

THE ROLE OF THE STATE IN THE ECONOMY: NIGERIA, 1960–1975

By

*Dr. Eme N. EKEKWE**

One of the distinctive characteristics of the post-colonial state is its important role in the economy. Of course all modern states play some role in the economy. But the particular role of the post-colonial state appears more crucial than that of the advanced capitalist state. Steven LANGDON summarised the situation thus:

«Certainly the state has a critical general function in all class societies – the maintaining of cohesion and domination; but it would appear to have a rather particular further function in periphery economies, that of managing and meshing of capitalist and pre-capitalist modes of production. And that further function makes the colonial and post-colonial state central in the direct process of surplus appropriation and capital accumulation than in advanced capitalist economies» (1).

This conception of the role of the post-colonial state may very well be what ALAVI and SAUL had in mind when they originally conceived of the post-colonial state as being «over developed» (2). Interesting as it may be to speculate on what, precisely, ALAVI and SAUL mean, I here adopt LANGDON's view. It is clear and leaves little room for speculation. It forms my point of departure.

In this article I attempt to look at some aspects of the role of the Nigerian post-colonial state (up to 1975) in the economy. In particular, I will try to show the state's role in meshing the internal, coexisting modes of production (the capitalist and the pre-capitalist) and how it tries to harmonize the domestic economy with the international economy. I have relied on material some of which is familiar, but I have tried to cast them in a different, critical perspective. The discussion is divided into two major sections. In the first I outline the policy and ideological perspective that informs the role of the state in the economy. I refer to that omnibus term, development. In the second I look at the concrete role of the state in the economy. To conclude I evaluate the implications of the state's role.

I. DEVELOPMENT AS POLICY AND IDEOLOGY

With the end of World War II and the important role of America's Marshall Plan in the reconstruction of Europe, a general phenomenon known as «development» took a grip on the World. In more than one way the Marshall Plan provided the model for development. The Plan involved the transfer of resources from the United States to war-ravaged Europe.

* *Lecturer, School of Social Sciences, University of Port Harcourt, Port Harcourt, Nigeria.*

6 Africa Development

So it was not by sheer coincidence that the assumption became widespread that for the underdeveloped countries to increase their Gross National Product (GNP), accelerate the growth in their literacy rates and improve their health and general living standards (i.e. to develop) a kind of osmotic process was imperative. In this process called development, resources (capital, technology and know-how) would be transferred from those countries which enjoyed them in relative abundance (i.e., the «developed» ones) to those in which they were relatively scarce (i.e., the «developing» ones). The transfer would take place through bilateral and / or multi-lateral institutions. The Marshall Plan facilitated the reconstruction of Europe; development was to foster rapid economic and political changes in developing countries. The Marshall Plan was American; America was the model of development. By subtle and not-so-subtle propaganda and enormous interest in development was aroused. The sixties were declared the First Development Decade by the United Nations. Businessmen and Politicians shuttled between capital cities negotiating deals. Experts in development and institutes of development mushroomed in universities and colleges. The businessman, the politician and the academic joined with missionary zeal the common cause of bringing about development and modernization.

Development has now come to be accepted virtually everywhere as desirable. In fact, the use of the term seems to span the two major ideological positions prevailing in the contemporary world — even if, in a predominant sense most African countries, Nigeria included, take the West as *the* model image of development. Because development has become the guiding principle of state programmes and policies, AKE's view that there now exists in Africa an ideology of development is easily supported (3). And since the West is the predominant image of development it is easy to see why development has frequently been taken to be synonymous with capitalism. In its essence, this development is primarily concerned with the need for, and the process of, enhancing the capitalist mode of production in the peripheral societies.

Those who subscribe to this predominant view of development tend to think of development as a series of technical problems which, given the «correct» policies, can easily be solved. From this perspective of the prevailing ideology of development, stability is most important; it is a vital prerequisite for achieving the expected result. Revolution, therefore, is not a viable process of change; classes and class struggles are denied. There exist only elite and ethnic groups. What is advocated is evolutionary change. This battle for development is very much part of the global struggle between capitalism and socialism. «This is precisely one of the major reasons why Western imperialism, which wants to insulate Africa against socialism is promoting (development) so zealously there» (4). Development is so presented as to counterpoise socialism which would support revolutionary change in Africa. And by positing the possibility and necessity of the flow of capital, technology and know-how from the advanced capitalist centres to the periphery, the ideology and policy of development «legitimize dependence, especially economic dependence» (5).

If one takes the present reality of most African countries and measures them against the promise of the development ideology a certain disjunction between the two is obvious. For example, the rates of growth in some of these countries have been poor. Agriculture is stagnant and industrialization has hardly gone beyond the import-substitution stage. Many are saddled with serious debt burdens. So bad has the problem become that the World Bank is considering paying Black Africa some special attention! However, notwithstanding its apparent shortcoming and contradictions, the ideology of development maintains a strong (stranglehold?) grip on our economic and political thought. National leaderships, Nigeria's included, have accepted at face value the ideology of development along with dependence on the West implicit in it. Through the ideology and policy of development many post-colonial states are able to play certain vital political and economic roles for foreign and local private capital. Such roles include protecting the existing property relations and facilitating for private capital, and at fairly low cost, the organization of the factors of production (6). The concrete mechanism by which these political and economic roles are played is the Development Plan. Through the provisions of the Plan the articulation of the domestic modes of production, and the articulation of the national and international economies are maintained. Importantly too, the ideology of development facilitates, or is congruent with, the creation of capitalist classes in the peripheral societies. If one is to enhance local capitalism one must, among other things, assist the process of evolution of a capitalist class if it did not already exist.

The acceptance of the ideology and policy of development in Nigeria dates back to colonial times. The ideology was the basis of the various attempts by the colonial state of development planning. It has continued to inform the successive National Development Plans drawn up under the post-colonial state. It may be easily understood why none of these Plans entails any serious and concerted effort to lessen Nigeria's dependence on foreign private investment. Instead the emphasis in them has been for the state to play a complementary and facilitating role for private capital accumulation. The Ford and Rockefeller Foundations which support such situations have been prominent in Nigeria's development planning at both the university and bureaucracy levels (7). To be sure, their quick profit, growth-now-distribution-later (if ever) mentality and their creed of centre-periphery integration were manifest among those persons who drew up Nigeria's First National Development Plan (8). This creed survives in a healthy state today, especially in American economic development thought. In Nigeria it finds current expression in the obsession with transfer of technology. I will return to some other aspects about the Plans later in the following section. With the foregoing as the basis, I look now at the role of the Nigerian post-colonial state in the economy.

II. THE STATE'S ROLE IN THE ECONOMY

Here, it is necessary to begin with a brief observation about the class that came to wield power in the post-colonial state. The Nigerian nationalist movement was largely a petty bourgeois affaire even though it

8 *Africa Development*

could hardly have succeeded without the support of the broad masses. In particular the strike in 1945 by workers, and the relative facility with which the party political leadership was able to mobilize traders and peasants during the fifties drove home the point to the British colonial lord that indeed Nigerian politicians must be taken more seriously than hitherto. Gone were the days when a Governor like Hugh CLIFFORD could tell Nigerian politicians that they were virtual nincompoops (9). It was to this largely petty bourgeois class that power was devolved upon at independence. They must properly be seen not as a ruling class but as a governing class. (A ruling class may be defined as that class in society in whose long run interests the state intervenes; the class whose dominant economic interests to a large extent determine the nature of state power and intervention) (10). The ruling class remained the foreign bourgeoisie whose continued dominance in the economy was virtually unchallenged. It was a foreign bourgeoisie that needed no longer to control state power directly, especially since the emergent petty bourgeoisie had come largely to define its own economic and political interests within the very parameters defined and determined by imperialism.

The petty bourgeoisie that appropriated the state system used state power, in part much as the colonialists did, to foster the articulation of the local economy with international economy. It is partly from this point of view, that Sayre SCHATZ has come to argue that the role of the post-colonial state in the economy has been quite comparable with that of the colonial state. He characterizes both forms of state as agents of what he calls, rather descriptively, «nature-capitalism» (11). By this, SCHATZ means that both the colonial and post-colonial states have purposefully left the mainly productive areas of the economy for private agents while primarily providing the infrastructure necessary for those agents to carry on their accumulation. In this the state attempts to support indigenous entrepreneurs at the same time as it welcomes foreign private interests (12). SCHATZ is no doubt correct in this view. What he should have recognized, in addition, is the fact that it was only from the period of colonial dyarchy that for several reasons which need not be discussed here, the nationalist element in the state's role in nature-capitalism became possible. Prior to this period local participation in the economy was greatly circumscribed and much less important than it became from 1957 onwards. This difference between the colonial and post-colonial state needs to be emphasized.

If the post-colonial state was to maintain the articulation of the national and international economies this required that it must maintain, in the first place, the articulation of modes of production in the national economy itself. The concrete manifestation of this important role of the state may be seen in the policy of development. The former Regional Governments played vital roles in the general accumulation process. Hence one may best show how the post-colonial state's approach to development was implemented by looking at the role of one of the regional state apparatuses. I examine principally the case of the former Eastern Region. It should suffice to use the example of the former Eastern Region, since the other two – later, three – Regions followed the same general trends and tendencies

The Role of the Eastern Nigeria Development Corporation

The Government in the East easily saw its role as that of «organising or re-organising the economy...» in partnership with private enterprise, domestic and foreign (13). What was really aimed at here was the transformation of peasant into capitalist agriculture, or, since this could not be achieved outright or in one fell swoop, the stimulation of peasant agriculture for increased surplus production. The surplus thus produced would be transferred into the capitalist sector of the economy. This policy stand is reflected in the Government's poser in the Official Document No.5 of 1962: «How can we industrialize without development of commercial crops to meet the requirements of both the proposed industries and exports?» (14) To increase production of export crops and also to better manage or control the social and political situation engendered by the juxtaposition of peasant and capitalist production, Government set itself the following priorities:

- (i) the establishment of farm settlements;
- (ii) the encouragement of plantation agriculture;
- (iii) the organisation of more effective extension services;
- (iv) the development of farmer's co-operation;
- (v) the development of research and irrigation (15).

The farm settlements were established obviously in an attempt to increase production. It appears, however, that another major stimulus for action here was the need to control and manage the growing percentage of the population drifting to the cities. It was hoped that the farm settlements would absorb this growing population of primary school leavers, unskilled in trade, but unwilling to embrace (peasant) agriculture as a life-long occupation. «These young men do not live in villages and are sources of irritation in the townships» (16). Such irritation had to be removed or contained by herding these people to the farms. Therefore the political purpose of the farm settlements cannot be separated from the purely economic purpose. The Region's Leaders of Thought were quick to urge that the farm settlements be run «by a limited liability company specially constituted for that purpose» in which individuals could invest (17).

Others have found that the development of co-operatives has not been the best method of making credit available to the small (subsistence) farmers since that process has been open to political manipulation. Nor have different credit schemes devised in the past been successful in meeting farmers' needs, what with the farmers ignorant of the means required to obtain the credit (18). These measures benefit mainly the large-scale farmers – it is they who are more inclined to export and capitalist production.

The general policy in Regional development was thus aimed at the gradual transformation of peasant production into capitalist production in agriculture; it was also aimed at extracting surplus from the peasant economy and using that surplus to bolster the capitalist enclave. The largest single Regional agency involved here was the Eastern Nigeria Development Corporation (ENDC).

The ENDC came into existence in February 1955, superseding the Eastern Region Development Planning Board (ERDPB) which was established in 1949 and also absorbing the functions of the Eastern Region Finance Corporation (ERFC). The ENDC was originally named the Eastern Region Development Corporation (ERDC). But in 1960 it became ENDC. This was simply a change in name; the functions of the agency were hardly affected. The Corporation was one major channel through which the state development strategy was implemented, especially in agriculture. However, its mandate was not limited to bringing greater capitalist production in agriculture, it was allowed to initiate or participate in production processes other than agriculture. It thus participated in some commercial and industrial ventures either alone or in partnership with private individuals, or loaned money to those undertaking such ventures. The funds which it expended in this process derived mainly from the Marketing Board (19). This latter Board was most directly involved in siphoning off surplus from the peasants.

One of the concomitants of the Region's development strategy was the alienation of peasant land and thus the partial proletarianization of the peasants thus affected. The ENDC's role in all this was remarkable. Together with the Region's Marketing Board it was instrumental in the surplus extraction process (by the Board paying peasants less than the sale price of their produce in the world market). Such surplus was then deployed in mainly capitalist production. For example, the surplus thus realized enabled the ENDC to be involved directly or indirectly in such ventures as cement production, banking, bottling and catering (20). To establish its plantations and estates the ENDC acquired land by displacing peasants, for there was little 'free' into which it could easily move. In 1962-63 the ENDC's agricultural and plantations divisions had about 8,435 daily paid workers on its staff (21). Acquisition of land by the ENDC sometimes brought the peasants in violent opposition to it. In one of its reports, for example, it noted that «in many places where the ENDC went to acquire lands for its plantations, the people had raised hue and cry, carried machets and cudgels to chase ENDC officials out» (22). Nevertheless, by 1964, the ENDC maintained about 22 plantations (mainly for oil palm) and 8 estates (mainly for cocoa and coconut trees), with about 150,000 acres it was yet to develop (23). Some element of force, then was involved in the process of alienation of this much land for peasant communities.

So engrossed was the Eastern Region's government in promoting cash crop production that it virtually neglected food production. In its 1962-1968 Development Plan it made capital investment of about ₦ 44 million in cash crop production as opposed to only a little over ₦ 5 million for food crops (24). Thirty-four per cent of the Plan's total outlay was devoted to agriculture which was expected to «lead to a substantial increase in export earnings and to an improvement in the nutritional standard of the population (25). The latter aim appears to be only secondary. The Leaders of Thought were concerned about this situation, for they urged more emphasis on food production and nutrition in the Plan (26).

In short, the Eastern Region's central role appeared to be in enhancing capitalist production and the further subordination of the peasant or rural economy to it. There does not appear to have been any successful attempt made to help the peasants to regain their independence in production, rather more surplus was being extracted from them through the Marketing Board. The emphasis on facilitating capitalist production in the Region appears clear, with the serious attempts at expanding or establishing industrial layouts in Port Harcourt, Enugu, Aba, Umuahia and Onitsha, the Region's major urban centres (27). In these too the ENDC had a major role to play. Consider also that in the 1962–1968 Plan period, Trade, Industry and Transportation claimed 21 per cent of the total outlay (28). These items had accounted for 37 per cent in the 1958–62 Plan period. The apparent decline of support for capitalist production between the two periods was largely illusory. This is so because much of the heavy outlay for agriculture (34 per cent) in the latter period was principally oriented toward encouraging capitalist production. In all, the trend to increase capitalist production was fairly clear. The more such production was increased, the more (presumably) development was seen to be taking place.

What trend we see here for the Eastern Region seems to apply with little or no difference to other Regions. Like the Eastern Region, the Western Region pursued a policy of transforming agriculture through the agency of farm settlements. The Western Nigeria Development Corporation (WNDC) played a similar role to the ENDC's. The policy was no more successful than in the Eastern Region. ADEGBOYE, BASU and OLATUNBOSUN have concluded that the farms did not have the desired effect...» it appears that the government has not in fact succeeded in making farmers out of the settlers themselves. This is made manifest by the fact that some of these settlers hire labour to do much of their farm operations while they themselves live and work in towns» (29). In the Mid-Western Region the government also, for similar reasons as in the East, embarked on the farm settlements route in agricultural production. It also placed great urgency on the establishment of infrastructural facilities such as industrial estates and hotels (30).

It would appear then that aside from pursuing its policy with great vigour, the post-colonial state followed more or less the same approach to development as did the colonial state. An important difference however was the more overt attempt made by the post-colonial state to help out local entrepreneurs. The latter demanded more direct assistance from the state in «personal, day-to-day, and immediately tangible ways and (in dealing) with the individual problems of each particular firm» (31). Politicians joined businessmen in pressing such demands. The example of the colonial state's support of the foreign firms was fresh in the minds of those making these demands of the post-colonial state. SCHATZ observed that «the view that government was an instrument for serving important business interests appeared to accord with Nigerian observations of colonial practice» (32). For the clamouring local entrepreneurs, the state provided loan programmes. Considerations of space preclude examination here of these loans activities.

The State and Foreign Capital

At the same time as the state was aiding the local entrepreneurs it continued to maintain the major thrust of the external linkages of the national economy. Foreign capital continued to dominate the economy. The possible contradiction between allowing the situation to continue virtually unchecked and at the same time aiding local entrepreneurs hardly seemed to have occurred to the managers of the state. Within this dominance of foreign capital, only slight shifts at the base were apparent if the measure of trade links between Nigeria and the world is used. After 1960 the European Economic Community (EEC) became Nigeria's major trading partner, replacing Britain. Whereas in 1960 Britain received about 46 per cent of Nigeria's exports and the EEC about 30 per cent, by 1973 the figures were about 18.6 per cent to Britain and about 33 per cent to the EEC. Trade was also shifting in favour of the United States. From taking in about 11 per cent of Nigeria's export in 1960, it received about 24 per cent in 1973 (33). Reasons cited by OJO for these shifts included a decline in Britain's total share of world trade from about 8 per cent in 1967 to about 7 per cent in 1970 and the incidence of tied aid which determined to some extent how Nigeria may order its external trade relations (34). The latter reason may be more appropriate with regard to imports rather than exports.

A similar trend is also observed in the pattern of Nigerian imports. In 1960 Nigeria's imports from Britain, the EEC and the US were about 43 per cent, about 19 per cent and 6 per cent respectively of total imports. By 1972 the figures had become, again respectively and of total imports, about 26 per cent, about 30 per cent and about 10 per cent (35). It again appears that the EEC and the US gained at the expense of Britain. The West remains however, the most important traders with Nigeria.

The dominance of the Nigerian economy by foreign capital has already been demonstrated by Teriba *et al.* Their study is revealing and noteworthy. In a survey of 1,320 firms they show that Nigerian participation in the economy up to 1969 was still very low, even after the state's attempts to encourage local entrepreneurs have been taken into account (36). According to their data Nigerians held a majority (56.4 per cent) of the shares of the value of ₦ 2. The higher the value of the shares, the less the percentage of Nigerians participating. Thus for the shares of the value of between ₦ 10,000 and ₦ 20,000, 33.3 per cent was in Nigerian hands while 66.7 per cent was in expatriate hands. Looking at shares valued at ₦ 200,000 and above they found that only 26.4 per cent was in the hands of Nigerians while 73.6 per cent was in expatriate hands.

In the same number of firms as above, it was also found that expatriates dominated the Boards. «Expatriate Board members own the total Board's holdings in 569 or 43 per cent of the firms, and have majority shareholding in 827 or 62.8 per cent of the firms» (37). Only in 25 per cent of the Boards studied were there no expatriates, and these were usually the small Boards of about 3–5 persons. On the other hand, on about 40 per cent of the Boards there were no Nigerians. These were usually the Boards of the largest firms where in many cases paid up capital was over ₦ 20,000. The study concludes that «... expatriates can thus be seen (sic) to control over 60 per cent of all the Boards studied» (38).

It appears to have been some recognition of the contradiction between encouraging local entrepreneurship and foreign interests simultaneously that inclined the state rather belatedly in 1972 to seek to rationalize the relationship between the two. Nationalist pressure too may in fact have forced the decision to bring in the 1972 Nigerian Enterprises Promotion Decree commonly called Indigenization Decree. This appears logical from the desire of the petty bourgeoisie to become a bourgeoisie, a desire which was evident from 1960. The Decree aimed not at only maximizing retention within the economy of profits and at helping Nigerian entrepreneurs, it also aimed at raising the level of capital and intermediate goods production within the national economy. Two schedules were proposed in the decree. Schedule I included such service sector activities as retail trade, dry cleaning, hair dressing and other things such as some road haulage, bottling, tyre trading, block, bricks and tiles production, bread and cake making etc. In all, this schedule comprised some twenty-two economic activities. Most of them, it has been argued, «are strategically unimportant in terms of the control which expatriates wield over the economy» (39). The decree provided for one hundred per cent Nigerian ownership in this schedule. Schedule II comprised 33 enterprises. These included beer brewing, manufacture of matches, furniture, cement and paint, ply-wood production, wholesale distribution, paper conversion, electronics assembly, clearing and forwarding, meat, fish and poultry processing, etc. The decree allowed 40 per cent participation in enterprises listed under this schedule by Nigerians.

To facilitate the entry of Nigerians into these enterprises the Federal Government acquired 40 per cent of the shares for foreign banks and now required that they make 40 per cent of their loans to Nigerian business. It also established in 1973 the Nigerian Bank for Commerce and Industry (NDCI) which was «expected to play a more stimulating role, operating more as an industrial promoter rather than a bank» (40). Other agencies established to facilitate the process included the Capital Issues Commission and the Nigerian Enterprises Promotion Board, the latter agency was to oversee the implementation of the decree.

The consensus of opinion appears to be that the decree has achieved very little in terms of indigenizing any substantial part of Nigerian industry; it has perhaps succeeded in domesticating some foreign capital. The most affected single category of expatriate enterprises was that in which Lebanese predominated. Apparently they adapted very quickly by obtaining Nigerian citizenship or going into partnership with Nigerians (41). The decree did not aim at areas in local industry in which Nigerians were totally uninvolved. It is estimated that 56 per cent and about 32 per cent, respectively, of the enterprises under schedules I and II were already in Nigerian hands by 1967 (42). Control of many of the other enterprises still remained with the expatriates who have found Nigerians who, for lucrative rewards, co-operate in arranging transfers on terms favourable to these expatriates (43). The Nigerians who have benefited most from the whole exercise appear to be principally the «strategically placed or wealthy» ones (44).

Finally, the decree seemed to have been badly implemented. It is not clear that the Promotion Board was as vigilant as it could have been. What is clearer is that some of the agencies such as the NBCI performed poorly.

«In spite of the apparent link between the establishment of the NBCI and the indigenization policy, the NBCI has disappointingly not been of a great help in financing the purchase of the business or shares in alien companies affected by indigenization. It has given little or no money at all to individuals to buy shares... nor has it played any great role in the acquisition of businesses under Schedule I... For one thing, the NBCI opened its door for business only some six months before the D-Day for the completion of the first phase of indigenization exercise... For another thing, the NBCI does not normally grant applications for loans below ₦ 20.000» (45).

It may be said in summary that the 1972 decree has not done much towards a resolution of the contradiction between aiding local and foreign private capital simultaneously. What little it has done is in defining the areas of operation of local and foreign capital, thereby difusing any immediate conflict between them (46). We shall return to the further consequences of the decree below.

Perhaps the greatest irony of the whole exercise is that shortly after the Decree came into effect, sections of the Nigerian business community were urging that even more foreign investment be attracted into the economy. According to the late Chief FAJEMIROKUN then President of the Lagos Chamber of Commerce:

«In spite of... indigenization policy, Nigeria still needs foreign investment and rapid manpower development in managerial, technical and technological skills... Nigeria should not only be prepared to pay for such services but it must also be seen to be so prepared. This is why we would like the government to draw out specific guidelines promptly so as to facilitate the attraction of the much needed foreign private investment» (47).

It may be argued, however, that Chief FAJEMIROKUN was not really departing from the view of the government. He only painted afresh what had long been state posture. For, by the 1972 Decree the state was not aiming at curtailing the influence in the economy of foreign investment. After all the indigenization exercise hardly affected oil which even then had become the mainstay of the economy. In fact one can trace the state's attitude to foreign investment and the local private sector through successive Development Plans from the colonial period into the post-colonial era. In them the commitment to local capitalist development that is linked to the international system may be observed. In this evaluation of the two Development Plans drawn under the colonial state and the first Plan under the post-colonial state, NAFZIGER found that they had certain important points in common. They were all

«... drawn up primarily by foreign economists. They were in favour of 'automatic' decision-making by private units, a dismissal of major discrepancies between financial and social profitability, a stress on marginal adjustment rather than fundamental structural change, an accent on a high economic pay-off from directly productive investment (as opposed to an indirect return from social over-heads), the eschewal of increased tax rates at high income levels (for fear of dampening private incentive), a conservative monetary and fiscal policy with an emphasis upon a relatively small plan, an economy open to foreign trade and investment, and a substantial reliance on overseas assistance» (48).

What we see here is the same kind of continuity that SCHATZ observed between the colonial and post-colonial economic direction. This direction is not changed in either the Second or Third National Development Plans even though both were written by Nigerians. In the Second Plan, the highest priorities were accorded such infrastructural activities (49) as would favour great economic growth along the already pre-established orientation i.e. local capitalist development integrated with the international system.

It appears that once this observable foreign dominance of the economy is accepted and its continuation from the colonial era acknowledged, it may be seen that perhaps ALAVI had a good point in suggesting that the colonial and post-colonial states function «to preserve the social order in which the interests of foreign bourgeoisie and the locally dominant classes are embedded namely, the institution of private property and the capitalist mode as the dominant mode of production» (50). What ALAVI should perhaps have emphasized more is that the locally dominant class is most likely to be the junior partner to foreign capital and that even where the former class appropriates the state to aid its own economic purposes this situation hardly changes. This appears to be the case of the Nigerian post-colonial state and the governing class. It remains so because even the parameters, within which state power can operate in the service of the locally dominant class, are already determined by the international economy. The historical relation between the peripheral state's dominant class and some of the metropolitan bourgeoisies, and the dominance in the peripheral economy of capital from the metropole help to define the parameters. Short of incurring the loss of confidence of international capital and thus possibly causing an economic crisis, the state in the peripheral formation has to act within the parameters — which parameters are by no means static of course — in its service to the class which locally appropriates its apparatuses. In fact in the face of the dependence that characterized the Nigerian economy it may be argued that the foreign bourgeoisie was effectively represented (so to speak) even if only indirectly in the internal political process. The fact of the conservation of the colonial economic structure may be adduced to support such a point of view. Within such an economic structure foreign bourgeoisie remains the effective ruling class. The local class which controls the political apparatus has to be consistently mindful of the foreign bourgeoisie if its own interests are not to be jeopardized.

This has precisely been the case with the governing class in Nigeria. This class appears to have been in some fear that it cannot, on its own, effectively control and manage the economy. A reflection of this can be seen from Waziri IBRAHIM's fear that:

If we want to really set about improving the economy of our country in a particular way, they may say we are Communists. They can make our countrymen suspect our every move. If they do not succeed by false propaganda, by calling us all sorts of names, if they fail to make us unpopular in order to win their case, they can arrange assassination. They can do it against us. They can go to any extent without discrimination.

WAZIRI made this defence of the government's economic strategy in 1961 when he was Minister for Economic Development, a ministry which was very important for development planning and implementation. How strongly the Minister or the government believed this fear is difficult to ascertain. What is important is the appearance that for some reason or other the Nigerian governing class was then beholden to, and impotent vis-a-vis, the foreign bourgeoisie. With the foreign bourgeoisie determining the nature and direction of the economy and with this class appropriating a higher percentage of its surplus product than the governing class, the latter are forced to reply even more directly on the state and on means of accumulation other than the ordinary process of accumulation under capitalism. This appears to have been the case for much of the period between colonial dyarchy and the military interregnum.

To be sure, one of the important consequences of the Indigenization Decree has been the expansion of the ranks of the comprador bourgeoisie. They are those from among the hitherto impoverished petty bourgeoisie who, because of some wealth they had accumulated or through their access to the institutions established to facilitate the implementation of the Decree, were able to integrate themselves more with international capital. This process of integration of Nigerians with international capital took the forms of either buying shares in foreign enterprises or acting as fronts for such enterprises. The latter form appears to have been fairly blatant, for it drew a lot of both official and unofficial comment. It was carried on such a scale that General OBASANJO, in his address to the nation on June 29, 1979 noted that Nigerians were indeed helping foreign interests to circumvent the Decree and that the result of this was a «shocking performance» (52). Another observer noted: «In many cases Nigerian frontmen were given directorships. Some even condescended very low by buying shares on behalf of foreigners» (53). As with the Indigenization Decree, so it had been with attempts by government to help indigenous contracting firms. Many of them who secured large contracts from the state simply turned around and brought in foreign firms to do the jobs they contracted (54).

The conclusion appears inevitable that the Indigenization policy has not lessened but may in fact have enhanced Nigeria's dependence position. Perhaps by its very nature the policy could not have done much else.

For, while it better rationalized the relationship between Nigeria and foreign capital and provided the former greater room for capital accumulation, it left virtually untouched the big league players such as the United Africa Company, the Compagnie Française de l'Afrique Occidentale (CFAO) that have long been dominant (55). And since the Decree was promulgated Nigerian businessmen and the Federal Government have been at pains to assure foreign investment that it was still warmly welcome. Addressing Commercial and Merchant Banks' Chief Executives in November 1975, General OBASANJO said:

«I like to assure you that... you can count on the warm disposition of this administration towards private enterprise and endeavour. We have sought every opportunity to emphasize our intention to continue to collaborate with foreign investors in promoting joint ventures and in ensuring fair and equitable returns on investments. I like to assure you that investments, from external and internal sources, in the deserving areas of the Nigerian economy have our guarantee of safety... I hope that you will accept the assurances and re-assurances of our favourable disposition to private enterprise and initiative, and pass them on in all your business contacts» (56).

The effect of the Indigenization Decree and the open arms policy toward foreign investment is that Nigerians have been able to take over the low and medium levels in the economy (such as bottling, baking, entertainment, wholesale distribution and shipping) while the real commanding heights of the economy (such as in the oil industry and technology) will still remain foreign dominated. The U.A.C., John HOLT, LEVENTIS, G.E. OLIVANT and the CFAO who had had their tentacles in nearly every area of the economy now attempt to consolidate their resources in the higher grounds of the economy.

All this means that the Nigerian state and the governing class continue to play an intermediary role between the national economy and international capital. What accumulation of capital has taken place among the comprador bourgeoisie and elements of the petty bourgeoisie seems to have been turned into conspicuous consumption or invested in other quick-profit yielding endeavours. Doing this, they have become agents of, instead of a viable alternative to, international capital. Echoes of Frantz FANON come to mind at this point. He had written of the dominant class in most African states in the following perceptive, if caustic, terms:

Seen through its eyes, its mission has nothing to do with transforming the nation; it consists prosaically, of being the transmission line between the nation and a capitalism, rampant though camouflaged, which today puts on the mask of neo-colonialism... will be quite content with the role of the Western bourgeoisie's business agent, and it will play its part without any complexes in a most dignified manner (58).

II. CONCLUSION

What I have attempted to do in this paper is to bring together and analyse some of the existing evidence of the role in the economy of the Nigerian post-colonial state. I should hope that the above discussion places the evidence in its proper context for a more thorough appreciation of the role of the State. There is a need to understand in all its ramifications the roles of the state in the economy, roles which at first glance may appear unrelated and whose impact may go beyond their immediate justifications.

At the theoretical level it is important to appreciate that if by definition the post-colonial state plays the further role of managing and meshing the modes of production, *the nature or direction of this further role depends very much on the nature of the class that controls the state apparatuses*. This point has only been implicit in the discussions of the post-colonial state. It needs to be stated explicitly. For the state is not a tangible thing; it does not itself as such play a role. Rather it is the class that controls the apparatuses of the state that plays a certain role in the name of the state. So, to speak of the role of the state is in fact to speak of the role of the class that controls it. This is why it is virtually imperative that in considering the role of the state we must know the nature of the class behind it.

To be sure, all post-colonial states play vital roles in the articulation of the international modes of production and in the relationship of the national economy to the international system. The crucial difference in how these roles are played will lie in the nature of the classes in charge. Thus in a social formation where a comprador bourgeoisie is dominant, the state will be used to enhance greater integration with international capital, for it is on this integration that the dominant comprador class will survive. In such a social formation the economy is heavily biased toward an import-export operation. There is evidence of this in the Nigerian economy. Where a national bourgeoisie is dominant there still may be integration with the international system but a greater, more conscious and serious effort is made to protect the national economy (i.e. the interests of the national bourgeoisie) from some of the effects of international capital. A national bourgeoisie is quick to recognize that at least contradictions exist between its proper interests and those of international capital.

Of course the question is not as clear-cut as it may appear here. For it does not necessarily follow that the interests of either the comprador or national bourgeoisie will be clearly dominant at any one time. There could always be struggles between these two and any other fractions of the bourgeoisie. The effect of these struggles will be reflected in state policy. Thus with the Nigerian example it appears that for much of the period under discussion the comprador elements of the dominant class had the upper hand. But also the 1972 Decree suggests the existence of a nationalist fraction of the dominant class, even if it is still weak.

Whether it is the national or comprador elements of the locally dominant class that prevails, state policies are still carried out within the 'development' perspective. However, where the class that comes to control the state gives up bourgeois pretensions and, according to CABRAL, commits class suicide by reincarnating «itself... in the conditions of workers or peasants» (59), state policies are carried out within a revolutionary, socialist perspective. And in this situation the further role of the post-colonial state in the economy may be in the direction of reorienting it from the dominant influence of foreign capital. Again, it may not be assumed that the trend will be clear and the goal necessarily achieved. The more important point to note is that it is the locally dominant class controlling the state apparatus that determines the nature of the state's roles in the economy. To speak of the state then is to speak of the class that controls it.

FOOTNOTES

1. Steven Langdon; «The State and Capitalism in Kenya», *Review of African Political Economy*, 8, 1977, p. 93; emphasis on original.
2. See Hamza Alavi, «The State in Post-Colonial Societies: Pakistan and Bangladesh» *New Left Review*, No. 74, 1972 – pp. 59–81 and John Saul, «The State in Post-Colonial Societies: Tanzania» *Socialist Register* 1974, pp. 349–372.
3. Claude Ake, *Revolutionary Pressures in Africa* (London: Zed Press, 1978).
4. *Ibid.*, p. 67.
5. *Ibid.*
6. Cf. Robin Murraray, «The Internationalization of Capital and the Nation State», in Hugo Radice, ed., *International Firms and Modern Imperialism*, (New York: Penguin Books, 1975), pp. 110–117.
7. Ikenna Nzimiro, *The Crisis in the Social Sciences: The Ngerian Situation*. Inaugural Lecture Delivered at the University of Nigeria, 15 October 1976, (Third World Forum: Occasional Paper No. 2, 1977), pp. 21–25.
8. See Wolfgang F. Stolper, *Planning Without Facts: Lessons in Resource Allocation from Nigeria's Development*, (Cambridge, Mass: Harvard University Press, 1960). He argued for Nigeria's continued integration with foreign capital on the grounds that «the countries increasing their income as well as their standard of living at the most spectacular rate are also countries in which foreign integration has been substantial», (p.61). Nor did Stolper see much use in pursuing protectionist policies: such measures, to him, were tantamount to misallocation of resources (pp. 159–160). Profitability was his watch-word. Stolper was sent to Nigeria (to head the team that drew up the 1962–1968 Plan) under the auspices of the Ford Foundation. For some though not basic disagreement with Stolper by another American member of the planning team see Clive C. Gray, «Planning Without Facts – A Review Article», *Nigerian Journal of Economics and Social Studies*, Vo. 10, No. 1, 1968, pp. 3.31. More views about the Plan appeared in W. F. Stolper, «The Main Features of the 1962–68 National Plan», *Nigerian Journal of Economics and Social Studies*, Vol. 4, No. 2, 1962, pp. 85–91; L. M. Hansen, «Methods of Economic Programming and Analysis in the Plan», *Ibid.*, pp. 92–109 and O. Abayode, «A General Critique of the Plan», *Ibid.*, pp. 110–115.

20 *Africa Development*

9. See James Coleman, *Background to Nigerian Nationalism* (Berkeley: University of California Press, 1958), p. 158.
10. Cf. Goran Therborn, *What Does the Ruling Class Do When it Rules? State Apparatuses and State Power Under Feudalism, Capitalism and Socialism*, (London: New Left Books, 1978), pp. 1446–61; also Michaela von Freyhold, «The Post-Colonial State and Its Tanzanian Version», *Review of African Political Economy*, No. 8, 1977, pp. 75–77.
11. Sayre P. Schatz, *Nigerian Capitalism*, (Berkeley: University of California Press 1977), p. 3.
12. *Ibid.*, pp. 3–4.
13. Eastern Nigeria, *Report of the Economic Mission, 1961*, (Enugu: The Government Printer, 1962), p. 1.
14. *Ibid.*, p. 3.
15. *Ibid.*, p. 5.
16. *Ibid.*, p. 6.
17. Eastern Nigeria, *Report on the Third Conference of Leading Personalities of Eastern Nigeria Origin*, (Enugu: The Government Printer, 1962), p. 22.
18. See for example H. A. Oluwasanmi and J. A. Alao, «The Role of Credit in the Transformation of Traditional Agriculture: The Nigerian Experience», *Nigerian Journal of Economics and Social Studies*, Vol. 7, No. 1, 1965, pp.31–50.
19. This discussion is based on Eastern Nigeria, *The ENDC in the First Decade 1955–1964* (Enugu: ENDC n.d.) and G. K. Helleiner, «The Eastern Nigeria Development Corporation: A Study in Sources and Uses of Public Development Funds 1949–1962», *Nigerian Journal of Economics and Social Studies*, Vol. 6, No. 1, 1964, pp. 98–123. See also O. Teriba, «Development Strategy, Investment Decision and Expenditure Patterns of a Public Development Institution: The Case of Western Nigeria Development Corporation, 1949–1962», *Nigerian Journal of Economics and Social Studies*, Vol. 8, No. 2, 1966, pp. 235–258.
20. See Eastern Nigeria, *Sixth Annual Report of the Eastern Nigeria Marketing Board*, (Port Harcourt: C.M.S. Press, n.d.) pp. 32–33 and the *Eighth Annual Report of the Eastern Nigeria Development Corporation 1962–63 and the Accounts Dated 31 March 1963*, (Enugu: Eastern Nigeria Printing Corporation, n.d.).
21. Eastern Nigeria, *Eighth Annual Report of the Eastern Nigeria Development Corporation*, p. 16.
22. Eastern Nigeria, *The ENDC in the First Decade 1955–1964* p. 25. It interpreted such incidents as merely cases of misunderstanding by the peasants.
23. *Ibid.*, p. 9.
24. Eastern Nigeria, *Eastern Nigeria Development Plan 1962–1968*, (Enugu: Government Printer 1962), p. 7.
25. *Ibid.*, p. 9.
26. *Report on the Conference of Leading Personalities*, p. 15 Professor Oluwanmi has drawn attention to this problem as it existed on a national scale: «It is not easy to obtain even an approximate idea of present food production for domestic consumption in Nigeria». See his «Agriculture and Rural Development» in A. A. Ayida and H. M. A. Onitiri, eds., *Reconstruction and Development in Nigeria: Proceedings of a National Conference*, (Ibadan: Oxford University Press, 1971), p. 144.
27. *Eastern Nigeria Development Plan 1962–1968*, p. 37.

28. *Ibid.*, p. 12.
29. R. O. Adegboye, A. C. Basu and Dupe Olatunbosun, «Impact of Western Nigeria Farm Settlements on Surrounding Farmers», *Nigerian Journal of Economics and Social Studies*, Vol. II, No. 2, 1969, p. 238.
30. Mid-Western Nigeria, *Mid-Western Nigeria Development Plan, 1964–1968*, (Benin City: Ministry of Internal Affairs, 1964), pp. 15 and 25.
31. Schatz, *op. cit.*, pp. 84–85.
32. *Ibid.*, p. 85.
33. See O. Adewumi and S. O. Olayide, «Foreign Trade and Public Finances» in S.O. Olayide, *Economic Survey of Nigeria (1960–1975)*, (Ibadan: Aromolaran Publishing Co. Ltd., 1976), p. 127.
34. Folayan Ojo, «Economic Integration: The Nigerian Experience since Independence», *Nigerian Journal of Economics and Social Studies*, Vol. 18, No. 2, 1976, p. 291.
35. *Ibid.*, p. 290, table 2.
36. We are drawing here from O. Teriba, E. C. Edozien and M. O. Kayode, «Some Aspects of Ownership and Control of Business Enterprise in a Developing Economy: The Nigerian Experience», *Nigerian Journal of Economics and Social Studies*, Vol. 14, No. 1, 1972, pp. 3–26.
37. *Ibid.*, p. 15.
38. *Ibid.*, p. 16.
39. *Ibid.*, p. 18.
40. See S. A. Oni, «Industry Including Indigenisation» in Olayide, ed., *op. cit.*, pp. 66–67.
41. See Paul Collins, «Public Policy and the Development of Indigenous Capitalism: The Nigerian Experience», *Journal of Commonwealth and Comparative Politics*, Vol. XV, No. 2, 1977, p. 133.
42. Schatz *op. cit.*, p. 60.
43. *Ibid.*, p. 61.
44. *Ibid.*
45. Dr. A. O. Falusi, «Money, Banking and Insurance» in Olayide, ed., *op. cit.*, p. 165.
46. Ake, *op. cit.*, p. 49.
47. *Daily Times*, (Lagos) December 7, 1974, cited in Schatz *op. cit.*, p. 41.
48. W. Wayne Nafziger, *African Capitalism: A Case Study in Nigerian Entrepreneurship*, (Stanford: Hoover Institution Press, 1977), p. 65.
49. Nigeria, *Second National Development Plan 1970–1974*, (Lagos: Federal Ministry of Information, 1970), p. 35.
50. Hamza Alavi, *op. cit.*, p. 62.
51. Quoted in Segun Osoba, «The Nigerian Power Elite, 1952–65» in Peter Gutkind and Peter Waterman eds., *African Social Studies: A Radical Reader*, (London: Heinemann Educational Books Ltd., 1977), p. 380.
52. *In Call to Duty*, (Speeches by Brigadier, later General Olusegun Obasanjo), Lagos: Federal Ministry of Information, n.d.), p. 63.
53. Babatunde Jose, Jr., *Daily Times*, (Lagos) 9 February, 1978.
54. Schatz, *op. cit.*, p. 195.
55. Ake, *op. cit.*, pp. 48–49.
56. *Call to Duty*, *op. cit.*, pp. 21.

RESUME

Dans cet article, l'auteur veut montrer le rôle de l'Etat nigérian dans l'économie de ce pays en insistant plus particulièrement sur sa capacité de faire coexister les modes de production internes (capitaliste et pré-capitaliste) et aussi sur la manière dont il arrive à harmoniser l'économie domestique et internationale. Il développe sa thèse en trois grandes parties : C'est ainsi qu'il expose successivement la perspective politique et idéologique qui sous-tend le rôle de l'Etat dans l'économie en général, le rôle concret de l'Etat nigérian dans l'économie et les implications de cette intervention de l'Etat dans l'économie. Parlant du Développement en tant que Politique ou Idéologie, l'auteur commence d'abord par faire un bref historique de ce concept. Il fait remarquer que ce concept de développement tel qu'il est compris actuellement, est intimement lié au comportement des Etats-Unis par rapport aux pays européens après la deuxième guerre mondiale. En effet le Plan Marshall qui après la deuxième guerre mondiale a permis aux Etats-Unis d'aider à la reconstruction de l'Europe, a aussi engendré un type de rapports entre les Etats-Unis et ces pays. Ce type de rapports qui faisait des USA l'exemple à imiter parce qu'étant le pays développé «par excellence», est le même que celui qui existe actuellement entre les pays développés et les pays sous-développés. C'est ce qui explique que souvent développement est synonyme de capitalisme car ces pays qu'on dit développés et que les autres pays essaient d'imiter se trouvent être en même temps les grands pays capitalistes.

Pour le cas concret du Nigéria, l'auteur estime que quand on considère la politique de développement adoptée jusque-là par les différents gouvernements, on se rend compte qu'en réalité il n'y a pas eu de changement du tout quant au comportement de l'Etat par rapport à l'économie du pays et qu'en fait l'Etat post-colonial s'est comporté d'une manière identique à l'Etat colonial. Pour justifier son affirmation, il étudie le rôle de l'Etat dans une des plus grandes entreprises : «le Eastern Nigerian Development Corporation». Tout dans l'implication de l'Etat dans cette entreprise a tendu à transformer l'agriculture paysanne en une agriculture de type capitaliste avec comme unique objectif la production d'un surplus qui servirait à financer l'industrialisation. Cette analyse lui a alors permis de considérer aussi les rapports entre l'Etat et le capital étranger. Ce rapport est un rapport de dominant à dominé caractérisé essentiellement par une contradiction flagrante de la part de l'Etat à savoir, aider à la fois le capital local et étranger.

L'auteur conclut son article en faisant remarquer que, en fait, parler du rôle de l'Etat dans l'économie d'un pays, c'est aussi et surtout parler du rôle de la classe qui contrôle cet Etat dans l'économie — C'est parce que la classe dirigeante a toujours été la bourgeoisie comprador que l'économie du Nigéria est actuellement ce qu'elle est.