

A REVIEW OF THE POLITICAL ECONOMY OF THE
INDUSTRIALIZATION STRATEGY OF THE NIGERIAN
STATE, 1960-80 *

By

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INTRODUCTION:

The Post Colonial Nigerian State – albeit an overdeveloped one (Colin Leys, 1976) – has been grappling in converse to the nature of its politics with economic underdevelopment without much obvious success. It is still «a nation which cannot feed itself and cannot (therefore) be regarded as self-reliant in any meaningful sense (Obasanjo, 1979)».

Like most Third World nations, Nigeria has put the thrust of coping with the problems of underdevelopment on a strategy of rapid industrialization. In spite of this commitment to rapid development of the industrial sector for self-reliance in three plan documents spanning almost two decades the Nigerian economy still manifests all the features of a dependent neo-colonial economy. The share of manufacturing and crafts was about 8 percent of GDP during 1978 having remained just at an average of less than 5 percent during 1970 - 71 to 1974 - 75. The structure of the manufacturing sector shows a dominance of the so-called «low technology consumer industries» - food, beverages and tobacco as well as textiles - in its value added, and the almost non-existence of the more critical metallurgical and engineering industries. Agricultural exports of some products have either seized or declined considerably while food items have virtually stagnated in the face of an increasing population. What might have led to inevitable economic crisis have been staved off because of the revenue being derived from the export of a single product crude oil - accounting for about 75 percent of estimated total revenues during 1979/80 and also about 75 percent of estimated foreign exchange receipts (Obasanjo, 1979).

The Nigerian State-like all states-necessarily reflects the underlying socio-economic formations and the interests of the nascent classes in the society. The incapacity of the dominant nascent elite (bourgeois) class in Nigeria to develop within the last two decades of national independence a self-reliant economy in any «meaningful sense» cannot be attributed simply to economy mismanagement due to corruption or lack

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of motivation or modernizing spirit but to features of the political economy of the Nigerian State. - Some of which are specific to the Nigerian environment and others of the features which take on universal character because of their ideological undertone. This essay is therefore an attempt to describe chronologically the industrial development strategy of the Nigerian State as stated especially in three post colonial plan documents and to appraise the successes and failures of the industrial development policies as perceived by the author within a political economy framework.

The second part of this essay will be a brief discussion of the subject matter - political economy in the context of Nigeria - as understood by the author. The third section will be devoted to reviewing the industrial development policies during 1960 - 80 with critical comments on the possible class interests that have informed formulation and execution of policies. The concluding part of the essay attempts to posit an industrial development strategy within a stable polity.

II

Political Economy - The Nigerian Framework

The problem of the nature of the state after independence is perhaps the secret of the failure of African independence (Amil Cabral)

The International Scene

A laissez-faire economic system will by definition allow only a minimal role for the state in the ordering of economic activities while on the hand a centrally planned economy presumes the supremacy of a political authority - the state. We do know of course from economic history that the laissez-faire doctrine has always been preached by the ideologies of atomistic competition in the market place as opposed to the monopolistic and oligopolistic practices that dominate contemporary industrial capitalist states. Thus the laissez-faire doctrine has remained essentially a philosophical abstraction that has served as a tool in the hands of reactionary forces whenever private acquisition and ownership of capital is threatened as a result of workers agitation. The point being made is that at least since the emergence of the «nation-state» with different social groups or classes that have been contending for limited economic resources the state by definition has always had an economic role. Indeed in Marxian terms the rise of the states was conditioned on the economic division of labour and the resultant emergent of classes. That is the state has a class origin and has always represented the interests - mostly economic - of the

It is in the light of the above link between the state, the social classes or groups and the economic process - production, distribution, and exchange - that the classical economists (Smith, Ricardo, Malthus etc up to Marx and Engels) referred to the discipline that is presently termed «economics» in the West as political economy. - Political economy as an academic subject has however, been given more attention within the last decade that witnessed major crisis in the development of the world imperialist economic system. The most significant being the erstwhile theoretically contradictory phenomenon of inflation and accompanying widespread unemployment (stagflation) which led to balance of payment problems among the leading industrial nations making up OECD (Organization for Economic Cooperation and Development). The consequence of the crisis has been serious fluctuations in the exchange for major currencies - the weakening of the leader currency (American dollar) and the almost undisguised trade wars.

The economy crisis that has enveloped the world capitalist economy including most of the Third World nations could be attributed to the emergence on the world scene of the so-called «transnationals» whose activities over resources and major economic products are global. The decolonization of the decade of the 1960's weakened the direct control of the metropolis over the economics of the former colonies in favour of the transnationals that seem to have the capacity to do «business» with the new states. Though the industrial nations are still net importer of resources - industrial raw materials and financial capital vis - a - vis the underdeveloped nations, their lack of direct control over the activities of the transnational corporations owned by their nationals has thrown the world imperialist system into serious instability. The on-going efforts at creating a New International Economic Order though illusive is all the same a real exercise in political economy since nation-states are involved in trying to work out mutually beneficial economic relations.

2.2 Nigerian Political Economy: The almost century long British colonization of Nigeria effectively brought the country into the world capitalist system. The immediate effect of colonialism was the elimination of a thriving craft industry and the trade in the products along traditional routes within the country and neighbouring states (Rodney 1972 and Adamu, 1977) along West Africa. An admittedly then subsistent peasant economy became an import - export one to be facilitated with the metropolis with a network of roads and railways all leading to the sea-ports. The ships owned by British companies evacuated agricultural and mineral products from the ports to Britain mostly and brought back predominantly Britain manufactured goods to be distributed by wholesale, and retail companies owned by Britons. In the process an elite emerged, educated to read and write and later

to work in the mercantile houses and in Government institutions. Over the years a trader class also emerged that its members were able to be appointed as factors to the foreign owned trading companies - UAC, UTC, SCOA, G.B. Ollivant John Holt etc.

Thus on the eve of Nigeria's independence in October, 1960 it was possible to identify a nascent bourgeois class. * The presence of this class made it possible for «British imperialism to cede political kingdom in order to maintain the substance of economic domination» (Judith Marshall, 1976). The new state that therefore emerged on the international scene symbolized by acceptance into the United Nations could aptly be described as neo-colonial - independent politically but mostly dependent economically.

According to Dr. Pius Okigbo (1979) the policies (economic) of Governments since 1960 will show that the ideological preconceptions neo capitalist rather than socialist - of the various Nigerian governments have been the same. The ideological underpinning of development policy characterised by Okigbo became more glaring in the recent 20th post independence budget speech of the Nigerian Head of State - especially in the section which contained the review of «the extent of colonial and foreign domination of our economy». Trading and manufacturing activities were at independence operated by British firms - United African Company, John Holt, G.B. Ollivant, Rowntry, Fry and Cadbury, lever Brothers, Nigerian Breweries etc and the financial sector by Barclays Bank and British Bank of West Africa.

«However, soon after independence, companies from other foreign countries began to establish in Nigeria to dilute British colonial dominance while at the same time increasing the totality of foreign control of the economy. It is pertinent to point out at this stage that all these companies from which-ever countries were fully-owned subsidiaries of multi-national companies which had their headquarters in Europe, America or Japan where the policies governing their operations in Nigeria were discussed, determined and handed down» (Obasanjo, 1979).

* A «nascent bourgeois» class is considered to be a more appropriate categorization in the specific Nigerian situation in preference to «Petty-bourgeois» that is used by most contributors to the RAPE publication of 1976, No.5 on the nature of African States.

That is independence for Nigeria facilitated the diversification of imperialist holdings and the consolidation of the integration of Nigeria into the world capitalist system that started about one hundred years earlier when the British annexed geographical expanse that is now referred to as the Federal Republic of Nigeria. The answer of the Nigerian bureaucratic/military elites to foreign ownership of capital assets is the indigenisation decree whose main thrust, «with its quest for indigenous entrepreneurs and so-called entrepreneurial habits, is to legitimes the capitalist road of development..... (seeking) to transfer the means of production without altering production relation» (Onoge 1974). This legitimisation of the capitalist road represents according to Onoge «a misunderstanding of the very historical sources of our contemporary underdevelopment. For was colonialism not, in fact a consequence of expansionist capitalism? How can capitalism which had underdeveloped us since colonialism now suddenly reverse its consequences?» (Onoge 1974). Leading spokesmen of the Federal Military Government have since admitted that meaningful indigenisation - ownership and control of management and technology-is not taking place. What is happening is that the Nigerian comprador class (merchants, retired bureaucrats and military elites or their representatives) is contented to serve as fronts for foreign businesses as long as it is assured of generous dividends.

The budget summary also highlighted the uneven distribution of income between the rural majority condemned to the drudgery of traditional farming techniques and the mass of urban slum dwellers on the one hand and the emerging absentee farmer/kulaks and the comprador class on the other. The strongly skewed income distribution was accentuated during the «era of easy money and conspicuous consumption» that was prevalent during the oil boom. Acquisition of «wealth without labour» is in tune with the ethics of parasitic capitalists who cannot see the benefits of productive labour and the dignity of such a labour.».

An interesting and revealing aspect of the 1979/80 budget under «general measures» is that dealing with the observed «tendency among the youths to regard the material successes of their parents as reasons for not wanting to make any efforts to improve themselves and earn their own living.....believing that they should have no ambition and relying on their parents wealth to see them through life.....», some control is therefore deemed necessary «in order to avoid future disaffection and social explosion».

«In consideration of these and other factors, the Supreme Military Council has promulgated another Decree known as Capital Transfer Tax Decree whose main objective is to impose a tax on capital assets transferred as gifts by one citizen to another. While the first N100,000 of such gift will be free of tax

the next N150,000 will henceforth attract 10 per cent tax while gifts or asset transfers of N2 million and above will attract 60 per cent». (Obasanjo, 1979).

The measures contained in the capital transfer tax decree will no doubt be considered progressive in the context of Nigerian chosen path of capitalist development.

The unemployment which the squeeze on money supply and cut back on public works will create must necessarily depress total demand and stagnate economic development. It is noteworthy that the Nigerian workers are already protesting against some aspects of the budget.

The budget's intention is to build a disciplined, fair, just and humane African Society. This is meant to emphasize a different ideological approach; but its essence is capitalistic – assigning major roles to the private sector in the development generally and in particular to the priority sectors of agriculture and manufacturing. It is the continuing process of transforming the neo-colonial economy to some distorted form of State Capitalism. Monetary and fiscal policies are designed to create favourable climate for capital accumulation by private entrepreneurs. Enormous government contracts are awarded at exorbitant costs, government credits (mobilization fees) are granted, tariffs adapted, subsidies, tax holidays granted – all to sustain the emergent bourgeois class.

If it is appropriate to define political science as the study «either of power or of decision making» it will be possible to identify in the Nigerian policy within the last two decades the major actors. The preceding observation on the budgets indicates the interests which the elites that have been managing the economy are serving. They have exercised their enormous power in the decision making process in the economic interest of the nascent bourgeois class. The post-Keynesian stop-go measures – deflate/inflate – which have not helped economic crisis in the better managed economies of the industrialized capitalist nations can hardly succeed in a poorly developed economy. And yet for political reasons these policies have been stuck to by the Nigerian bureaucratic/technocratic elite.

With this general understanding of the Nigerian political economy we shall be proceeding to review the evolution of the Industrial Development policy of Nigeria over the last two – decades.

III

Review of Industrial Development Policy

The low share of manufactures – less than 10 per cent – in GDP and the dependence on a primary product (crude petroleum) as the principal source of revenue two decades after independence firmly

places the Nigerian State as a dependent neo-colonial economy. On the eve of political independence the small Nigerian industrial scene was made up mostly of such low technology manufactures – like bakeries, oil milling, rubber processing, tanning, saw milling. With this background the national and regional industrial policies for the first national Development Plan were formulated. The policies that have been pursued by governments on Industrial Development are often elaborated in the annual budget speeches, ministerial statements at conferences and public forums and some of the data for appraising effectiveness of the policies are contained in several publications like «Industrial Survey of Nigeria» published by the Federal Office of Statistics.

3.2 *The First Decade:* The aims of policy for the development of the industrial sector were articulated in the first national plan document – 1962–68. They were summarized at the Federal level as:–

- (i) to stimulate the establishment and growth of industries that contribute both directly and materially to economic growth;
- (ii) to enable Nigerians to participate to an ever increasing extent in the ownership, direction and management of Nigerian industry and trade.

The plan also elaborated policy instruments and specific measures for achieving the stated objectives.

- (a) Government was to provide fund for direct participation in industries;
- (b) A development bank was to be set up by government to lend to industries and act as one channel for foreign capital;
- (c) Government legislation to stimulate the growth of private industries.

Further elaboration of the Government objectives contained in (i) and (ii) above were to use industrial development for creating employment and increasing industrial output as well as the indigenisation of industrial capitalism in Nigeria. We should note that the desire of the nascent Nigerian bourgeoisie to own and control industrial enterprises through indigenisation of foreign business already had its origin in the first development plan. The continuing references to the need to indigenize and transfer technology to Nigerians by the present government is somehow an acknowledgement of the failure of a policy that has been pursued for almost two decades.

The policy instruments and measures specified in (a), (b) and (c) above are clearly in tune with the demands of state capitalism. Fund to be provided for direct participation in industries would offer «risk free» contracts for foreign designers and Managers and indigenous collaborators. The profits to the agents are normally fixed and guaranteed.

The creation of lending banks – the Nigerian Industrial Development Bank later duplicated in the Nigerian Bank for Commerce and Industries was part of the deliberate policy of the post colonial state to create an industrial bourgeois class albeit at the expense of the Nigerian toiling masses. The moves that are familiar and calculated to serve the interest of the national elites and entrench the neo-colonial state legislations are passed by government to grant incentives in order to improve the «investment climate». The incentives include, «pioneer certificates which allow for income tax relief, import duty relief, initial capital allowance and depreciation allowance for investment in equipment, duty relief on industrial machinery, spare parts and raw materials and the protection of local industries through tariffs, quota restrictions and licencing of imported competing products». Policy to disperse industries to underdeveloped regions was to be achieved by developing industrial estates supplied with necessary infrastructural facilities in towns spread all over the country and by granting loans for the development of small scale industries. The small scale loan scheme is also seen as a training ground for the desired industrial capitalist class.

Policy was quite unambiguous in its desire to promote private accumulation of capital as opposed to the social ownership of the means of production. It is stated clearly that one of the industrial policy objectives «is to encourage primarily private entrepreneurs to invest in industrial undertakings rather than government or public institutions. Parastatal body to be set up by government was to lend loans or invest in industrial projects only to complement private initiatives. Thus industrial development policy of successive Governments in Nigeria since 1960 has been underpinned by primary reliance on private initiatives».
(A. Fadahunsi, 1978).

In spite of the favourable and generous conditions created by the state for investments in industrial projects by foreign and indigenous entrepreneurs, not only were major projects like the iron and steel complex meant to provide the basis for «economic transformation which ancilliary heavy machines, engineering and electrical industries would have made possible» not executed; but also many of the projected light and intermediate goods industries never got started. A major impediment to the fulfilment of the intention of the plan was of course the reliance on foreign sources for the capital expenditure which the authors of the first national plan put at about 50 per cent of the total. In drawing the plan for the Federation «each government was supposed to limit its capital expenditure programme to twice the amount that it

could provide itself and was permitted to assume that foreign aid would provide the balance of the funds» (Dean, 1972). The neo-colonial dependency mentality informing such a decision by the authors of the plan is quite obvious; and so is the strong desire to link the Nigerian economy and state to the World Capitalist financial institutions - World Bank (IBRD), International Monetary Fund etc.

It is not possible to make a full appraisal of the effects of industrial development policies during the first decade of national independence because of the unstable political climate leading to the Civil War during the last three years of the 1960's. The «dependent but not dependable» (John Saul, 1976) Nigerian State could not fulfill the welfare objectives of the development plan for its population because of the «unrestrained intra-class rivalry» of the nascent bourgeois class. The military/bureaucratic elites were in the circumstances forced to take more stringent and fiscal measures to avert «threatening crisis in the balance of payment position».

Overall state capitalism as we should expect benefitted the private foreign and indigenous entrepreneurs during the first decade. Given over generous incentives the investment plan for the private sector over the whole plan period was substantially exceeded two years to the official ending of the plan. Though deliberate policy in favour of private entrepreneurs paid off the structural transformation of the industrial sector and the economy as a whole did not materialize and hence the policy objective of employment generation and substantial growth in output for mass welfare did not materialize.

3.3 *The Second Decade, 1970 - 80* In its essentials industrial policy continued to be in favour of state industrial capitalism. Indigenisation, employment creation, diversification of industrial output and location of manufacturing establishments etc were all reaffirmed in the two plan documents covering the decade - the 2nd National Plan for Reconstruction and Development 1970 - 75 and the current 3rd National Development Plan, 1975 - 80.

The decade has been particularly favourable for the windfall profits that accrued to the transnational corporations (see table of value of UAC trading and industrial operations below) and their parasitic indigenous merchants. The huge profits followed the expansion of economic activities after the Civil War and accelerated further by the oil boom that enabled the Gowon regime to pay the Udoji Salary Awards. It was indeed the peak period for «easy money» - made legitimately if immorally or by corrupt means. For instance the inability of the Nigerian State to meet the scheduled dates for FESTAC was attributed to not just incompetence on the part of officials but high level corruption starting from the design and award of contracts to the level of suppliers of building materials - cement, planks, gravels, iron, rods etc. Easy money also came through the notorious cement Armada created by the collusion of bureaucratic/military/merchant elites.

UAC (Nigeria) Ltd: Sales and Profits 1972–77

Year	1972	1973	1974	1975	1976	1977	1978
Sales	201560	213403	248401	395071	576065	701848	788500
Profits	14993	17149	30472	57925	91293	10882	92940
Profits/ Sales%	7.4	8.0	12.3	14.7	15.8	15.5	11.9

The 1970–75 plan also incorporated plans reflecting the twelve state structure of the Federation in 1967. «The creation of new centres of growth» around the new state capitals obviously increased public sector investments in industrial projects since because of lack of basic infrastructures private entrepreneurs were not very interested in investing in the new States. The opportunities for contracts on state sponsored projects also helped in the diversification and strengthening of state capitalism and especially because the plan contained the «policy framework for and the programme of the reconstruction of the war damaged areas». The reconstruction period was concerned with rehabilitation of abandoned or damaged factories. And the class of exploiters who handled some of the rehabilitation programmes had no moral inhibition in defrauding the masses.

As we already indicated the second plan as laid down by the Federal Government was to continue more vigorously some of the objectives laid down during the first plan and to add other policy goals in keeping with the overall industrial strategy. The objectives as stated in the second plan (p.143) were:

- (i) promote even development and fair distribution of industries in all parts of the country;
- (ii) ensure a rapid expansion and diversification of the industrial sector of the economy;
- (iii) increase the incomes realised from manufacturing activity;
- (iv) create more employment opportunities,
- (v) promote the establishment of industries which cater for overseas markets in order to earn foreign exchange;
- (vi) continue the programme of import substitution, as well as raise the level of intermediate and capital goods production;
- (vii) initiate schemes designed to promote indigenous manpower development in the industrial sector; and

- (viii) raise the proportion of indigenous ownership of industrial developments.

Policy instruments for achieving stated objectives would still rely on creating a favourable climate for investments by foreign and indigenous entrepreneurs. Industrial incentives to be granted would include: Pioneer Company Certificates, Duty Relief and Approved User Scheme, Initial and Depreciation Allowances, other monetary and fiscal measures to attract investors.

The thrust of government strategy for industrialization is the indigenisation of ownership and management of industrial establishments. Towards this end the Nigerian Entreprises Promotion Board (1972) Decree amended in 1976), the Capital issues commission, Industrial Training Fund, Bank for Commerce and Industry (in addition to NIDB) were set up. There is no gain-saying that in spite of all the measures taken to encourage industrial development the recorded achievements with respect to objectives – increase employment and income and indigenisation of ownership and management of industrial establishments have been modest. And this should not have come as a surprise since foreign capital which has the capacity and know-how to make the critical investments would not do so for reasons of self interest. Being concerned primarily with making profits foreign investors engage in relatively risk free ventures – wholesale and retail trades with very high rate of returns averaging about 25 – 30 per cent and mining activities that promise quick returns. In an unstable political climate they are understandably less inclined to commit their investments to projects with relatively long gestation period. The Nigerian entrepreneurs who are thoroughly ingrained in the highly profitable «buy and sell» syndrome never paid attention to manufacturing business activities.

Rather than acknowledge the political and cultural constraints to industrial development the authors of the Third National Development Plan, 1975 – 80 still persisted in the policy of reviewing of existing incentives to encourage indigenous and foreign entrepreneurs to invest in most of the subsectors of manufacturing. The plan rightly recognized some other constraint that has hampered development in the manufacturing sector as:

- (a) infrastructural – inadequacy in the supply and management of water, electricity, communication facilities, transport especially railway, port facilities etc,
- (b) restrictive industrial policy and administrative bottlenecks that frustrate investments in a number of worthwhile projects;
- (c) shortage of industrial manpower and the relative unattractiveness of manufacturing to indigenous business-men;

- (d) slow implementation of the public sector manufacturing projects which are generally to act as the foundation for the growth of the sector as a whole.

The review of the current (1979/80) budget showed clearly the preponderance of crude petroleum in the nation's economic activities and the low performance of the progressive modernizing manufacturing sector. The 1975–80 plan to rectify the structural imbalance in the manufacturing sector of the economy by emphasizing the production of basic and intermediate goods failed within a year of the launching of the plan. This was due to the unrealistic approach of the people brought up and still believing in the spontaneity of the market mechanism as opposed to economic development planning which by definition requires to be successful conscious appraisal and rational formulation of economic activities. The unrealism of the planners was so glaring that within a year of the launching of Third National Development Plan it «became quite clear that the total capital expenditure programmes of all the governments of the federation amounting to N32.9 billion of which manufacturing and craft accounts for N5.3 billion» – was over ambitious. The high rate of inflation which was particularly serious among OPEC countries and the dwindling revenue from oil compelled the governments to reorder the public sector investment priorities in 1976.

The preceding analysis of government industrial development strategy and its execution over almost two decades shows some modest achievements in general but in respect of the more desirable structural transformation that can only be the condition for modernization and rapid development of the economy policies seem to have been misplaced. We shall therefore briefly be looking at suggested policies for the 1980's and make some alternative proposals for the future development of the Nigerian industrial sector.

IV

Alternative Strategy for the Future

The official description by the Nigerian political elites of the ideological values underpinning the management of the national economy since independence is that of «mixed-economy». This is supposed to be the economist analogy of «political neutrality» between East (Socialism) and West (Capitalism). As many commentators have indicated it is this «mixed-economy» ideology that has been responsible for the mismanagement, confusion and corruption in the nation's economic life – private or public.

The mixed-economy strategy for industrial development is a product of the already historically established ambivalence of the «petty-bourgeois».

«The petty bourgeois – intellectual elite and those in trade – share a politically unstable nature. It is they who swing to the side of the bourgeoisie or to the side of the working class, according to the conjuncture, since they are polarized around these two classes» (John Saul, 1976).

This ambivalence of the petty-bourgeoisie is expressed concretely in the Nigerian situation by the welfarist egalitarian undertone of the development plan documents on the one hand and the emphasis on the other to giving generous incentives to encourage private accumulation of capital by the elites. It is this inherent contradiction in policy objectives and instruments contained in planning documents and ministerial statements that have led to the notorious inefficiency and corruption of NEPA, P & T, RAILWAYS, NIGERIAN AIRWAYS etc and the privately controlled production or distribution of commodities – petrol, motor vehicles, cement, cooking gas, beer, soft drinks etc and in the building and civil engineering construction industries. For example according to the Nigerian Sunday Times (25/3/79). «The N1.5 million edifice being put up as the new 30.000 line telephone exchange for Kano has been declared unsuitable to carry the weight of the exchange equipment to be installed therein.....the exchange equipment to be supplied by ITT (Nigeria) Ltd. requires a floor concrete load of 700 kilograms per square metre, but the building as it is now could only guarantee a load of below 400 kilograms per square metre».

It will seem from the above quotation that the combined activities of technocrats, bureaucrats and contractors could not ensure that appropriate technical/administrative decisions are taken to facilitate the building of a telephone exchange. The problems are probably the same in other major towns of the Federation and also in respect of other infrastructure facilities. Lack of infrastructures has of course been identified as a very serious constraint to economic development.

It is my considered view that the ideological ambivalence of the nascent Nigerian bourgeoisie is a-historical and an impediment to «meaningful» development. The efforts of the agents of world imperialism to create before and almost two decades after independence a responsible middle class as in Taiwan, South Korea, Brazil etc seem to be futile. The Nigerian elites only understand in a rather crude way the inevitable cooperation between the owners of capital and workers as a condition for the viability of modern (State) capitalism. We note throughout the review of industrial development policy that incentives to create favourable climate for private foreign and indigenous investments are given top priority while never much consideration is given to the condition of the working people. It will seem as if the present Nigeria elites can neither appreciate nor therefore transcend the obvious contradictions within the socio-economic system.

Therefore any strategy for future industrial development of the country must first of all create a favourable or less antagonistic climate for cooperation between the technocratic/bureaucratic managers of the transitional capitalist state and the toiling masses. And to achieve this will require the state which sees itself and acts as an embodiment of the «general interest» rather than one that is seen to «be acting merely on behalf of private property» (E. Mandel, 1971). A state that recognizes the dialectical and historical transcendental nature of the present social relations within the national and the existing international order will be better able to grasp with the problems of industrialization in the 1980's and beyond.

The calling for a state that can minimize the antagonistic relations between social classes emanating from private ownership of capital should not be construed as an attempt to subvert (S. Oyovbaire, 1979) the state but a call to it to fulfill its responsibility to all of the people rather than to a self seeking elite. Since a stable policy is a precondition for economic development it will be pertinent to elaborate on whether a demand for change in an existing social order will necessarily subvert. Or that the emphasis in the Nigerian situation for instance is to deal with decisive issues like ethnicity and religion rather than the «haves» and «have nots». Of course, Marxist scholars will be unequivocal in stating that religion or ethnicity is only an instrument for economic and political domination of the masses in the long run. Therefore, to eliminate the long run intention of the emerging national bourgeoisie (while it may be tactical to deal with the short run issues) it will be more desirable to solve the fundamental question of inter-class conflicts - oppression of the masses by a privileged elite.

As we tried to show earlier in this essay it was British imperialism rather than any mythical «natural capitalists» of Nigeria that brought this country within the world capitalist system. After two decades of independence the Nigerian state is still faced with the problem of underdevelopment borne out of the crisis of world capitalism which itself was some of the aftermates of decolonization and the concomitant strengthening of the role of transnationals in global economic activities. The «lease of life» that imperialism has been given is due to the raw materials – industrially strategic ones – that have been made cheaply available to the world market by the neo-colonial states of the Third World.

We can see from the foregoing that it will be illogical for the industrialized nations to encourage the economic independence of their erstwhile client states. For some reasons already advanced it is neither feasible or morally admissible to try to indigenize capitalism. The present wealth being accumulated by Nigerian elites in the fashion of the era of primitive capital accumulation will be squandered by their children who are already condemned to live in idleness and as spend-thrifts in the style of people in a decadent civilization. The socialist

alternative should be the logical answer. The state of the inhuman elites will be transformed to the just society for all interest groups. The mechanism for a relatively «painless» transition can be worked out. There is no reason to be apologetic for making the socialist choice. The attempt to put African Marxist scholars on the defensive by accusing them of «intellectual dependency» (Ali Mazrui, 1978) is not only puerile but pretty futile and it smacks of intellectual dishonesty. One would like to know the African original and independent system of ideas that have emanated from the «intellectual» apostles of the status quo – the inherited capitalist system.

We believe that a realistic industrialization strategy will require a stable social economic system. The Nigerian policy may because of intra-elite squabbles but it will only be a temporary phenomenon. A durable policy will depend on the creation of conflict free-in terms of socio-economic relations-society.

In concluding this review of the political values that informed Nigeria's past industrial development policies we would like to mention the current thinking with regards to future industrialization policy. Possibly because of the past reluctance of capable foreign entrepreneurs to invest in projects of «strategic importance to the national economy» government was forced to relax the official policy of minimizing direct government participation in manufacturing industry. Projects which are of strategic importance to the national economy and security are reserved exclusively for the public sector. The list includes iron and steel complexes, petroleum refinery, and the manufacture of defense weapons. In order to minimize dependence on imports and to develop indigenous know-how federal and state governments will get involved in such areas as the manufacture of cement, pulp and paper, sugar and fertilizers, etc. which entail rather intricate technology and such heavy investments with fairly long gestation periods that thus make them unattractive to private foreign and local investors.

According to the Federal Commissioner for Industries the primary objective of industrialization policies and strategies for the 1980's should be:

- (a) To re-orientate the general direction of the industrial development in this country with a view to correcting among other things, our lop-sided industrial structures such as have been described above;
- (b) The encouragement through discrimanatory incentives of backward integration of the production process among existing industries which depend on imported raw materials. This will vastly increase value added as well as the technological intensiveness of these industries.
- (c) Specifically engineering manufacturing industries should receive special encouragement again through appropriate incentives particularly

in areas of intermediate and capital goods production. Unless for instance we develop the capacity for machine building and equipment manufacture the more capital intensive complex industries we establish, the more helplessly dependent we would become on those who supply these products;

(d) Utilization of local raw materials to the furthest possible extent in response to the goal of national self-reliance.

(e) The development of small-scale industries, both as independent enterprises and as feeders to bigger industries.

(f) A constant watch on and nourishing of existing financial and institutional infrastructures to ensure not merely adequate funding but also efficient operation and management of industrial ventures.

The policies specified above are theoretically sound for the development of a self-reliant industrial sector; but will be difficult to operationalize as long as state capitalism constitutes the bias for economic activities. Foreign investors will no longer have direct stakes in the ownership of the «priority projects» but will continue to reap huge profits as design and management consultants and suppliers of credits and equipments. The indigenous business class will also continue to make «easy money» through inflation of contract values.

A purposeful development which involves full participation of the national work force in the operation of industrial projects reducing foreign participation to the barest necessary technical role and excluding indigenous middlemen contractors – will accelerate the industrialization process. «The initiative for industrial development – especially in the so-called «strategic projects» – has to therefore remain with the public sector because of the less than favourable international economic order and the political system. Lack of confidence in the political stability of many Third World Countries is not likely to make them attractive to profit oriented transnational companies for long term investments that are critical for any meaningful transformation of the economies from neo-colonial dependency to self-sustaining development (A. Fadahunsi, 1978).

Setting out the mechanism for the transition from a dependent capitalist to a mass oriented self-reliant state should be the proper pre-occupation of concerned and committed scholars. The state whose ideology is based on «mixed-economy» will remain inherently unstable. The mixed economy phase can only be transitional and can never have any enduring features that will sustain it between the hegemonic systems – Soviet Socialism and United States Capitalism. What are, therefore, the prospects for the so-called «Third Line»?

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FURTHER NOTES

Udoji Award: based on salary review commission headed by Chief Udoji Salary Increase ranging from about 70 to 100 % for various categories of workers were major contributors to the high inflation in the economy during 1975–1977.

FESTAC: Festival of Arts and Culture of African People and descent held early in 1977 was at great cost to the Nigerian economy.

NEPA: The Nigerian Electricity Power Authority.

P. & T.: Post and Telegraph.

RESUME

Cet article décrit comment le Nigéria a intégré le Système Capitaliste Mondial après la colonisation britannique. L'Etat Nigérian de l'après-indépendance est resté néo-colonial, instable politiquement et économiquement dépendant. La domination de l'économie par les étrangers a été facilitée par la naissance d'une bourgeoisie nationale, une classe bureaucratique et commerçante. *Les bureaucrates dépendants culturels et les commerçants parasites économiques* ont été les principaux acteurs de la formulation et de l'exécution de la politique. L'incapacité des hommes d'affaires nigériens à changer leur rôle d'agents des entreprises commerciales étrangères pour devenir des investisseurs dans les entreprises industrielles a permis la domination de l'économie par les étrangers et l'absence d'une transformation structurelle significative du secteur industriel, deux décennies après l'indépendance. Les autres facteurs responsables de l'échec de la stratégie d'industrialisation du Nigéria sont *l'état de développement très pauvre des facilités d'infrastructures* ainsi que la corruption des hauts fonctionnaires aussi bien dans le secteur privé que dans le secteur public.

Etant donné les mesures d'austérité appliquées dans le passé à des efforts pour l'industrialisation de l'économie nigérienne et l'actuel environnement économique international défavorable dominé par les entreprises multinationales des pays de l'impérialisme mondial, l'état Nigérian doit participer activement à la soi-disant sous-division stratégique du secteur industriel pour le re-structurer et moderniser ainsi l'économie nationale dans l'intérêt du peuple Nigérian.