of private capital accumulation by Nigerians, in other words, to create or expand the size of a class of indigenous capitalists.

The second benefit expected from increased involvement of Nigerians in the economic life of the country through indigenization was that it would encourage them to cultivate "sound economic commercial principles in their business practices and to replace erstwhile business methods by sound planning, hard-work and dedication"[1]. The whole idea of dividing the enterprises into schedules I and II at first, and then three schedules later, of having foreigners continue to handle the large-scale, more complex enterprises, of encouraging continued partnership between the new indigenous entrepreneurs and the foreign ones (of urging the "European directors" to remain so that they could be understudied by indigenous directors "in the intricacies of management"[2] was to ensure that Nigeria and Nigerians reaped this benefit of cultivating sound capitalist philosophy and orientation.

As a commentator in *Radio Nigeria* at the time saw it, the idea was to have Nigerians first have a go at handling small-scale enterprises so that "the experience they gained... would be invaluable when moved into the area of large-scale business" This is perhaps one reason why,

1 Africa Research Bulletin. Sept. 15, Oct. 14, 1972, p. 24-94

2 J. E. Adetoro, "The Indigenization of Foreign Enterprises". Nigerian Journal of International Affairs, Vol. 1, No.1 (July 1975), P.39.

the scope of the policy of indigenization as initially announced by General Gowon, was rather limited. In November, 1970 while making public the government's plan on indigenization, he stated that within the next four years, the government was to indigenize completely the domestic trade, especially at the whole sale level. Eventually when the first (1972) decree was published, this limited scope of indigenization policy became even more obvious.

The third anticipated benefit was in the socio-political realm. It was hoped that indigenization would provide insurance against two inter-related kinds of danger to the Nigerian state. One was the danger posed to the Nigerian state by "unhampered foreign ownership" and control of the economy. The Government's fear was that unlimited foreign ownership and control of economic and commercial enterprises in Nigeria would "eventually lead to a situation where the economy (was) completely dominated by foreigners and (the nation) can no longer afford to resist foreign pressures even in formulating domestic policy"[1]. It was realized that such a situation would be unacceptable to Nigerian nationalists, especially the radical elements and would therefore become a source of political instability. Put, differently, it was the Federal Military Government's conviction that if Nigeria was to be truly independent, stable and externally influential, "Nigerians would have to take an active part in the exploitation and utilization of the country's resources and Nigerians should build up a considerable reserve of self-reliance"[2].

The other anticipated danger which, it was hoped, indigenization would avert, was the possibility of whole - sale nationalization of the Nigerian economy. Nationalization or "socialization" of the means of production distribution and exchange, as Chief Obafemi Awolowo, at the time Nigeria's Federal Commissioner for finance, called it, was seen as posing serious difficulties for the Nigerian nation. The country would need 1,000 million Naira in foreign exchange to compensate foreigners whose investments would be taken over in the event of "socialization". Furthermore, the home countries of the owners of the companies nationalized might retaliate against Nigeria in various ways[3]. To forestall such a possibility, the Government decided that "indigenization" should

1 Second National Development Plan (of the Federal Republic of Nigeria), 1970-74: First Progress Report, p. 35.

2 Ibid.

3 Africa Research Bulletin in march 15, April 14, 1970, p.1649.

be pursued, instead of "socialization" or "nationalization". In practical terms, this meant, as the *First Progress Report of the Second National Development Plan*, put it, "that while foreign businessmen should be encouraged to invest in certain areas, other areas where domestic entrepreneurship (was) available should be reserved for Nigerians"[1].

The Government's fear of the danger of "socialization" or "nationalization" or whole - sale public ownership and control which smacked of socialism was potent. It was clearly reflected in the attempt of the Federal Government to discourage state Governments from buying the shares being sold by foreign businessmen. Indeed the Federal Government described the "tendency of state governments to purchase assets disposed of by foreign businessmen" as an "abuse of the indigenization policy[2]. It warned them to desist from this violation reminding them that "no provision for such purchase (was) made in any state (development) plans and the state governments that (made such purchases were) merely distorting their expenditure programmes". Foreign assets, the Federal Government stressed, were meant to be purchased by domestic private investors; where the private sector in a state was not capable of acquiring the foreign assets being sold, the state government should propose changes in its development plans and present for approval[3].

It should be reiterated that, in essence, the central objective of the indigenization decrees was the creation of an indigenous capitalist class. The crucial elements of the policy were: increased participation of Nigerians in the economic life of the country; increased capital accumulation by Nigerian businessmen and retention of such capital in the country; the acquisition by Nigerians of private entrepreneurial skills and orientation and capitalist philosophy.

Thus, in assessing the impact of the indigenization decrees, the focus should be on how it has affected the pattern of private capital accumulation in Nigeria. A corollary will be what effect it has had on class formation and class struggle. And a related point is the impact of indigenization policy on the struggle for state power. We shall return to these points later. Meanwhile, it is necessary to examine the contents of the Nigerian Enterprises Promotion Decrees.

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1 Second National Development Plan, op. cit., p. 35.

2 Ibid., p. 36.

3 Ibid.

(b) The Division of Labour in the Nigerian Public Enterprises Promotion Decrees.

The Nigerian Public Enterprises Promotion Decree of 1972 tried to meet the hopes raised in 1970 when there was an official and public mention of the indigenization policy. It sought to bring about a significant increase in the participation of Nigerians in the economic activities and development of the country. Nevertheless, it left Nigerians, in the end, occupying minority positions in certain areas of the national economy as they had done from colonial rule to the 1960s.

By 1966, ownership of, or participation in, industrial enterprises by Nigerians ranged from 2.0 per cent to 59.0 per cent, in a few cases, 89 per cent. The higher proportions of the Nigerian ownership or participation was recorded in low technology, low capital industries such as paper production and printing (59 per cent); bakery products (39.5 per cent); textile manufactures (34.3 per cent); furniture and fixtures (32 per cent), beer brewing (31 per cent), etc. The enterprises that has exceptionally high Nigerian ownership or participation were saw milling and other wood products (88.9 per cent). Enterprises that demanded either substantial capital or sophisticated technology had lower Nigerian participation: metal products (4.1 per cent); motor vehicle repairs (2.3 per cent); miscellaneous chemical products (2.0 per cent); motor vehicle and bicycle assembly (0. per cent)[1].

Hope was raised in 1979 that Nigerian participation in these industries would increase with the introduction of an indigenization policy. When he gave details of the Second National Development Plan, Major - General Gowon announced that his Government would insist on "at least 55 per cent" ownership of, or participation in strategic industries such as iron and steel, petro-chemical and petroleum exploration and production. He also stated that other medium or large-scale industries, "such as plantations, food and forest industries or building materials" would be run as "mixed ventures" with Government and private Nigerian participation of at least 35 per cent[2].

Nigerian Public Enterprises Decrees 1972/1974

When, the Nigerian Public Enterprises Promotion Decree of 1972 was published, its provisions came close to Gowon's declarations. The decree grouped commercial and industrial enterprises in Nigeria into two, placing one group under Schedule I and the other under Schedule

1 E.O. Akeredoulu - Ale, Industrial Survey of Nigeria: Cited in Obodoum, op.cit, p.84.

2 Africa Research Bulletin (Economic, Financial and Technical Serves) October 15 - Nov. 14, 1970. p.1854.

2. The enterprises under schedule 1 were described as "Enterprises exclusively reserved for Nigerians". However, this was not exactly, the case. It must be stressed that enterprises under schedule 1 were not reserved fully and exclusively for Nigerian citizens. The decree, through its interpretation of "Nigerian citizen or association", extended the right to participate in or own enterprises in schedule 1 to *persons of African descent* who, not being Nigerian citizens, "are nationals of any country in Africa" which is a member country of the O.A.U and who reside and carry on business in Nigeria. The only qualification was that the home country of such a person also permitted citizens of Nigeria to establish and operate businesses or enterprises in that country on the basis of reciprocity[1]. It could therefore be said that the enterprises under schedule 1 were reserved exclusively for citizens of Nigeria and indigenes of those member states of the O.A.U whose countries extended similar rights to Nigerians.

The enterprises grouped under schedule 1, exclusively reserved for Nigerian citizens (as well as Africans), companies and associations, were twenty two in number. They included: Assembly of radios, television sets, tape recorders and other electric domestic appliances not combined with manufacture of components; blending and bottling of alcoholic drinks; blocks, bricks, and ordinary tiles manufacture for building and construction works; bread and cake making; candle manufacture, manufacture of jewellery and related articles; ordinary garment manufacture not combined with production of textile materials; rice milling, singlet manufacture and tyre retreading. Others were: advertising agencies and public relations business; radio and television broadcasting; newspaper publishing and printing; municipal bus services and taxis; haulage of good by road; retail trade (except by or within the departmental stores and supermarkets); clearing and forwarding agencies; laundry and dry-cleaning; cinemas and other places of entertainment; casinos and gaming centers; and all aspects of pool betting business and lotteries.

These enterprises in schedule 1 had three characteristics in common. First they included quite a number of enterprises which, in practice, were already monopolized by Nigerians and persons of African descent. The enterprises in this category were retail trade, laundry and dry-cleaning; municipal bus services and taxis; bread and cake making; singlet manufacture; and ordinary garment manufacture not combined with production of textile materials. In this area, the decree merely recognized and gave legal cloak to the prevailing division of labour. Second, the enterprises under schedule 1 had prominent among them

1 Section 16, Subsection (b) of the Decree.

enterprises engaged in by Lebanese, and Asians of varying nationality. The Lebanese, for instance, virtually dominated such enterprises as transport; clearing and forwarding agencies, warehousing and other ports services; cinemas; casinos and gaming centers; night clubs and restaurants. At the time the Indigenization decree was promulgated, there were about 20,000 Lebanese engaged in these and other enterprises in Nigeria. The responses of the Lebanese to the decree were to take up Nigerian citizenship and enter into partnership with Nigerians (i.e. secure Nigerian fronts) while remaining in such enterprises as managers on the pretext that there were not enough experienced Nigerians qualified to manage such enterprises. It is said that about 60 per cent of the Lebanese adopted such strategies of beating the indigenization decrees. Only 40 per cent of them mostly the older ones sold their businesses outright and returned to Lebanon[1].

The third common property of the enterprises under schedule one is that they are commercial or industrial enterprises requiring low capital, little entrepreneurial skill and intermediate or low technology. It was, indeed, for this reason that they were reserved exclusively for Nigerians and persons of African nationality. The enterprises that required high capital, great entrepreneurial skill and sophisticated technology were placed under schedule 2. It is true that some enterprises in schedule 2 were also reserved exclusively for Nigerians and persons of African origin residing in Nigeria. But placed in such category were only those enterprises the paid-up share capital of which did not exceed 400,000 Naira or where the turnover did not exceed 1,000,000 Naira, which ever the Nigerian Enterprises Promotion Decree considered appropriate and applicable in relation to such enterprise[2].

Where the paid-up share capital exceeded 400,000 Naira or the turnover was above 1,000,00 Naira, whichever was considered appropriate and applicable, it was required that equity participation of Nigerian citizens or associations in the enterprises must not be less than 40 per cent. Thus for enterprises under schedule 2, aliens were excluded from owning, wholly or in part, those with paid-up share capital of 0.4 million Naira and less or with turnover of 1 million Naira and less. And they were compelled to sell at least 40 percent of the shares in such enterprises, of higher value, to Nigerian citizens or associations. The enterprises under schedule 2 were 33 in number. They included some of the most important industrial enterprises in the country, such as:

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1 Embassy of Lebanon, "Lebanese and the Nigerian Economy: A Historical Cooperation". NIGERIAN FORUM March - April 1984, pp.76-78.

2 Section 5, sub-section 1(b) of the Decree.

beer brewing, bicycles; manufacture of cement; manufacture of soap and detergents; cosmetics and perfumery manufacture, and construction industries. But it also included such relatively minor enterprises as: furniture; passenger bus services (inter-state); department stores and supermarkets as well as slaughtering, storage, distribution and processing of meat.

An amendment to the original decree was made in 1974. It transferred "haulage by road of petroleum products" as well as "clearing and forwarding agencies" to schedule 2 [1].. This meant that aliens could participate in them and own up to 60 per cent of the shares where the paid-up capital exceeded 0.4 million Naira or the turn-over was above 1 million Naira. This amendment drew protests from Nigerian businessmen. But the government justified the amendments on the ground that Nigerian businessmen might not be able to cope with these enterprises on their own. It feared that if they were left exclusively in the hands of Nigerians, ports might become congested, pilfering in ports heightened, and the shortage of petroleum products in some parts of the country might become greater[2].

Clearly then, the pattern of division of labour embodied in the Nigerian Enterprises Promotion Decrees (1972-74) left the Nigerian businessmen in the periphery of the economy. Foreign capitalists were left in control of the key sectors of the economy. And in mixed enterprises, Nigerians were made junior partners. In particular, the manufacturing sector of the economy seems to have been deliberately left mainly in the hands of foreign nationals and companies; so were other large-scale enterprises. Apparently, the idea was to make Nigerian businessmen first have a go at handling small-scale enterprises so that "the experience they gained... would be invaluable when they moved into the area of large-scale business"[3]. Whatever the explanation, such an arrangement could not have facilitated either the building up of an indigenous capitalist class or the private accumulation of capital in Nigeria at any appreciable rate.

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1 Decree No 7 of 1974; "Nigerian Enterprises Promotion (Amendment) Decree 1974"; and Decree No 13 of 1974: "Nigerian Enterprises Promotion (Amendment) No. 2), Decree, 1974"

2 Africa Research Bulletin (E.F. AND T.) March 15 - April 14, 1974, p. 3073".

3 Ibid, Feb 15 - March 14, 1972, p. 2303.

The impact of the 1972 indigenization decree was further vitiated by the several qualifications made to its provisions and numerous exemptions granted before it came into force. By the time the decree came into effect in March 1974, fifteen foreign-owned companies, mostly British, had been granted exemptions. The most prominent of these companies was the U.A.C. which was granted extension of time, on the ground that there were "legal hitches" that needed to be smoothened out[1]. Given the dominant position of the UAC in the industrial and commercial sectors of the Nigerian economy in the 1960s, which continued in the 1970s, to have granted it an extension of time was tantamount to postponing the coming into effect of the entire Public Enterprises Promotions Policy. To illustrate, between 1960 and 1965, U.A.C.'s equity shares in the industrial investments in Nigeria were substantial. It had 100 per cent equity share in each of the following: West African Cold Storage, producing meat products with a fixed capital of 500,000 Naira; A.J. Seward, manufactures of Perfumery and cosmetics, with capital of 400,000 Naira, and Bordpak, makers of fibre board cartons with fixed capital of 1,600,000 Naira. It had 80 per cent share in Kwara Tobacco Company, manufacturers of cigarettes, with 1 million Naira capital; 68 per cent share in Textile Printers, manufacturers of printed textiles, with capital of 5,500,00 Naira; and 33 per cent share in Guiness, brewers of stout with 4,000,000 Naira capital[2].

Some enterprises were even given total exemption from the decree. Such companies were Monotype Corporation, I.B.M., Avery Weighing Scale, and National Cash Register. Then there were some qualifications to or modifications in the Decree indicated by the Commissioner for Industries, Dr. J.E. Adetoro before the decree came into effect. For instance, the government allowed the new owners of an indigenized enterprise to employ the former proprietor for sometime "where this was found absolutely necessary"[3].

Nevertheless, the Federal Government took several steps to effect the implementation of the decree. The decree itself established the Nigerian Enterprises Promotion Board with the power to advance the promotion of Nigerian enterprises. It also established Enterprises Promotion Committees in each state of the Federation with powers to assist and advise the Board on the implementation of the Decree and to ensure that the provisions of the Decree were complied with by foreign-

1 Ibid., March 15 - April 14, 1974, p. 3073.

2 UBA (1981), op. cit, p. 192.

3 Adetoro, op. Cit. p.37.

ers resident in every state. It prescribed punishment (of a fine or imprisonment or both) for the contravention of any of the provisions of the Decree. And the Board was given power - too, to dispose of any enterprise where there had been a contravention and might distribute the proceeds in the manner provided by the Decree.

To provide the financial base for the implementation of the indigenization policy, the Nigerian civilian and military governments introduced a number of other measures. Earlier, in 1964, the civilian government had established an Industrial Development Bank. Now it (i.e. the military government) made additional fund available to the Nigerian Industrial Development Bank. In 1973, the government established the Nigerian Bank for Commerce and Industry with an authorized capital of 50 million Naira. Its tasks were to grant medium and long-term loans to indigenous persons and institutions especially in furtherance of the provisions of the Nigerian Enterprises Promotion Decree; to underwrite the shares of viable companies which were offered for sale to the general public to acquire such shares that were not taken up by the general public and sell to the public, as appropriate, when the demand for them arose in future. It was also to assist indigenous entrepreneurs in other important areas such as identifying viable projects, preparing well-articulated feasibility surveys and providing guidance on the appropriate means of achieving reasonable returns on their investments, including advice on relevant technical and managerial matters[1]. The Federal Government acquired 40 per cent shares in the three major foreign banks operating in Nigeria: Barclays Bank, United Bank for Africa and the Standard Bank of Nigeria, formerly B.B.W.A. A number of state banks were also established. Also the Federal Government established an Industrial Training Fund contributed to by private companies to support the training of the appropriate level of manpower in order to meet the manpower requirements under the indigenization programme[2].

Fifteen months after the coming into effect of the indigenization decrees of 1972/74, only a small proportion of the foreign enterprises had complied with the provisions of the decree. The Industrial Enterprises Panel appointed by the Federal Military Government in 1975 found that out of about 950 affected enterprises only 314 or 33 per cent were confirmed as having fully complied by 30th June 1975[3].

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1 n policy, the Nigerian civilian and m

2 Adetoro. op. cit, p. 34.

3 Nigeria Today, No. 69 (June 1976), p. 5

Inspite of this very poor performance, Gowon's Government seemed satisfied with the rate of implementation of the policy. When presenting the third National Development Plan in March 1975, General Gowon said that "the plan period should be regarded as a period of consolidation so that the changes in the equity structure brought about by the Nigerian Enterprises Promotion Decree can be reflected, not only in the board room but also in the top management and policy positions in industry". He claimed that his Government had "done a great deal already in recent years to free the Nigerian businessman from many of the difficulties which were put in his way by better organized foreign rivals"[1]. He asserted that "not only has the implementation been successful but it has also revealed the investing capabilities and attitude of Nigerians". He even proposed to liberalize the expatriate quota allocation system, stressing that the intention of government was "to consolidate and not to advance compulsory ownership indigenization in this plan period"[2].

However, when Gowon's administration was toppled and replaced by a new military leadership, the implementation of the policy was adjudged a failure. Describing the slow rate of compliance with the provisions of the indigenization decrees by foreign companies as "shocking", the Mohammed/Obasanjo regime stated that it had decided that "all defaulting enterprises (were) to be sealed up and taken over with immediate effect and appropriate arrangements made to dispose of them speedily". It listed the main devices used to circumvent the decree, including "fronting, applications for naturalization and exemptions on flimsy grounds", and pledged to "confiscate" enterprises found to be using such devices and to punish the "misguided Nigerians" and foreigners involved[3]. It also promised to embark on a "mopping up operation" to ensure that the first phase of the indigenization policy was successfully concluded by 31 March 1977. Thereafter, it would embark on the second phase of the indigenization effort, based on the recommendations of the Industrial Enterprises Panel. One of the major differences between phase 1 and phase II of the indigenization effort, according to the Mohammed/Obasanjo administration, was that phase II would "ensure a wider and more equitable spread of enterprises ownership"[4].

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1 Ibid., No. 56 (April 1975), p. 15.

2 Ibid, No. 61 (October 1975), pp. 12-13.

3 Ibid, No.69 (June 1976), p.5.

4 Ibid, p.6.

The Indigenization Decree of 1977

The Nigerian Public Enterprises Promotion Decree of 1977 introduced several important changes in the division of labour between the indigenous and foreign capitalists. First, indigenous capitalists were admitted into more important sectors of the Nigerian economy. They were allowed increased participation in, and majority ownership of such. enterprises as: banking, beer brewing, base iron and steel manufacture, boat building, construction industry, manufacture of cement, manufacture of cosmetics and perfumery; manufacture of food products; manufacture of paints, varnishes or other similar articles; manufacture of tyres and tubes; mining and quarrying; petro-chemical feed stock industries; wholesale distribution of imported goods, etc. The decree grouped these enterprises under schedule two, that is those enterprises in respect of which Nigerians must have majority interest.

Second, the number of those enterprises exclusively reserved for Nigerians (i.e. those under schedule 1) was increased. The additions to schedule 1 included such important enterprises as: Departmental stores and super-markets having an annual turnover of less than 2 millions Naira; estate agency; manufacture of suitcases, briefcases, handbags, purses, wallets, portfolios and shopping bags; passenger bus services, travel agencies; as well as whole-sale distribution of local manufactures and other locally produced goods[1]. Under the 1972/74 decrees, these enterprises had been placed under schedule 2. This means that aliens were excluded from owning enterprises only if their paid-up shares capital was below 4 million Naira or if the turnover 'was under 1 million Naira. Now under the 1977 Decree, aliens were totally and unconditionally (except in the case of departmental stores and supermarkets) barred from participating in, or owning, them wholly or in part.

The third new aspect of the 1977 decree was the introduction of a third schedule which grouped enterprises in which at least 40 per cent Nigerian equity participation or interest was guaranteed. The most significant feature of the new schedule was the broad range of manufacturing industries specifically designated as requiring joint indigenous and foreign participation and ownership. Among these were engineering industries, industries for the manufacture of basic industrial chemicals and major export industries[2]. The aim was to encourage foreign private entrepreneurs to invest in these critical areas

1 Ibid, No. 75 (January 1977), pp. 7-8.

2 See Ibid, pp 6.8 for a complete list of the enterprises

without necessarily violating the letter and spirit of the Nigerian Enterprises Promotion Decrees. By requiring at least 40 per cent Nigerian participation in these strategic enterprises under schedule III it was hoped that the foreign private entrepreneurs would be compelled, where they were not encouraged, to seek the participation of indigenous private or public interests. And if that happened, Nigerians would be exposed to advanced technology and would be in a position to take over the operation of these strategic enterprises in a reasonable period of time[1].

The machinery for the implementation of the 1977 Decree was, apparently, more effective than that set-up to oversee the enforcement of the 1972 decree. At any rate, the 1977 machinery was independent of the government. The Nigerian Enterprises Promotion Board was headed by a full time executive chairman appointed from outside the Federal or State Public Services. Also, the other four members were persons ("Nigerians of proven integrity") appointed from outside the public services. In addition, the Board had represented on it officials of Federal Ministries of Industries, Finance, Economic Development, Trade and Internal Affairs, the secretary of the capital issues Commission and the Director of each of the stock Exchanges in Nigeria. This secretary of the Board was appointed by the Commissioner for Industries on the recommendation of the Board[2]. This was an improvement on the composition of the Board under the 1972 decree. The Chairman of the 1972 Board was the Permanent Secretary of the Federal Ministry of Industries who was, *ipso facto*, a part-time chairman. The other members of the 1972 Board were representatives of the Federal Ministries of Trade, Finance, Economic Development and Internal Affairs, as well as three representatives of development or investment agencies incorporated in Nigeria. And its Secretary was an officer in the Federal Ministry of Industries[3]. The improvement in the machinery for implementation was also reflected in the fact that the power of the Nigerian Enterprises Promotion Board was increased. So was the power of the Capital Issues Commission, the enterprises valuation unit of the government.

The 1977 indigenization decree was also an improvement on the 1972 law in another sense. As promised by the Mohammed/Obasanjo regime, steps were indeed taken to limit the concentration of the share

1 Ibid. No. 61. (October 1975), p. 8.

2 Ibid. No. 75 (January 1977).

3 Nigerian Enterprises Promotion Decree (No 4) of 1972, section 1(3) and (4).

on sale in a few hands; efforts were made to ensure that the benefits of the indigenization programme were spread out to as many Nigerians as possible. The 1977 decree provided that in no case would one person own more than one enterprise affected by the decree. More importantly, enterprises under schedules 1 and 2 were obliged to reserve 10 per cent of their total equity share or of the fraction of the shares to be sold to their workers. At least 50 per cent of the 10 per cent was to be reserved for non-managerial staff. Finally, with the exception of owner-managers, the minimum interest that any Nigerian or association could acquire in any enterprise was limited to 50,000 Naira or 5 per cent of equity, whichever was higher[1].

The 1977 decree also provided for a shorter implementation period than that of 1972. The decree of 1972 was published on 28th February 1972 and was expected to come into force on March 31, 1974. It gave the foreign enterprises ample time (actually twenty-five months) to lobby government functionaries for extension and exemption and to approach politically influential Nigerians to serve as fronts for their enterprises. One contrast, the decree of 1977 was promulgated on January 17, 1977 and the deadline for compliance to its provisions was March 1978, leaving a grace period of thirteen months.

It is, therefore, not surprising that the rate of implementation was higher after 1977 than before. As of June 1975, only 58 per cent of the 357 enterprises (i.e. 207) under schedule 1 of the 1972 decree had provisionally complied with the decree. And 89 per cent of the 593 enterprises (i.e. 528) under schedule II had provisionally complied. Confirmed cases of actual compliance after proper inspection were smaller: they numbered 314 out of 950 or 33 per cent. Between 1977 and the early 1980s, however, the rate of provisional compliance improved. Of the 1,200 existing enterprises affected by the 1977 Act, 930 complied with the letter of the decree - that is 77.5 per cent and were issued with provisional letter of compliance. However, of the 700 new enterprises, all joint enterprises of Nigerians and foreigners which came into existence after 1977 and registered with the Nigerian Enterprises Promotion Board, only 80 (i.e. 11.4 per cent) complied, even provisionally with the stipulation of the Act[2].

In the 1980s, the civilian administration of Shagari reversed the 1977 Act in certain respects. It enacted the *Nigerian Enterprises Promotion (Alteration of list of scheduled enterprises) Order of 1981.* The order transferred certain items from Schedule 1 of the Nigerian Enterprises

1 Ake (1985), op. cit., p. 179

2 Ibid., p. 181.

Promotion Act of 1977 to Schedule 2 of the Act on the ground of lack of interest in such enterprises by Nigerians. The affected enterprises were repair and manufacture of clocks and jewelry, garment manufacture and rice milling. These enterprises ceased to be reserved exclusively for Nigerians and were enterprises in respect of which Nigerians must have 60 per cent majority interest. The Nigerian Enterprises Promotion Order of 1981 also transferred some enterprises from schedule 2 to schedule 3. The argument was that this was necessary "mainly to attract further foreign investment in view of the huge capital expenditure not available locally and long gestation period for returns on investment to be forthcoming"[1]. The enterprises which were shifted to schedule 3, making it possible for foreigners and foreign companies to have up to 60 per cent (i.e. controlling) interest in them were: manufacture of fertilizers, cement, metal containers as well as establishment and running of agricultural plantations for raising tree crops, grains and other cash crops. The increasing involvement of foreigners was justified by the Minister of Industries, Adamu Ciroma, on the ground that foreign investors were required to stimulate agro-based industries in Nigeria. Generally, it was evident that the new civilian administration was not very warm about indigenization. As Ciroma put it, "while no one can doubt the need for this law (the Indigenization Act of 1972 revised in 1977), on the other hand, it scarcely needs be said that *sharing of the available and existing equity in those enterprises was not a creative act.* We need more *Enterprises in Order to expand our economy*[2]. (Emphasis added). It was a statement reminiscent of the NPC position in the 1950s and 1960s. The attitude of the NPC, in contrast to that of the AG or N.C.N.C., was that capital and technology were scarce; therefore, every available source - foreign and domestic - had to be mobilized. It was lukewarn towards far-reaching indigenization of the economy.

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1 See "Explanatory Notes" to the Nigeria Enterprises Promotion (Alteration Lists of Scheduled Enterprises) Order, 1981.

2 "Industrial Development in Nigeria: Problems and Prospects" Keynote Address of Mallam Adamu Ciroma, Minister of Industries, in Nigerian Institute of Policy and Strategic Studies. The Proceedings of the Concluding Seminars on Selected National Policy Matters of the Senior Executive Course, No.1, February 1980, p.20.

Indigenization, Class Formation and Class Struggle in Nigeria

It has been suggested that "indigenization was, perhaps, a means through which top bureaucrats or high-ranking public servants (the petty bourgeoisie) converted themselves into a bourgeoisie, a property - owning class". The point, in other words, is that indigenization served as a mechanism for class formation in Nigeria. According to Dudley, the major beneficiaries of the indigenization policies were "political office - holders - military and civilian - and members of the top ranks of the bureaucracy"[1]. In this section, we shall probe this hypothesis. In doing so, there is need, first, to examine the impact of the indigenization policies on the pattern of capital accumulation in Nigeria.

The pattern of Accumulation

An important feature of the indigenization policy was the change it brought about in the pattern of private capital accumulation in Nigeria. The pattern altered in three main ways. First, the state played a prominent role in transferring capital to the petty-bourgeoisie and comprador bourgeoisie. Second, the pattern of ownership of capital changed: the proportion owned by Nigerians increased relative to the foreign capital component as a percentage of total capital. Third, there was a shift in the economic activities in which private capital investment was concentrated: the shift was from mining and quarrying to manufacturing.

The inauguration of indigenization policies in Nigeria accelerated the change from the classical capitalist model of accumulation to the state capitalist model. The former was characterized by minimum or lack of direct involvement of the state in the extraction of surplus and its mobilization and channelling to create and expand productive capacity. And the latter was distinguished by the predominance of the public sector in the generation of profits and determination of the structure of production in the economy. In the 1970s following the introduction of the indigenization decrees, the public sector came to dominate the accumulation process in Nigeria. The growth of gross investment by the public sector rose from 36 per cent in 1965 to 62 per cent in 1974 and to 68 per cent in 1977[2].

It was largely through the state institutions either created or mobilized for the advancement of the promotion of indigenous enterprises that the surpluses were extracted from the consumption sector and

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1 Billy Duelley, An Introduction to Nigerian Government and Politics.(London: The Macmillan Press Ltd., 1982), pp. 117-119.

2 Bright Ekhuarhare, "Recent Pattern of Accumulation in Nigerian Economy", in Mohammed and Edho (1986), op. cit. p. 205.

channelled to the investment sector. One of these institutions was the Nigerian Bank of Commerce and Industry established in 1973 specifically to advance indigenization policies. Between 1973 and 1984 total loan and equity disbursements by N.B.C.I. increased from 41.2 million Naira to 157.8 million Naira, the bulk of it in the form of loans. Also Commercial Bank's loans and advances to industry increased from 276.1 million Naira in 1973 to 5,823.5 million Naira in 1984 an increase of 2009 per cent. Furthermore, *Merchant* Bank's loans and advances to industry, which stood at 7.4 million Naira or 40.6 per cent of total loans and advance outstanding in 1973/74 rose to 885.2 million Naira or 52.5 per cent of total loans at the end of 1984. The Nigerian Industrial Development Bank also played an active role in this process of capital accumulation. Between 1964 when it was established to 1982, the N.I.D.B. sanctioned 550 projects valued at 2, 669 million Naira. Of this, the Bank's participation amounted to 536.1 million Naira, made up of 55.4 million Naira in equity participation and 480.7 million Naira in loan participation. Further, in 1983, the bank sanctioned 45 projects valued at 163.3 million Naira, with the Bank's total participation amounting to 357.7 million Naira, the bulk of it (35.0 million Naira) in loans; only a small part of it, 0.7 million Naira was in equity participation[1].

Agricultural enterprises equally received a lot of attention. Between 1973 and 1984 total credit to agriculture by commercial banks rose from 21.6 million Naira or 2.9 per cent of total loans to 1,052.1 million Naira or 9.2 per cent of total loans. In like manner, merchant banks credit to agriculture which was very low, at 0.5 million Naira in 1973/74 increased to 79.3 million Naira in 1984. As a proportion of total loans, this increase was from 2.5 per cent in 1973/74 to 4.7 per cent, in 1984, or total Merchant Banks' loans. The Agricultural and Cooperative Bank increased its total loans from 227.5 million Naira to 287.1 million Naira in 1984. And the Agricultural Credit Guarantee Scheme expanded loans to agriculture rapidly, making credits available to farmers (usually large-scale farmers) to the tune of 204.2 million Naira between 1978 and 1984.

At the same time, direct expenditure by the Federal Government on industry and agriculture expanded significantly. The expenditure (recurrent and capital) in industry rose from 44.9 million Naira in

1 M.A. Uduebo, "The Role of Monetary and Fiscal Policies in Industrial and Agricultural Development in Nigeria", in C.B.N., Economic and Financial Review, December 1985), pp. 1172

1972/73 to a peak of 1,056.9 million Naira in 1980, declining thereafter to 178.9 million Naira in 1981. And the expenditure on agriculture rose from 107.5 million Naira in 1972/73 to a peak of 1,900 million Naira in 1979/80, declining to 955.6 million Naira in 1982[1]. These were, evidently, very huge investment; and, as we shall see, they helped to create a small but committed class of large-scale capitalist farmers and industrialists in Nigeria.

As a result of the huge increases in the transfer of surplus to the industrial and agricultural investment sectors of the economy, the rate of growth of property and related incomes increased; conversely, the rate of growth of labour incomes declined. Thus, as a percentage of domestic factor incomes, national labour incomes declined from 27.2 per cent in 1973/74 to 22.1 per cent in 1982, while national property and related incomes increased from 63.4 per cent to 70.5 per cent in the same period[2]. It is to be noted that in both periods, labour incomes (i.e. wages, salaries pensions and other labour benefits) were much lower than property and related incomes (i.e. entrepreneurial incomes, interests, dividends, rents and royalities). What the indigenization decree helped to achieve was to increase the gap between the two, with important implications for class formation and class struggle.

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In this period, too, following the introduction of indigenization policies, the pattern of ownership of capital in Nigeria altered. The proportion owned by Nigerians increased relative to the foreign capital component as a percentage of total capital. In 1971, on the eve, so to speak, of the introduction of the indigenization decree (of 19.2) as a proportion to total capital, Nigerian capital ownership was 16.6 per cent (57.426,000 Naira) and foreign ownership accounted for 83.4 per cent (287,932,000 Naira). But in 1975, a year following the coming into effect of the indigenization decree, the ownership of capital by Nigerians increased remarkably while the foreign component declined. In that year ownership of capital by Nigerians amounted to 253,994,000 Naira or 43.4 per cent of the total, and foreign ownership was

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1 Ibid.

2 Ekhuarhare, op cit, p. 218

331,371,000 Naira or 56.6 per cent. However, as can be seen, foreign capital remained dominant.

The level of indigenous participation in foreign controlled enterprises increased differentially, depending on the type of economic activity. The highest increase occurred in mining and quarrying. In 1972, the share by Nigerians in the total paid-up capital of mining and quarrying enterprises was 1.7 per cent (1,934,000 Naira out of 112,660,000 Naira); by 1975, it had increased to 62.4 per cent (74, 660,000 Naira out of 119,666,000 Naira), putting the foreign participants in a clear minority position. It is interesting to note that this was the area in which direct state intervention and involvement was most significant and indigenous private involvement marginal. Significantly, in no other area, except transport and communication, was the foreign investor reduced to a minority position. But foreign capital interests declined significantly in all the sectors. In transport and communication foreigners held 68.2 per cent of the total capital in 1971, compared with 40 per cent in 1975, leaving Nigerians with 60 per cent in 1975 (compared with their share of 31.8 per cent in 1971). Nigerian capital interest in trading also increased considerably. It was 8.6 per cent in 1971; in 1975, it increased to 26.5 per cent. In manufacturing and processing, too, Nigerian capitalist interest increased from 47,710,000 Naira out of 139,024,000 Naira (34.3 per cent) in 1971 to 117,406,000 Naira out of 222,771,000 Naira (47.3 per cent) in 1975. And in agriculture, foreign capitalist interest declined from 81.6 per cent to 63.7 per cent while Nigerian share increased from 18.4 percent to 34.6 per cent of total paid-up capital in all foreign owned companies in Nigeria [1].

An important development which came as an aftermath of the indigenization decrees was the shift in the area of concentration of foreign investment. Before indigenization, the bulk of foreign private investment had been concentrated in the mining and quarrying sector of the economy. In 1970, this sector accounted for 47.2 per cent of all foreign private investment while manufacturing accounted for 22.4 per cent. This situation was reversed following the implementation of the indigenization policies. For instance, in 1978, manufacturing and processing accounted for 44.1 per cent of all foreign private investment in Nigeria while mining and quarrying accounted for 14.7 per cent[2]. In 1982, the position was as follows: manufacturing and processing, 35.7 per cent; mining and quarrying 18.1 per cent. But rather than decline,

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1 Complied from Table 8, "Foreign Private Investment in Nigeria", C.B.N., Economic and Financial Review. Vol. 17, No. 1 (June 1979), p. 24

2 J.O. Osakwe (1981), op. cit, p. 19

the cumulative foreign private investment in the following sectors showed a rise: agriculture, forestry and fishing - 0.4% (1973), 4.1% (1978) and 2.2% (1982); transport and communication - 0.66%, 1.9% and 1.3% respectively; trading and business services - 16.7%, 18.2% and 27.6 respectively.

Table 1: Changing Pattern of ownership of enterprises in Nigeria, 1971-1975

Year	Nigerian	Foreign	Total	Percentages: Nigeria share as % of Total	Percentages: Foreign share as % of Total
		All Enterprises			
1970	N60,108,000	N259,736,000	N319,844,000	18.8	81.2
1971	N57,426,000	N287,932,000	N345,358,000	16.6	83.4
1975	N253,994,000	N331,371,000	N585,305,000	43.4	56.6
		Trading and Business Services			
1971	6,222,000	65,774,000	71,996,000	8.6	91.4
1975	46,551,000	129,438,000	1752,989,000	26.5	73.5
		Mining and Quarrying			
1972	1,934,000	110,726,000	112,660,000	1.7	98.3
1975	74,660,000	45,006,000	119,866,000	62.4	37.6
		Manufacturing and Processing			
1971	47,710,000	91,314,000	139,024,000	34.3	65.7
1975	5,365,000	117,406,000	222,771,000	47.3	52.7
		Transport and Communication			
1971	1,750,000	3,756,000	5,506,000	31.8	68.2
1975	5,808,000	3,878,000	9,687,000	60.0	40.0
		Agriculture, Forestry Fishing			
1971	1,516,000	6,724,000	8,240,000	18.4	81.6
1975	3,733,00	6,519,000	10,252,000	34.6	63.7
		Miscellaneous Activities			
1971	10,000	7,706,000	7,716,000	0.1	99.9
1975	11,765,000	19,446,000	31,211,000	37.7	62.3

Source: Complied from table 8, "Foreign Private Investment in Nigeria", in C.B.N., Economic and Financial Review (June 1979), p.24.

An important development which came as an aftermath of the indigenization decrees was the shift in the area of concentration of foreign investment. Before indigenization, the bulk of foreign private investment had been concentrated in the mining and quarrying sector of the economy. In 1970, this sector accounted for 47.2 per cent of all foreign private investment while manufacturing accounted for 22.4 per cent. This situation was reversed following the implementation of the indigenization policies. For instance, in 1978, manufacturing and processing accounted for 44.1 per cent of all foreign private investment in Nigeria while mining and quarrying accounted for 14.7 per cent[1]. In 1982, the position was as follows: manufacturing and processing, 35.7 per cent; mining and quarrying 18.1 per cent. But rather than decline, the cumulative foreign private investment in the following sectors showed a rise: agriculture, forestry and fishing - 0.4% (1973), 4.1% (1978) and 2.2% (1982); transport and communication - 0.66%, 1.9% and 1.3% respectively; trading and business services - 16.7%, 18.2% and 27.6 respectively.

Because of the prominent role of the state in the process of indigenization, there has been an increased tendency to use state power for primitive capital accumulation in Nigeria. In turn, increased use of state power has meant a rise in official corruption. And, the process of primitive capital accumulation through corruption has resulted in a huge flight of capital from Nigeria. According to Muhammed Buhari, Nigerian Head of State 1984-1985, the Nigerian politicians stashed away, in foreign lands, an estimated sum of 12 billion Naira between 1979 and 1983[2].

From the above data we can see that, except in the areas of mining and quarrying, as well as transport and communication, foreign capital continued to play a dominant role in the Nigerian economy inspite of indigenization. Nevertheless, indigenization had a significant effect on the pattern of capital ownership in Nigeria. In some cases, it made Nigerians majority shareowners of the paid-up capital. The examples are mining and quarrying, transport and communications. In other sectors, it increased to a significant extent the proportion of shares of the paid up capital owned by Nigerians in those enterprises. Examples are manufacturing and processing, trading and business services, agriculture, forestry and fishing as well as miscellaneous activities.

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1 J.O. Osakwe (1981), op. cit, p. 19

2 Festus Iyayi, "The Primitive Accumulation of Capital in a Neo-Colony: the Nigerian Case". Review of African Political Economy. p. 37.

Indigenization and Class Formation in Nigeria

Increased indigenous ownership of the share of paid up capital of previously foreign-owned companies meant, in practical terms, the creation, or rather the expansion of an existing tiny pool, of an indigenous bourgeois class. It involved an increase in the number of the class of property owning bourgeoisie. In the 1970s, under the cover of the indigenization decrees, the property-less arm of the Nigerian petty-bourgeoisie used state power to create an economic base for itself. State officials - bureaucrats, ministers or commissioners and military governors - used their position to acquire shares in large private companies. The companies themselves are mere Nigerian subsidiaries of large multinational firms. Also, top Nigerian executives of large foreign-owned companies secured bank loans with the assistance of their employers and became share-holders in the very companies where they hold managerial posts. Others who joined the band of share-holders this period were professionals, big private businessmen, some members of the armed forces - retired and serving, members of the traditional ruling families, leading distributors of the companies selling the shares and former politicians. These persons developed a community of interests in latching themselves on to foreign capital. By so doing, they transformed themselves into the Nigerian bourgeoisie.

What emerged in the wake of indigenization was not, strictly speaking, a *national bourgeoisie* even though the interests of a fraction of this class became linked to the nation's Economic Development and were, therefore, in relative contradiction with the interests of big foreign capital. The bulk of the new class was comprador in character: it consisted of that fraction of the bourgeois class whose interests are constitutively linked to foreign (imperialist) capital, and which is bound politically and ideologically to foreign capital. With indigenization emerged an increased number of bourgeoisie with foreign and domestic components. The domestic component is essentially dependent on, and subordinate to, the foreign component. More importantantly, the indigenous component has three major fractions: the production - oriented "national" bourgeoisie, the comprador bourgeoisie and the petty bourgeoisie.

The petty - bourgeoisie was the largest in size before indigenization. It remains fairly large in size, but is now challenged in this respect by the comprador. It is also the most unreliable and unstable class. In Nigeria, in the post - indigenization era, the character of the petty-bourgeoisie has been altered. It is made up of those top executives of private firms who, though still employees, have acquired shares and some real estate property, their counterparts in the civil service who are both private property - owners and, at the same time, are involved directly in the labour process and suffer from imperialist exploitation, as well as the intelligentsia including, especially, University teachers. The changes in the composition of this class was stimulated partly by the policies of Nigerianization/ indigenization over the years and partly by the rapid expansion of university opportunities in the 1970s. This class is generally unreliable in the sense that it can take the side of revolutionary forces or join the camp of counter - revolutionaries with equal ease. In post- indigenization Nigeria, it is essentially a counter - revolutionary class. However a tiny property - less fraction of the intelligentsia wing of this class plays a progressive role by serving as the leading force of progressive social development, and championing the causes of the working people and peasants. In contrast the property - owning wing of the petty bourgeoisie in Nigeria is essentially counter - revolutionary or down - right reactionary. But its representatives occupy leading positions in the economic and political levers of the country. It is this wing that attempts to cement all other groups of local exploiters and serves as a connecting link between them and foreign capital.

The comprador in Nigeria consists, first and foremost, of middlemen. These include businessmen who act as importers, exporters, representatives of foreign salesman, and marketing firms, representatives of foreign firms seeking contracts. They also include persons who serve as fronts for public servants, facilitators, intermediaries, brokers, agents, contact men and assistants of all varieties.[1]. This class is in alliance with state officials whose position allow them to influence state spending and government policy and who use this position to assist foreign capital in its dealings with the state and indigenous society.

Another fraction of the domestic component of the ruling class in Nigeria is what may be described as the emergent "national" bourgeoisie. It is a class distinguished by its interest in promoting capitalist production in Nigeria's mining and quarrying, agricultural and industrial sectors. Prominent in this fraction is the group described by one author as the "gentlemen farmers". These are former top-ranking army officers and civil servants who were retired or who resigned their positions and embarked upon large - scale, capitalist farming, alongside private industrialists. It is a group whose emergence was stimulated by the so-called "Green Revolution" of Obasanjo, involving the allocation

1 Teresa Turner, "Commercial Capitalism and the 1975 Coup", in Keith Panter-Brick, Soldiers and Oil: The Political Transformation of Nigeria (London: Frank Cass and Co. Ltd., 1978), p. 168

of 16.6 billion Naira to large - scale farming, the establishment of an Agricultural Development Bank and the promulgation of Land Use Decree which vested land-ownership in the state military governors[1]

An important characteristic of the indigenous bourgeoisie, including the emergent "national" bourgeoisie, in Nigeria is that it is dependent. Its dependence is a product of the process of its emergence. The comprador and emergent national fractions came into existence in the process of the Nigerian Petty-bourgeois class latching itself into foreign capital. And the petty-bourgeois fraction itself is a product of the capitalist penetration of Nigerian political economy; it was created to reproduce the dependent relationship between Nigerian and foreign capital. What, therefore, indigenization helped to create or expand is a dependent or an auxiliary bourgeoisie made up of three fractions: petty-bourgeois, comprador and national. The idea of a dependent or auxiliary *national* bourgeoisie should not be regarded as contradictory, nor as a peculiarly Nigerian phenomenon. Generally, in the world today, because of "the marked interpenetration of capitals under imperialism, the distinction between capitals "tied" to foreign bourgeoisie and "national capitals" has become "extremely vague and questionable[2] For this reason, we can describe the fraction of capitalists committed to the nation's capitalist Economic Development as "national" even when we know that its interest does not stand in basic contradiction with the interests of big foreign capital.

This leads us to the second aspect of the character of Nigeria's indigenous bourgeoisie. Its interests are basically or essentially compatible with those of foreign capital, although there are, too, areas of contradictions between them. Foreign capital is essentially exploitative of the Nigerian peoples. The Nigerian Bourgeoisie are part of the structure of this exploitation. Here lies the fundamental convergence of interests. At the same time, Nigeria indigenous capital and foreign capital represent, respectively, a contradiction between the power of legal control over the machinery of the state and effective power conferred by control over technology and finance capital. This contradiction has been mitigated, but not resolved, by the process of indigenization. Indigenization represents the working out of an accommodation between foreign capital and indigenous capital, with the latter still in a

1 Teresa Turner and Pade Badru, "Oil and Instability: Class contradictions and the 1983 Coup in Nigeria". Journal of African Marxists. March, 1985, p. 7.

2 Nicos Poulantzas, "On Social Classes". New Left Review. No. 78 (March-April, 1973), p.39.

subordinate position. It is a division of labour which reinforces the externalization of the productive base of the economy while at the same time dramatizing the decisive role of the indigenous bourgeoisie in creating and maintaining the political conditions for accumulation. It does not represent an internalization of imperialism[1]; it reflects its flexibility.

There is, however, a sense in which indigenization has, through its impact on class formation, made imperialism more secure in Nigeria. It has transformed the Nigerian traditional petty bourgeoisie into a comprador class and a sizeable proportion of the new petty bourgeoisie into the traditional archetype. By so doing, it has diverted petty bourgeois tendencies away from potentially threatening alliance with anti-imperialist and anti-capitalist social forces. Before indigenization, the bulk of the petty-bourgeoisie in Nigeria consisted of "non-productive" wage-earning workers, engineers, technicians, intellectuals, top civil servants and top and middle level military officers. It was predominantly the "new petty-bourgeoisie". But with indigenization many of these became transformed into the traditional petty bourgeoisie, made up of small-scale producers and small traders or small-propertied elements. Whereas the former is petty-bourgeois in the political and ideological sense, that is in the sense of aspiring to bourgeois status, the latter is petty-bourgeois in the more concrete, economic sense. While the former, the new petty-bourgeoisie tends, more often than not, especially in period of economic crisis, to take the side of the revolutionary or anti-imperialist forces, the latter, the traditional petty-bourgeoisie, tends to take the side of the counter-revolutionary forces more frequently, precisely because it owns some means of production. It is in this sense that it is true that the indigenization policies, by "Nigerianizing" foreign capital has weakned the links between anti-imperialist tendencies in the petty-bourgeoisie and anti-capitalist agitations in the working class.

Indigenization has also, paradoxically, highlighted the character of the Nigerian bourgeoisie as an incoherent class, while at the same time attenuating that incoherence. The indigenous bourgeoisie in Nigeria came into existence, in the first place, by the non-propertied groups latching themselves on to foreign capital. Not surprisingly, the nature of foreign capital in Nigeria has affected the character of Nigeria's indigenous bourgeois class. Foreign capital comes into Nigeria from different sources, in different forms and for various purposes. The

1 See Beckman, op. cit. for a contrary view on this point.

"heterogeneity and contradictions of foreign capital are reproduced in the social character of the Nigerian" dependent bourgeoisie[1]. Besides, the indigenous bourgeoisie is, as a class, not coherent because it exists and functions against the background of low level of development of productive forces. This socio-economic fact means that what exists in Nigeria among the people is mechanical solidarity; in such a situation the bourgeoisie are obliged to appeal to ethnic consciousness in their attempts to acquire support and legitimacy.

Indigenization is, however, helping to attenuate the incoherence of the indigenous bourgeoisie in Nigeria. Several factors, associated with the indigenization policies, have helped to wield the fractions of the Nigerian bourgeoisie together. One of these factors is the common ownership of share capital in, or common directorship of, the indigenized companies. There are today several examples of Nigerian capitalists from different, ethnic groups, of various professional or occupational backgrounds (military, Financial, bureaucratic), and deriving part of their capital from different sources (Nigerian, British, French, etc.) cooperating in business, united by their common interest in the survival and growth of an indigenized company. A related factor is the need for the indigenous bourgeoisie to combine their capital in order to compete effectively with the subsidiaries of multinational corporations in Nigeria. Over all, there has been cooperation among the emergent bourgeoisie from different parts of Nigeria, in running and/or managing either indigenized or newly formed companies. The biola Yardua partnership in owning and operating a shipping company and a Bank is a case in point. Another example is the composition of the Board of Directors which was established by the National Party of Nigeria (N.P.N.) to serve as a cover for the receipt of "donations" by leading members of the party and the government in power at the Federal level. The company was Ajiye Investments Limited. And the four directors were: Alhaji Ibrahim Damida (former bureaucrat and Hausa - Fulani); Alhaji Aminu Dantata (Kano-based capitalist and Hausa - Fulani); Chief Bayo Kuku (businessmen, Yoruba); Chief M. Ugochukkwu (big capitalist/industrialist and Igbo). Members of the indigenous bourgeoisie are also united by their shared desire to control state power and use it for capital accumulation. It was this common interest that provided the basis for their common membership of the leading political party - the National Party of Nigeria (N.P.N.) during the second Republic. The N.P.N. held under its umbrella different fractions of the indigenous bourgeoisie and other exploiting classes including the remnants of feudal elements. But as the fact of the exist-

1 Ake (1985), op. cit., pp. 19-20.

ence of the Yoruba - dominated Unity Party of Nigeria shows, the incoherence of the bourgeoisie was merely attenuated; it was not actually eliminated. Its attenuation was further testified by the attempt, in 1982/83, by part of the Nather Northern fraction of the bourgeoisie and petty-bourgeoisie - the "Kaduna Mafia" - to forge an alliance with the UPN against the NPN.

Perhaps far more important in the discussion of the impact of the policies of indigenization on class formation is its effect on the size and character of the exploited classes. When the indigenization decree of 1972 was promulgated, fear was expressed about "the future of the mass of workers under the employment of these foreign firms" when their ownership and management were transferred to Nigerians. It was particularly feared, that ethnicity and nepotism might replace "efficiency and honestly" as criteria for assessing and rewarding workers[1]. The workers were afraid of redundancy, lower wages and loss of job security under Nigerian ownership of companies and enterprises previously owned and run by foreigners.

In pre-indigenizaton Nigeria, the size of the proletariat, like the size of the bourgeoisie was small. This was due to the limited penetration of the capitalist mode of production, and the underdevelopment of the productive forces. In the post - indigenization period, the size of the working class did not change remarkably. What changed was the size of the unemployed. Between 1982 and 1986, well over one million workers lost their jobs in the private and public sectors of the economy; and by 1986, about 300,000 secondary school leavers were without any jobs. In 1984, 12.3 per cent (approximately, 4.1 million) of the Nigerian labour force was unemployed. Indigenization did not, therefore, mean more work for Nigerians. Indeed, the increasing rate of unemployment started soon after the indigenization decrees came into effect. For instance, between 1970 and 1973 the average annual figure of persons registering with the employment exchange was 17,800. But between 1974 and 1975 the figure rose to 29,300. Also, the largest retrenchment in one single industry seemed to have taken place in the textile industry, one of the indigenized industries under schedule 1. Between 1978 and 1986, 25,000 members of the textile workers Union lost their jobs. Perhaps indigenization, *per se,* was not directly and solely responsible for either the reduction in the size of opportunities for gainful employment or the rise in the rate of unemployment in Nigeria.

The point is that it did nothing to improve the economic plight of the workers or the opportunities for employment.

1 Adetoro (1975), op. cit., p.37.

Also, indigenization did not free a large proportion of the workers from straight and immediate subordination to that fraction of the bourgeoisie that controls or directly wields state power, namely the bureaucratic fraction. On the contrary, by tightening the nexus between government and foreign capital, by getting the state to protect even more the interests of foreign capital in which the indigenous bourgeoisie now has a stake, the indigenization policy reinforced the direct subordination of the workers to the bureaucratic fraction of the petty bourgeoisie. The effect was to weaken the working class further in terms of using industrial action to achieve its class interests. In relative terms, the indigenization policies resulted in a high proportion of the gainfully employed wage labour seeing in the public sector. In 1975, the proportion was about 65 per cent of all modern sector employment. The ability of the working class to struggle for its interest was limited by this fact, coupled with the attempts by the Federal government to curb the freedom of labour unions through a series of anti-democratic decrees.

Furthermore, the indigenization policies did not attenuate the incoherence of the dominated class. Ethnicity continued to have a firm hold on the consciousness of workers and urban dwellers generally, due to the inability of the state to fulfill its welfare functions. Moreover, the workers have been unable to forge alliances with the peasants partly because both classes have not perceived the commonality of their interests and partly because the workers that should initiate such alliance still have one foot in the peasant mode of production (e.g. small farms, self-owned and cultivated) and the other in the capitalist mode. Therefore, although they are workers, they, in fact, have peasant consciousness, rather than proletarian consciousness. As a result, they are unable to serve as a vanguard of the movement for the liberation of the dominated classes. This situation is created by the fact that in Nigeria, the development of the productive forces is still at a very low level; pre-capitalist relations still remain strong, inspite of indigenization.

Indigenization, Class Struggle and Politics

The effect of the indigenization policies generally on Nigerian politics has been to shift its focus. It has moved from a struggle among the petty-bourgeoisie for the acquisition or seizure, control and consolidation of state power achieved, in alliance with the metropolitan bourgeoisie, through the manipulation of the proletariat and the peasants. It is now essentially a struggle between two fractions of the bourgeoisie: the *comprador* and the emergent national bourgeoisie.

The comprador bourgeoisie, in alliance with the property/share - owning petty bourgeoisie, is the dominant fraction in post-indigenization Nigerian political economy. The private Nigerian "businessman" is essentially a "middleman". He earns his living by serving as a link between foreign suppliers or contracting firms and the bureaucrats and policy-makers generally. This is one wing of the comprador. The other wing is the business of importing manufactured consumer goods and exporting primary products. The comprador, working in collaboration with a wing of the bureaucratic petty-bourgeoisie which favours privatization, commercialization and maximum cooperation with foreign capitalists, has become the dominant force in post-indigenization Nigerian politics. It constituted the hegemonic faction of the N.P.N., described by Teresa Turner as "the middlemen traders" and by Ake as "bucaneer capitalists". It formed the bulk of the leadership of the Nigeria People's Party, the N.P.P.: it is the group described by Ake as "the lower bourgeoisie", thriving on commerce, contracts and political access". Between 1979 and 1983, therefore it controlled both the Federal Government and well over 50 per cent of the State Governments.

The comprador bourgeoisie stands in secondary contradiction to, and struggles for state power with, a tiny group of Nigerian manufacturers, industrialists and capitalist farmers. This group of production - oriented capitalists - the emergent national bourgeoisie - in Nigeria, is weak, insecure and heavily import - and - foreign capital dependent. Its contradiction with the comprador lies in the fact that the latter favours massive importation of consumer products, manufactured in other countries. In contrast, the emergent national bourgeoisie favours encouraging indigenous manufacturers to produce these commodities in Nigeria. The national bourgeoisie is usually in alliance with the statist fraction of the bureaucratic petty-bourgeoisie, the technocrats, who also favour building up an independent technological and industrial base for Nigeria. This alliance also wants to build an independent pool of finance capital for Nigeria, hence its strong support for and commitment to indigenization and substantial state intervention in the national economy. Between 1979 and 1983, this group was concentrated mainly within the Unity Party of Nigeria (U.P.N.).

With respect to military regimes, it can be said that Gowon's regime represented a triumph of the comprador. Obasanjo's regime was a reflection of the rise of the production - oriented national bourgeoisie. Shagari's regime, created a conducive environment of the comprador to blossom. The Buhari regime represented a return to power of the national bourgeoisie. It was a re-enactment of the Mohammed/Obasanjo anti-comprador move, motivated by the desire to promote indigenous capitalist production in Nigeria. It was a reaction against the indiscipline of the comprador class that took over Nigeria under Shagari. The Babangida administration reflects the resilience and greater influence of the comprador: it is a return, a resurgence, of the comprador class.

In the struggle for state power between the comprador and the emergent national bourgeoisie, the former invariably emerges victorious for several reasons. First, it is more unambiguously committed to the collaboration between foreign and indigenous capitalists and, therefore, more easily wins foreign support. Second, it has a wider base both in the state bureaucracy and the national economy. Third, it uses its base freely to build up an economic base: it favours more unabashedly, official corruption and uses the fruits of this corruption to secure itself in power. Fourth, the national bourgeoisie, because of lack of ideological clarity, is unable to perceive the convergence of interests between it, the intelligentsia fraction of the petty - bourgeoisie and the working class in fighting the metropolitan or foreign bourgeoisie. As a result, it has not tried to build up a popular base for itself. Indeed, it is contemptuous of both the intelligentsia and the working class. This is mainly because, it is still taken in by the illusory promise of transfer of technology by foreign capitalists and the hypocritical pledge of the inflow of foreign capital, in the form of foreign private investments and public loans. Fifth, the emergent national bourgeoisie is kept divided and incoherent by the intrusion of ethnicity and its manipulation by different, competing foreign capitals.

Conclusion

The indigenization policies as embodied in the Nigerian Enterprises Promotion Decrees (1972-1981) constitute the culmination of a historical movement dating back to the colonial period. It is a movement destined to continue in the future and whose course has been determined, and will continue to be determined, by the character of the ruling class in Nigeria. The more nationalistic the ruling class, the more committed it has been, and will be, to a policy of indigenization.

Indigenization is a progressive policy, although not a revolutionary one. As embodied in the Nigerian Public Enterprises Promotion Decrees, it was initially a tactical manoeuvre, designed to stave off a more revolutionary policy - nationalization. But in the mid-1970s, its character changed slightly: it emerged as a progressive policy.

In terms of its objectives, it has achieved a limited success. For instance, it has resulted in increased participation of Nigerians in the economic life of the country - especially in the commercial life of the country. The indigenous commercial capitalist class which was a tiny minority in the 1950s and 1960s grew into a large tribe in the 1970s and

1980s. Also, a tiny group of production oriented, nationalistic, industrial capitalists and "gentlemen" farmers have emerged in the Nigerian scene. Indigenization has therefore aided the process of creation of a Nigerian capitalist class as expected. Too, indigenization has aided the process of capital accumulation in Nigeria. Inspite or perhaps, because of indigenization an increasing amount of private foreign investment has continued to flow in to the country. In 1973, the amount was 315.8 million Naira, in 1977 it was 392.5 million Naira. But indigenization has failed in the sense of preventing the flight of capital from Nigeria. While the outflow of investment income - profits and interest remittances - has either remained stable or declined, (from 554.6 million Naira in 1972 to 572.3 million Naira in 1977 and 328.9 million Naira in 1978), the out flow of contractors' fees and service charges has been on the increase (from 217.1 million Naira in 1972 to 898.6 million Naira in 1977 and 474.8 million Naira in 1978. This is an area where the decrees did not pay much attention in terms of providing measures. Also, although indigenization has not completely silenced the demand for nationalization, it has considerably weakened the classes which are most articulate in making the demand. Related to this, indigenization, in its hey day (1972 - 1982) temporarily stunted revolutionary pressures on the Nigerian and foreign bourgeoisie. The boldness which they have acquired has found expression in the new policy of privatization and commercialization which is tantamount to a resort to the initial, comprador version of indigenization in 1972 - 74, if not a reversal of the entire policy.

With respect to politics, the effect of indigenization policies has been to shift its focus. It has moved away from a struggle among the petty bourgeoisie for state power, achieved in collaboration with the metropolitan bourgeoisie, and through the manipulation of the proletariat and the peasants. It is now essentially a struggle between two fractions of the indigenous bourgeoisie: the comprador and the emergent national bourgeoisie, each also manipulating the proletariat and the peasants.

Furthermore, indigenization has enhanced the stake involved in acquiring or losing state power. In its national bourgeois version, it gave greater role to the state in the economy. By so doing, it made the state more desirable for the bourgeoisie. By the same token, it exposed the weaknesses of the dependent, peripheral capitalist (Nigerian) state, as an instrument of progressive policy, embroiled the state ever more in the intra-class struggle between the comprador and the emergent national bourgeoisie and, consequently, set in motion, the contradictions which have now, paradoxically, brought indigenization to a dead end.

Because of these contradictions of the indigenization policies, and also because indigenization weakens the dominated classes and strengthens the hands of the dominant classes in the inter-class struggle, the tendency is to suggest that indigenization should be scrapped. But because indigenization, as conceived by the "national", production - oriented fraction of the bourgeoisie is, in the context of inter-class politics and bourgeois development strategies, a progressive policy, particularly when compared with the pre-indigenization strategies and the proposed strategy of privatization and commercialization, it deserves support from all national democrats. The gaps in the policy should be closed to retain more profits in Nigeria and spread out to the workers the ownership of Nigerian industrial and commercial enterprises.